Shadow Authority

Notice of BCP Shadow Executive Committee

Date: Tuesday, 12 February 2019 at 10.00 am

Venue: Council Chamber, Civic Offices, Bridge Street, Christchurch

Membership:

Chairman:
Cllr J Walton

Vice Chairman:
Cllr J Beesley

Cllr P Broadhead
Cllr J Challinor
Cllr B Crawford
Cllr A Filer
Cllr D A Flagg
Cllr M Greene
Cllr N Greene
Cllr M Haines
Cllr P F Jamieson
Cllr J Kelly
Cllr R Lawton
Cllr I Potter
Cllr K Rampton
Cllr M White

All Members of the Shadow Executive Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to attend.

If you would like any further information on the items to be considered at the meeting please contact: Matt Wisdom (01202 451107) or email matthew.wisdom@bournemouth.gov.uk

Press enquiries should be directed to Georgia Turner: Tel: 01202 454668 or email press.office@bournemouth.gov.uk

This Notice of Meeting and all the papers mentioned within it are available at moderngov.bcpshadowauthority.com

Available online and on the Mod.gov app

GRAHAM FARRANT
CHIEF EXECUTIVE

4 February 2019

AGENDA

Items to be considered while the meeting is open to the public

1. Apologies

To receive any apologies for absence from Members.

2. Declarations of Interests

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests. Declarations received will be reported at the meeting.

3. Confirmation of Record of Decisions

To confirm the record of decisions from the meeting held on Tuesday 15 January available to view at the following link:-

https://moderngov.bcpshadowauthority.com/documents/g119/Decisions%2015th-Jan-2019%2010.00%20Executive%20Committee.pdf?T=2

4. Public Issues

To receive any public questions or statements submitted in accordance with the Constitution. Further information on the requirements for submitting questions and statements is available to view at the following link:-

https://bcpshadowauthority.files.wordpress.com/2018/07/public-participation-e28093-extract-from-the-constitution.pdf

The deadline for the submission of public questions is 10.00am, Wednesday 6 February 2019.

The deadline for the submission of a statement is 12noon, Monday 11 February 2019.

5. Recommendations from the Overview and Scrutiny Committee

To receive any recommendations from the Shadow Overview and Scrutiny Committee.

6. BCP LGR Programme Update 5 - 8

See report circulated at **6**.

7. Dedicated Schools Grant (DSG) Funding Formulae 9 - 24

See report circulated at **7**.

8. Housing Revenue Account (HRA) Budget Setting 2019/20 25 - 78

See report circulated at **8**.

9.	**MTFP 2019-2021 and Budget 2019/20, including Council Tax** See report circulated at **9**.	79 - 282
10.	**Constitution for BCP Council** See report circulated at **10**.	283 - 502
11.	**Proposed new Pan Dorset Safeguarding Children Arrangements** See report circulated at **11**.	503 - 532
12.	**Establishment of a Community Safety Partnership for Bournemouth, Christchurch and Poole** See report circulated at **12**.	533 - 540
13.	**BCP Local Transport Plan (LTP) Capital Programme for 2019/20** See report circulated at **13**.	541 - 554
14.	**Decisions of Preceding Councils - Reports for Consultation** See the report circulated at **14**.	555 - 630
15.	**Executive Committee Forward Plan** The Committee is asked to note the latest published Forward Plan, available to view at the following link:- http://moderngov.bcpshadowauthority.com/mgListPlans.aspx?RPId=138&RD=0&bcr=1	
16.	**Any other business - not being a key decision - of which notice has been received before the meeting and by reason of special circumstances, which shall be specified in the record of decisions, the Chairman is of the opinion that the items should be considered as a matter of urgency.**	

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

This page is intentionally left blank

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

6

Report Subject	**BCP LGR Programme Update**
Meeting date	12th February 2019
Report Author	Julian Osgathorpe, BCP LGR Programme Director
Contributors	BCP Interim Statutory Officers BCP Programme Board
Status	Public
Classification	For information for all Members
Key Decision	No
Executive summary	This report provides an overview of activity within the BCP Programme for Local Government Reorganisation in Dorset.
Recommendations	**1. Members note the progress made since the last BCP Shadow Executive Committee meeting on approved workstreams.**
Reason for Recommendations	To note the progress made on the Bournemouth, Christchurch & Poole programme to prepare for local government reorganisation in Dorset and to provide assurance to Members that the Programme is progressing satisfactorily.

Background detail

1. At its first meeting the Shadow Executive Committee adopted the programme framework that had previously been approved and adopted by the BCP Joint Committee.

2. The key components of this framework are as follows:
   a. The Governance architecture comprising:

      i. The BCP Shadow Executive Committee

      ii. The BCP Programme Board, along with subordinate Phase 2 Delivery Boards established to oversee the specific operational areas of Adult's Services, Children's Services, Environment & Economy and Corporate & Support Services

      iii. The Programme Director/Central Implementation Team Leader and the implementation team

      iv. The Task & Finish Groups established under this architecture to progress specific workstreams.

   b. The programme plan comprising three phases:

      i. Creating the new unitary authority

      ii. Delivering senior staffing structures and business functionality for April 2019

      iii. Designing and building the new local authority.

   c. The allocation of resources totalling £9,096,160 with delegation to the BCP Programme Board to approve spending from this budget.

3. The purpose of this report is to provide an overview of the activity within the programme in order to ensure oversight by the Shadow Executive Committee.

Activity Undertaken in the Last Period

4. The programme remains consistent with the plan agreed by the BCP Joint Committee. Phase 2 of the programme is moving towards the final stages of implementation, with all the Delivery Boards and their Unit of Service workstreams working with the BCP PMO/Central Implementation Team and other Corporate Service colleagues. Significant focus is being placed on ensuring that the people and systems most directly impacted by the disaggregation/reaggregation process can continue to function effectively on 1st April 2019.

5. Oversight, direction and support from elected Members is being effectively provided through all of the programme's strategic and operational mechanisms. The Phase 2 Task & Finish Groups have made significant progress in key areas.

6. Today's Agenda includes the Medium Term Financial Plan, the Budget and Housing Revenue Account as well as the Constitution for BCP Council. These papers are the culmination of more than a year's work by Members and Officers from across the preceding authorities. They are also landmark decisions in the

successful creation of BCP Council and everyone involved in supporting the delivery of them should be congratulated.

7. With the successful recruitment of the final Tier 2 role (Children's Services) and the approval of the job matching process for the Section 151 and Monitoring Officer roles by the Senior Appointments Committee (subject to confirmation at the Shadow Authority meeting on 21st February 2019) the BCP Management Team is now complete. Along with the papers referred to in 5, this represents another significant milestone for the new Council.

Summary of finance implications

8. Resources totalling £9,096,160 have been approved to support the delivery pf Phases 1 and 2 of the BCP LGR Programme. Authority to approve spend from this budget is delegated to the BCP Programme Board.

9. The programme remains within budget and the next full Budget Monitoring report will be provided in April 2019.

Summary of legal implications

10. There are no legal implications arising from this report.

Summary of human resources implications

11. There are no human resources implications arising from this report.

Summary of environmental impact

12. There are no environmental impacts arising from this report.

Summary of risk assessment

13. The risks and issues have been developed and are being regularly reviewed and managed using an established methodology and framework. At an operational level, they are reviewed and managed through the BCP Programme Board, the Phase 2 Delivery Boards/Unit of Service Workstreams along with the PMO/Central Implementation Team.

14. In the event that there is a need to escalate any risks or issues to the Shadow Executive Committee for either awareness or decision they will be fully outlined with background information, a description of available options and carry recommendations for approval. In addition, regular reviews of the Strategic Risk Register for the Programme are undertaken by the Shadow Executive Committee at its briefing meetings along with a similar arrangement in place with the Shadow Overview & Scrutiny Committee.

15. There are no risks or issues to be escalated at this stage.

Background papers
None

Appendices
None

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

7

Report Subject	**Dedicated Schools Grant (DSG) Funding Formulae**
Meeting date	12 February 2019
Report author	Nicola Webb Assistant Chief Financial Officer Bournemouth & Poole ☎01202 633296 nicola.webb@poole.gov.uk
Contributors	Vicky Wales - Head of Children, Young People & Learning, Poole Amanda Gridley - Early Years Service Manager, Poole Jack Cutler – Planning and Statistics Officer, Community Learning and Commissioning, Bournemouth
Status	Public
Classification	For decision
Executive summary	The Shadow Authority is required to set funding formulae for: • Early education and childcare for those aged 2 and 3&4 • Mainstream schools for reception to age 15 Consultation has taken place with all relevant providers, schools and the Shadow Schools Forum. This report includes the recommendations of the Shadow Schools Forum for approval. To support Members consideration, the Shadow Schools Forum Papers can be accessed by the link below: BCP Shadow Schools Forum The impact of the proposed funding changes is included in the report at summary level for early years providers as the sector is largely comprised of private, voluntary and independent settings. The mainstream formula is allocated only to public sector schools with the full details shown in Schools Forum papers. The Budget and MTFP report on the meeting agenda includes the decision to support the DSG High Needs budget with £2.4m of Council funds and £0.2m from Early Years funding.

Recommendations	**The Executive to recommend to the Shadow Authority:** **a) The early years formula set out in Table 4 of paragraph 30.** **b) The mainstream schools formula set out in Table 8 of Appendix 2 for a 1.1% transfer of Schools Block funding to High Needs** **c) Delegate the final decision on the mainstream schools formula, when all DfE decisions are known, to the Bournemouth and Poole Directors of Children's Services, in consultation with the Children's Services Lead Members, taking into account the methodology recommended by the Shadow Schools Forum in Table 10 of Appendix 3.** **d) The Minimum Funding Guarantee for Specialist Providers is set at minus 1.5% to allow maximum budget flexibility.**
Reasons for recommendations	The recommendations (a) and (b) are supported by the Shadow Schools Forum. Recommendations (c) and (d) are necessary as all decisions needed to finalise the mainstream schools formula have not yet been received, the timing of which is outside the Council's control.

1. Background

1. The Dedicated Schools Grant (DSG) is allocated by the Department for Education (DfE) through 4 separate funding blocks – Early Years, Schools, Central School Services and High Needs with a total estimated for 2019/20 of £260m. Each funding block has its own National Funding Formula (NFF) methodology to allocate funding to the Local Authority (LA). The main driver of funding change is pupil numbers.

Table 1: BCP DSG Settlement 2019-20

Funding Block	2018-19 Budget	2019-20 Forecast	Annual Change		Reason for Change
	£000's	£000's	£000's	%	
Early Years	19,190	21,255	2,065	10.8	Demographic growth from policy change becoming embedded
Schools	190,988	197,315	6,327	3.3	Demographic and funding growth
Central School Services	2,083	2,062	(21)	(1.0)	Demographic growth offset by funding reduction
High Needs	38,343	38,885	542	1.4	Demographic growth
Total Funding	**250,604**	**259,517**	**8,913**	**3.6**	

Early Years funding for 2019/20 has been estimated by the DfE based on the January 2018 census. It will be finalised in summer 2020 based on the January census in the following two years. Final allocations in 2018/19 are expected to be higher than budgeted as take up of free childcare by working parents has been growing over time

since the introduction of the extended entitlement for working parents in September 2017. The estimated 10.8% funding increase therefore reflects demographic growth over more than one year.

Funding through the Schools and Central School Services Blocks is finalised each year in the December Settlement, based on the October school census. In 2019/20 the increase in pupils at October 2018 has generated £2.2m of additional funding with the remaining £4.1m delivered through higher funding values in the schools NFF.

The additional High Needs funding announced in December 2018 of £0.8m for BCP is included in Table 1 for both 2018/19 and 2019/20 as the existing LAs have also received an additional allocation in 2018/19.

2. The School Funding Statutory Framework governs the expenditure that can be met from each funding block.

2. Shadow Schools Forum

3. The Schools Forum is a statutory consultation body of the LA with its constitution and operation regulated by the DfE and its meeting held in public. It has oversight of all DSG budgets with a range of decision-making powers.

4. A Shadow Schools Forum for BCP was constituted in October 2018 to support the Shadow Authority in the budget setting process for school funding in 2019/20. This Forum includes representation from across BCP in the early years sector, each phase of school (primary, secondary, special, and alternative provision), and a 14-19 provider. Lead Officers and Children's Services Lead Members can contribute at meetings but are non-voting members of the Forum.

5. The Regulations set out the responsibilities for decision-making between the Schools Forum and the LA, including any consultation requirements.

6. The Schools Forum decides the level of LA central expenditure retained from each funding block, with the exception of High Needs, for which it has a consultation role only. The Forum also decides if funding can be transferred away from the Schools Block with a limit of 0.5%, with any higher level requiring the approval of the DfE.

7. Working groups of the Forum were set up to support the development of the early years formula, consider the high needs budgets in detail and advise how the Schools NFF should be adjusted to provide for a transfer to high needs.

3. High Needs Block

8. The High Needs Block largely funds individual pupils through top up funding for those in mainstream schools, special school funding and the cost of specialist provision. Current budget pressures have been acknowledged nationally with BCP identifying a high needs funding gap of £4.8m for 2019/20. Rising demand has been driven largely by the 2014 SEND Code of Practice which extended the age of those supported from 19 to 25. Further pressure has been added by an increasing number of permanent exclusions from mainstream schools. Action plans are in place across BCP and these include schools working in collaboration with the LA to manage the growing demand. The Forum decided by majority in January 2019 to transfer £2.2m (1.1%) from the Schools Block to support the High Needs Block to protect services. Further approval is required from the DfE for this level of transfer.

9. The LA can decide to transfer funding between the other 3 blocks or to top up DSG funding from its own resources. The 2019/20 Budget and Consolidated Medium Term Financial Plan (MTFP) Update paper on the meeting agenda includes the proposals to transfer £0.2m (1%) of Early Years funding and add £2.4m from Council resources for one year only to support expenditure within the High Needs Block. These proposals recognise the challenges in setting a balanced DSG budget to meet the needs of all pupils in the new LA.

4. Funding Formulae

10. After decisions have been made on the level of central expenditure and any transfer of funding between Blocks, then the balance of funding in the Early Years and Schools Blocks is available for allocation to providers and schools according to agreed funding formulae.

11. The statutory framework includes detailed regulations of how funding can be allocated between education and childcare providers through the local funding formulae and compliance is checked through detailed returns to the DfE.

12. It is for the LA to determine the funding formulae to be used and changes can be made only after consultation with all schools, providers and the Schools Forum.

13. The LA must fund all providers in a sector according to the same formula with BCP developing new formulae for 2019/20. Consultations took place in late autumn with each sector with the outcomes considered and recommendations made by the Shadow Schools Forum.

14. The proposed formulae for the Shadow Authority decision are those recommended by the Shadow Schools Forum.

5. Early Years Single Funding Formula (EYSFF)

15. The new BCP Council is required to operate a single EYSFF and this will mean funding changes for all providers. The formula is applicable for 2, 3 and 4 year old eligible education and childcare in pre schools, day nurseries, independent schools, childminders, and in nursery classes within a small number of maintained schools and academies.

16. The three existing LAs have the same funding rates from the DfE. These rates have been unchanged over the period 2017/18 to 2019/20 and although static now for 3 years the increases in the first year were significant compared with 2016/17. However, due the increases in the national living wage (a significant cost driver in this sector) and other pressures, providers will struggle to see real term increases by the end of this period.

17. Nationally by April 2019 each LA is required to transition all provider base rates (an amount per child per hour) to a single level within an area. This replaces the previous national requirement to fund providers according to differentiated typical sector costs. This means that a number of providers across BCP (and particularly childminders) are already expecting funding to reduce in 2019/20 compared with the current year.

2018/19 Local Formulae

18. Although each of the existing LAs has the same funding rates from government since 2017/18, different approaches have been taken in central retentions for LA statutory duties and in the EYSFF to fund providers.

19. The structure of the formula for 2 years olds is a mandatory single base rate (eligibility is restricted to children from low income families).

20. The formula for 3&4 year olds is to include a universal base rate for all providers, a mandatory deprivation supplement to differentiate funding with a number of additional discretionary and specific supplements permitted.

21. The main differences in the 3 current formulae reflect:

- How much is allocated for deprivation and with different measurement approaches.
- Mechanisms to manage sufficiency in rural areas (relevant only in Dorset)
- Supplement to increase provider flexibility in the local market (need identified only in Poole).

Appendix 1 provides a summary of the different formulae across BCP

2019/20 Formula Development

22. A group of provider representatives from across the area and each sector have supported the development of the new BCP formula. A set of principles and proposals for consultation with the sector were agreed by the Shadow Schools Forum in November.

23. The principles agreed were:

- Minimise the amount retained centrally, maximise funding to providers.
- Deprivation supplement to be at a sufficient level to improve outcomes for children with a background of deprivation.
- Set a formula that allows providers to better forecast and business plan (note this principle is aimed at minimising the use of supplements and using a measurement for deprivation with a high level of predictability).
- Special Educational Needs & Disability top up funding is provided for every hour of attendance.

Formal Consultation and Recommendation from the Shadow Schools Forum

24. The consultation ran for 3 weeks ending in early December. A consultation paper was distributed to the 369 providers and 6 consultation events took place across BCP. Responses were provided via an on-line survey with a 27% response rate achieved.

25. The response to the consultation showed that the majority of providers broadly agreed with the principles set out above.

26. Not surprisingly, providers were less supportive of the 1% tranfer to high needs as this takes funding away from the formula. To put this into context, the amount set aside for central functions and the transfer from 3&4 year old funding represent only 2% in total compared with the 5% permitted within the Regulations.

27. The Shadow Schools Forum considered the outcome of the consultation at the January 2019 meeting and by majority supported all proposals within the consultation.

Financial Impact of Proposals for Individual Early Years Providers

28. The impact for providers based on data for the latest complete academic year (2017/18) was included within the Consultation Paper. Due to the commercially sensitive nature of the information, individual providers were able to request an illustration for their setting across both age ranges.

(a) Children Aged 2

As funding remains a flat rate for all providers, impact depends on the existing LA area of the provider. This is because central retention polices and the profile of take up over the year compared with census led to different levels being available for providers in setting balanced budgets within the LA funding envelope.

(b) Children Aged 3&4

Table 2: Impact of EYSFF by Provider Type

Number of Providers	Provider Type	Deprivation %	17/18 Average Rate	Funding Change	19/20 Average Rate
72	Pre School	34%	£4.15	+0.7%	£4.18
12	Nursery class	27%	£4.19	-1.2%	£4.14
71	Day Nursery	22%	£4.19	-1.7%	£4.11
8	Independent	5%	£4.05	-0.9%	£4.03
163	**Total Groups**	**25%**	**£4.17**	**-0.9%**	**£4.13**
170	**Childminders**	**19%**	**£4.42**	**-7.3%**	**£4.10**

Table 3: Impact of EYSFF by Scale of Change

Change Compared with 2017/8	Childminder	Group Setting	Total
More than 3% reduction	133	37	170
Reduction 1.5% to 3%	9	26	35
Reduction 0 to 1.5%	7	30	37
Total with reduced funding	**149***	**93**	**242**
Increase 0 to 2%	9	30	39
Increase 2-5%	4	33	37
Increase more than 5%	8	7	15
Total with increased funding	**21**	**70**	**91**

* Of the 149 childminders seeing reduced funding levels, 80 would have been expecting a greater reduction in 2019/20 than proposed as a result of the final transition to a universal base rate by April 2019.

29. In 2019-20 less funding is being allocated to providers through the main formula because of the growth in high needs. This is partly due to the increase in the amount set aside in the Inclusion Fund as well as the transfer to high needs. The Inclusion Fund is allocated to providers based on the individual needs of children with SEND. This is in addition to central LA high needs budgets.

30. Proposed BCP EYSFF for Council Decision

Table 4: BCP EYSFF - Hourly Funding Rates

Children Aged 2:

Funding Elements	Allocation from Funded Rate *	EYSFF Provider Rate	Note
Base Rate	**£4.95**	£4.95	Every child
SEND Inclusion Fund	**£0.07**	£2.00 or £6.30	Per eligible child
Transfer to High Needs	**£0.05**		Centrally Retained
Central Functions	**£0.16**		
DSG Funding Per Hour	**£5.23**		

Children Aged 3&4:

Funding Elements	Allocation from Funded Rate *	EYSFF Provider Rate	Note
Base Rate	**£4.00**	£4.00	Every child
Deprivation	**£0.13**	£0.53	Per eligible child
SEND Inclusion Fund	**£0.11**	£2.00 or £6.30	Per eligible child
Transfer to High Needs	**£0.04**		Centrally Retained
Central Functions	**£0.02**		
DSG Funding Per Hour	**£4.30**		

*The shaded allocations from the DSG funding levels of £5.23 (2 year olds) and £4.30 (3 and 4 year olds) are shown for context. The centrally retained elements for LA statutory duties have been agreed by the Shadow Schools Forum

6. Mainstream Schools Formula

31. The Schools Block is calculated according to two NFF, the Schools NFF based on individual school data and the Growth Fund NFF based on demographic data at ward level. The mainstream schools formula is funded from the Schools Block after amounts have been set aside in a central LA budget (Growth Fund) to provide for agreed in-year pupil growth in specific schools and after any agreed transfer to High Needs. Some pupil growth is provided to schools through the local formula and there is no expectation that the Growth Fund should match the related NFF allocation.

32. BCP has £194m available to allocate to mainstream schools through the local formula in 2019/20 as set out in Table 5.

Table 5: School Block Funding Allocations 2019/20

Allocation of Funding	£000's
Total Schools Block Allocation Table1	197,315
Growth Fund agreed by Schools Forum	(779)
Transfer to High Needs agreed by Schools Forum with application to DfE	(2,192)
Total for Individual School Budgets (ISB)	**194,344**

Schools NFF to Fund LAs

33. The Schools NFF to provide funding to the LA contains a number of factors as shown in Figure 1. The DfE expectation is that LAs will transition their local formulae towards this approach with the aim of all schools being funded by a national formula in 2021/22.

Figure 1: Factors in the schools national funding formula

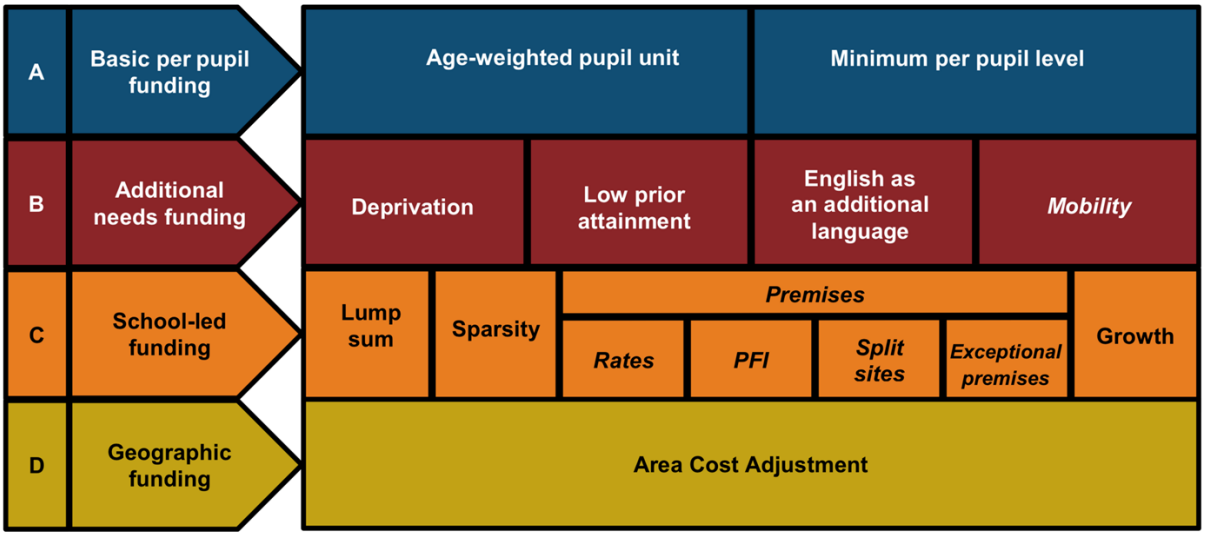


Figure 1: This shows the factors that are used when calculating schools block funding allocations through the national funding formula. It is not to scale. Funding for factors in italics will be allocated to local authorities in 2019-20 on the basis of historic spend (further details below).

34. The impact of the 2019/20 NFF for BCP to fund its 89 mainstream schools is as follows:

- **Minimum per pupil funding level (MPPFL**) impacting on 32 schools. MPPFL increase compared with 2018/19 of Primary 5.7%, Secondary 4.3%. An uplift is made where the **NFF allocations otherwise would provide less funding** than national minimum levels (typically for schools with high performing pupils from more affluent backgrounds). Higher MPPFL levels mean more schools are uplifted in 2019/20 than in 2018/19.
- **Floor increase of a further 0.5%** (1% compared with 2017/18) for 19 schools where the **NFF provides less than local historic allocations** (typically schools with higher levels of deprivation).
- **Capped funding release of a further 3%** (cumulative release of up to 6.09% compared with 2017/18) for 15 schools where the **NFF provides more than a 3%** increase per pupil compared with 2017/18 (cap not applicable to MPPFL schools).
- The remaining 23 schools are fully formula funded with changes in NFF allocations compared with 2018/19 driven only by data changes from the October 2017 school census and change in NFF unit values.

35. The school level NFF allocations for each phase are totalled and divided by pupil numbers at October 2017 to derive the unit funding levels for 2019/20. These are then applied to October 2018 census pupil numbers to determine the final Schools NFF funding for all mainstream schools.

Local Formula to Fund Mainstream Schools

36. The local formula to pass funding on to mainstream schools must be designed to a DfE template, the Authority Pro-forma Tool (APT). This must be approved by the DfE prior to budgets being notified to schools. The DfE ensure the budget calculations adhere to the regulations and any variations (dis-applications of the regulations) have the appropriate approvals from the Schools Forum and / or the DfE.

37. This APT format is similar to the NFF, but there are a number of differences in how the local formula must operate and the two cannot match exactly. A significant difference is the minimum funding guarantee (MFG) which is a mechanism in the local formula to protect schools from a significant reduction in per pupil funding compared with 2018/19. The NFF does not use this mechanism but instead operates a funding floor that refers back to 2017/18. The local formula can use a funding floor (at the level of the NFF only) alongside the MFG.

38. Although the detail of the local formula is highly regulated, there remains local discretion concerning which factors to use (in addition to the mandatory basic entitlement and deprivation factors), and how much funding is allocated through each. Most of the data used in the final local formula is supplied by the DfE in mid-December each year with some limited local discretion in how it is used in a small number of cases.

2019/20 BCP Mainstream Formula Development

39. Each of the three existing LAs has made varying levels of progress towards the NFF in 2018/19. This was largely dependent on how different the previous local formulae were to the NFF and how much funding was transferred to high needs. These formulae are summarised in Appendix 2.

40. At its first meeting in October the Shadow Schools Forum recommended that the starting point for the local BCP formula was that the NFF should be adopted as closely as possible and as affordable.

41. The funding gap in high needs was considered at the same meeting and a working group of 6 mainstream school representatives (balanced by school phase and area) was established to consider with officers how the NFF could be adjusted to release varying levels of funding to transfer. The recommendations of the group were accepted at the Schools Forum meeting in November. These recommendations included that:

- All schools should share the cost of any transfer as equitably as possible
- The methodology developed by the working group to reduce NFF allocations for varying levels of transfer was to form the basis of the consultation with all schools.
- A number of technical formula adjustments were also to be included

Formal Consultation and Recommendation from the Shadow Schools Forum

42. The consultation with schools was undertaken over 2 weeks closing on 7 December. A consultation paper and response forms were sent out to all schools by e-mail, with an opportunity to also respond on-line. Meetings were held in each of the three BCP areas, aided by a presentation, with these well-attended by schools.

43. A response rate from mainstream schools of 71% was achieved with 2 out of the 7 specialist providers also completing the questionnaire. A general letter of concern

regarding transferring funding to high needs was received from a Diocese with schools in BCP.

44. The responses included general agreement that all schools should give up NFF funding to contribute to any transfer to high needs with support for the mechanism proposed.

45. The Schools Forum received the outcome of the consultation with schools at the December meeting and made a recommendation as to how the Schools NFF should be adjusted to manage a funding transfer after the level had been finally agreed by the DfE. This recommended approach is summarised in **Appendix 3 with the final proposal added to demonstrate how this has been implemented.**

46. At the January 2019 meeting the Schools Forum agreed the level of transfer to High Needs it could support, with the DfE in the process of considering the request.

2019/20 Proposed BCP Mainstream Formula

47. The final formula for approval is included in Table 8 of Appendix 2, with a comparison with the existing three LA formulae and the 2019/20 Schools NFF for context.

48. This formula adopts the approach recommended by the Schools Forum as the most equitable across schools to achieve a level of transfer needed of £2.2m from the Schools Block to High Needs.

49. Should the DfE not agree this level of transfer then the methodology in Appendix 3 recommended by the Shadow Schools Forum will be used to adjust the NFF approach accordingly.

Financial Impact for Mainstream Schools by Phase

50. The phase impact of the proposal compared with 2018/19 school budgets and the 2019/20 NFF is shown in Table 6 below:

Table 6: Impact of the Proposed 2019/20 Mainstream Schools Formula by School Phase

Phase	2018/19 Per pupil Budget	2018/19 Budget	2019/20 Per pupil Budget	Per Pupil change against 2018/19	2019/20 Budget	NFF Per pupil Budget	Per Pupil change against NFF *
Infant/ First Total	3,627	17,461	3,673	1.26%	17,444	3,700	-0.73%
Junior Total	3,616	18,596	3,682	1.81%	19,248	3,711	-0.80%
Primary Total	3,684	60,746	3,759	2.03%	61,999	3,789	-0.79%
Primary	**3,661**	**96,803**	**3,728**	**1.85%**	**98,691**	**3,758**	**-0.79%**
Middle/Secondary	**4,879**	**77,731**	**4,991**	**2.29%**	**81,367**	**5,018**	**-0.53%**
All- through	**4,468**	**13,502**	**4,477**	**0.21%**	**14,286**	**4,507**	**-0.65%**

*The % are less than the 1.1% transfer level due to a level of surplus NFF Growth funding in the Schools Block and nuances of the local formula compared with the Schools NFF.

7. Minimum Funding Guarantee for Maintained and Academy Specialist Providers

51. The MFG must also be set for the funding rates of special schools and alternative provision between minus 1.5% and plus 0.5%. It can be set at a different level than for mainstream schools

52. If the 1.1% transfer from the Schools Block is agreed than there will be no need to reduce current funding levels for maintained and academy specialist providers. If there is to be a lower level of transfer then savings in high needs budgets may need to include reduced funding levels.

53. To maintain maximum flexibility in balancing the DSG budget it is proposed that an MFG is set at minus 1.5% for specialist providers.

8. Recommendations

54. The Executive to recommend to the Shadow Authority:

    a) The early years formula set out in Table 4 of paragraph 30.

    b) The mainstream schools formula set out in Table 8 of Appendix 2 for a 1.1% transfer of Schools Block funding to High Needs

    c) Delegate the final decision on the mainstream schools formula, when all DfE decisions are known, to the Bournemouth and Poole Directors of Children's Services, in consultation with the Children's Services Lead Members, taking into account the methodology recommended by the Shadow Schools Forum in Table 10 of Appendix 3.

    d) The Minimum Funding Guarantee for Specialist Providers is set at minus 1.5% to allow maximum budget flexibility.

9. Financial Implications

55. There are no financial implications for Council from the distribution methods to allocate funding between early years providers and schools as all funding is provided through the DSG.

56. The financial implications of the formula changes for early years providers and schools have been set out above in this report.

10. Legal Implications

57. The consultations undertaken and the recommended proposals are compliant with the School Funding Statutory Framework for 2019/20.

Appendix 1

Table 7: EYSFF Current Hourly Funding Rates across BCP

	2018-19		
	Bournemouth	Christchurch	Poole
3 and 4 year Base Rate	**£4.22**	**£3.89**	**£3.77** PVI **£4.06** Childminder **£3.82** Schools
Deprivation*	**£0.01 - £0.20** Eligibility based on IDACI of provider	**£0.11 - £0.77** Eligibility based on IDACI of children	**£0.80** Eligibility follows child (2yo or EYPP)
Flexibility	-	-	**£0.20**
Sustainability	-	**£0.50 - £1.00**	-
Rurality	-	**£0.19**	-
SEND Inclusion**	**£7.90**	**£500** per annum **£750** per term **£1,500** per term	**£0.89** **£2.53** **£7.54**
2 year	**£5.00**	**£5.23**	**£4.88**

Note:
IDACI = Income Deprivation Affecting Children Index (uses postcode data)
EYPP = Early Years Pupil Premium
PVI = Private, Voluntary & Independent providers

Deprivation Eligibility* is currently determined as follows:

Bournemouth: The IDACI score of the provider postcode determines eligibility, with several levels of deprivation supplement available. If the setting is eligible for funding, the supplement applies for every child.

Christchurch: An average of the IDACI score of all child postcodes is calculated with several levels of deprivation supplement available. If the setting is eligible for funding, the supplement applies for every child

Poole: The supplement is added for those children that had formerly accessed 2 year old funding or those that are currently eligible for EYPP as a 3 or 4 year old. No IDACI scores are used and the supplement is only added to the rate of the child entitled.

SEND Inclusion** is currently funded as follows:

Bournemouth: children are currently funded based on a funding scale, each point on the scale equates to £7.90. Evidence provided to an education officer panel distributes funding equitably depending on child's needs using SEND guidance.

Christchurch: providers receive three possible levels of funding per child agreed through a panel process; either £500 per annum, a maximum of £750 per term or a maximum of £1,500 per term dependent on hours attended and level of need.

Poole: providers are funded per hour for all early entitlement hours accessed, based on three levels of need which is determined by an Early Years Area SENCO; Band 1 £0.89p, Band 2 £2.53 and Band 3 £7.54.

Appendix 2

Table 8: Proposed BCP Mainstream Formula 2019-20 to allow for a transfer from the Schools Block of 1.1%

(a) Factors within the formulaic Schools NFF

Factor	B 2018-19	C 2018-19	P 2018-19	Proposed BCP 2019-20	NFF 2019-20
Basic Entitlement – Primary	NFF	NFF	NFF	99% of NFF	£2,747
Basic Entitlements Secondary	NFF	NFF	NFF	99% of NFF	KS3 £3,863 KS4 £4,386
Deprivation – FSM data	NFF	NFF	NFF	NFF	£440
Deprivation*- IDACI bands	NFF	Below NFF Range (£145 to £435)	NFF	NFF	Range (£200 to £600)
Prior Attainment Primary	Unit value £1,050 with 93% data scaling	Unit value £882 with 75% data scaling	Unit value £984. No data Scaling	NFF	£1,022 Data scaling not applicable
Prior Attainment Secondary	NFF	Below NFF (£1,240)	Below NFF (£1,453)	NFF	£1,550
LAC	Not used	Not used	Used (£600)	Not used	Not used
EAL Primary	NFF	Above NFF (£750)	NFF	NFF	£515
EAL Secondary	NFF	NFF	NFF	NFF	£1,385
Lump Sum Primary	NFF	NFF	NFF	NFF	£110,000
Lump sum Secondary	NFF	Above NFF (£130,000)	NFF	NFF	£110,000
Sparsity	n/a	NFF Method £14,500	n/a	NFF Method	NFF Method
MPPFL	At 2018/19 NFF	At 2018/19 NFF	Below 2018/19 NFF	2018/19 NFF plus £172	2018/19 NFF plus £200
Capping & Scaling	Cap only 3.5%	Cap 3% Scale 50.6%	Cap only 3.0%	Cap 2.5% No scaling	Cap 3% no scaling
Floor	Through MFG +0.5%	Through MFG 0%	Through MFG 0%	Not used	Plus 1% on 2017/18

(b) Factors and mechanisms outside the formulaic Schools NFF (funding provided at historic cost to the LA)

Factor	B 2018-19	C 2018-19	P 2018-19	Proposed BCP 2019-20	NFF 2019-20
Business Rates	At cost	At cost	At cost	At Cost	At cost
Exceptional (2 P schools)	n/a	n/a	£101,017	NFF	£101,017
Split sites (2 B Schools)	£230,288	n/a	n/a	NFF	£230,288
Mobility	£22,471	£9,514	Not used	NFF	£31,985

(c) Minimum Funding Guarantee

	B 2018-19	C 2018-19	P 2018-19	Proposed BCP 2019-20	NFF 2019-20
MFG (annual change)	plus 0.5%	0%	0%	Minus 0.5%	n/a

Table 9: Proposed 2019/20 Formula Outcome for Schools with 1.1% Transfer

Number of Schools	Floor	Formula	Cap	MPPFL	Cap<MPPFL	MFG	Total
Infant/ First Total	Not used	2	1	7	1	5	16
Junior Total		5	2	3	-	2	12
Primary Total		9	4	11	3	10	37
PRIMARY PHASE		**16**	**7**	**21**	**4**	**17**	**65**
Primary %		**25%**	**11%**	**32%**	**6%**	**26%**	**100%**
Middle/Secondary		4	5	7	-	5	21
All- through Total		1	2	-	-	-	3
OTHER PHASES		**5**	**7**	**7**	**-**	**5**	**24**
Other %		**21%**	**29%**	**29%**	**0%**	**21%**	**100%**
TOTAL SCHOOLS		**21**	**14**	**28**	**4**	**22**	**89**
Total %		**24%**	**16%**	**31%**	**4%**	**25%**	

Appendix 3

Achieving Varying Levels of Funding Transfer from the Schools NFF

A table similar to the one below was used in the Consultation with Schools and Schools Forum to illustrate how the Schools NFF could be adjusted for varying levels of transfer to high needs. Due to the level of surplus growth fund / business rates funding available and nuances in the detailed calculations of individual school budgets the total 1.1% transfer represents an adjustment needed to NFF unit values and mechanisms between the 0.5% and 1% of table values in the illustrations below. The final proposal for approval has been added for comparison (highlighted in yellow).

Table 10: Schools Forum Recommendation to Release Funding from the NFF at Varying Levels of Transfer

Transfer Level	Formula factors (Levers)				
Formula Changes / Levers	Premises in MPPFLs (1)	Floor / MFG (2)	Gains Cap % (3)	MPPFLs Lower (4)	% of Basic Entitlement (5)
No Transfer	Exclude all	Floor +1%; MFG -1.5%	3%	0	100%
(a) 0.5%	Inc. all but rates	No floor; MFG 0%	2.75%	-£15	99.40%
Proposal	Lever not used *	No floor. MFG Minus 0.5%	2.50%	-£28	99.00%
(b) 1.0%	Inc. all but rates	No floor. MFG Minus 0.75%	2.40%	-£35	98.82%
(c) 1.5%	Inc. all but rates	No floor; MFG Minus 1.5%	2.00%	-£50	98.00%
(d) 3.0%	Inc. all but rates	No floor; MFG Minus 1.5%	1.00%	-£170	95.00%
Max Possible gainst NFF £000's	Inc. all but rates	No Floor; FG Minus 1.5%	Gains Cap 0%	No MPPFLs	All schools on minus 1.5% MFG

* The Schools Forum recommended that Lever 1 is not used.

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

8

Report Subject	**Housing Revenue Account (HRA) Budget Setting 2019/20**
Meeting date	12 February 2018
Report Author	Caroline Wayne, Claire Oaten, Marta Zuk and Lorraine Mealings
Status	Public
Classification	For decision
Key Decision	Report to Shadow Executive Committee and Shadow Authority
Executive summary	The (Housing Revenue Account) HRA is a separate account within the Council that ring-fences the income and expenditure associated with the Council's housing stock. The HRA does not therefore directly impact on the Council's wider General Fund budget setting or on the level of Council Tax. This report sets out the proposed HRA budget and notes the key principles on which it is based. The Bournemouth housing stock comprises 5,100 tenanted and 529 leasehold properties (as at 1 April 2018) with a rent roll of £22.1m in 2019/20. The Poole housing stock comprises 4,517 tenanted and 584 leasehold properties, with a rent roll of £19.9m. Christchurch Borough Council no longer owns any housing stock. The purpose of this report is to request Members' consideration of the principles to be applied in the setting of the HRA budget for 2019/20. This budget report covers the

	Bournemouth and Poole HRA's which combine to become a single HRA on 1 April 2019. The new Council can only operate one HRA. However, after discussions with the Ministry of Housing, Communities and Local Government (MHCLG), it is confirmed that two separate Neighbourhood accounts can be maintained within this single HRA as Poole Housing Partnership (PHP) continue to manage the Poole Neighbourhood stock on behalf of the Bournemouth, Christchurch and Poole Council (BCP). Alongside this, the Bournemouth stock will continue to be directly managed in-house. PHP operates as an Arm's Length Management Organisation (ALMO) in line with a Management Agreement with the Borough of Poole. This Management Agreement will novate across to the new Council. The Bournemouth housing stock is directly managed within the senior management structure of the Council. These arrangements will continue as we move into BCP. It would be unrealistic to accurately merge the two Neighbourhood accounts into one HRA for day one. Also, combined accounts would remove the ability to differentiate between the inevitably different services which have been developed in the two areas over many years. These differences will continue through into BCP. This report includes consideration of specific elements that will affect the level of rent charged to tenants (including garage rents), the PHP Management and Maintenance Fee and the HRA capital programmes for each of the two Neighbourhoods for 2019/20 through to 2021/22. A number of recommendations are presented for consideration in relation to revenue income and expenditure, as well as capital expenditure.
Recommendations	**That the Shadow Executive Committee recommend to the Shadow Authority to:-** Note the set of objectives proposed for the HRA operating in both Bournemouth and Poole and confirm that these are agreed for 2019/20 as follows: - 1. Deliver strong financial management of the HRA which maximises the ability to collect income, gain efficiencies

	and service outstanding debt 2. Ensure HRA stock is adequately and efficiently maintained 3. Focus on the delivery of strong and sustainable communities through effective housing management services 4. Maximise funding opportunities to deliver more affordable housing Note these objectives apply equally to both the Bournemouth and Poole Neighbourhood accounts and are broadly stated in order of priority. As a landlord, it is important that debt is serviced in the first instance, followed by ensuring the effective and efficient maintenance and management of the properties. Surpluses and borrowing will then be maximised to bring forward additional affordable housing. ***That the Shadow Executive Committee recommend to the Shadow Authority to approve:-*** *1. The budget for dwelling rents is reduced by 1% in line with the national July 2015 Budget statement for the coming year 2019/20 and is adjusted to reflect new rental charges for acquisitions and new builds and the impact of Right to Buy (RTB) sales. The rent policy will then change to CPI plus 1% from 2020/21 in line with changing national policy.* *2. Voids continue to be budgeted at 1% of dwelling rents for both Bournemouth and Poole Neighbourhoods.* *3. The budget for garage rental charges is increased by RPI which for September 2018 was 3.3% across both the Bournemouth and Poole Neighbourhoods.* *4. The Poole Neighbourhood leasehold service charges are increased/ decreased by the following:* • *0% increase for management charges* • *10% decrease for utility costs* • *0% increase for insurance costs* 5. *The Bournemouth Neighbourhood leasehold services are charged to leaseholders in line with actual costs incurred.* 6. *Poole Neighbourhood tenant service charges are increased / decreased by the following:*

	• *1% increase for caretaker charges* • *1.5% increase for utility charges* 7. *The existing tenant service charges applied to the Bournemouth independent senior living schemes relating to laundry, scooter charging and window cleaning will be increased next financial year by 3.3% as per RPI as at September 2018.* 8. *The approved Bournemouth new Tenant Service Charge Policy going live in 2018/19 will continue to be rolled out as approved with no additional increase applied for 2019/20.* 9. *The PHP management fee paid from the HRA is reduced by £199k to reflect savings identified within the cost review and increased by £44k to reflect the part year impact of the Canford Heath Road development.* 10. *The bad debt provision is held at 2018/19 levels for both areas - £188k for the Bournemouth Neighbourhood and £197k for the Poole Neighbourhood.* 11. *The depreciation budget for the Bournemouth Neighbourhood is increased by £289k to reflect increased stock value. The depreciation budget for the Poole Neighbourhood is increased by £178k to reflect expected costs to be met in 2019/20 from the aging stock and the part year impact of Canford Heath.* 12. *In order to more accurately reflect the cash flows around identified projects, funding totalling £3,647k is carried forward from the 2018/19 Poole Neighbourhood capital programme and that funding totalling £4,060k is carried forward from the 2018/19 Bournemouth Neighbourhood capital programme.* 13. *To agree the proposed Poole and Bournemouth Neighbourhood maintenance programmes as set out in Appendices D and J.* 14. *The 2019/20 Bournemouth and Poole Neighbourhoods major capital programme are agreed as set out in D and K.* 15. *To bring forward plans during 2019/20 for additional borrowing following the government's announcements on lifting the HRA debt cap in their 2018 budget.* 16. *That the PHP delivery plan as set out in appendix M is*

	approved.
Reason for Recommendations	HRA rents and other charges along with the HRA Capital Programme are subject to review and require Shadow Executive and Shadow Authority approval in order for rents and charges to be levied.

Background detail

1. Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out the proposals regarding the rents, service charges and other charges to tenants and the expenditure plans for the 2019/20 rent year.

2. The HRA is a ring-fenced account within the Council and records the income and expenditure associated with the landlord function in respect of the Council's housing stock. The account is separate from the wider General Fund budget which is funded by a variety of income flows, including council tax.

3. The Council is required by law (Local Government & Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. For Poole this has been determined as a minimum of £0.58m and for Bournemouth £1m, therefore the BCP HRA minimum reserve balance will be £1.58m.

4. On 29th October 2018 the Government revoked the indebtedness limits that were introduced for HRA's in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the BCP HRA will not be subject to a limit on borrowing, however, borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudential. Total borrowing within the BCP HRA is forecast to be £57.1m (Bournemouth) and £82.8m (Poole) giving £139.9m (BCP) as at the 31 March 2019.

5. Borrowing requirements are supported by the 30-year business plans for each of the Neighbourhood accounts within the BCP HRA. These make assumptions regarding the level of income available based on the rental income streams and the key risks facing housing delivery services within this timeframe. Areas of risk include the management and timing of debt usage and the delivery of housing related functions. It should also be noted that there are a number of changes being implemented either within the sector or across other areas of public finance that will have an impact on the delivery of services within the HRA; these include the impact of welfare reform changes, increased homelessness levels, austerity measures across other areas of public funding, along with Local Government Reorganisation plans.

6. The delivery of new affordable homes and ensuring current stock meets local requirements is a key priority for councils. Within both Neighbourhoods work continues on re-designation of stock from Sheltered to General Needs to ensure properties meet future needs in terms of those households on the Council's Housing Register.

7. It is vital that the Council's HRA housing stock continues to meet the wider strategic needs of the Council. As such, a greater proportion of vulnerable tenants with complex needs are being accommodated within the stock, as part of the solution to address homelessness and wider housing need. The HRA housing stock continues to be effectively managed and maintained.

8. Following the Grenfell Fire tragedy in June 2017 a full review of fire safety issues has been undertaken in Bournemouth and Poole and regular monitoring arrangements are in place to ensure that current safe practices remain under constant review.

9. PHP has taken the decision to replace cladding at Sterte Court with a non-combustible cladding and will also be installing sprinkler systems within Poole's 6 tower blocks. A national issue relating to fire doors was identified as part of the Grenfell enquiry as some of the national fire door products had failed to provide 30 minutes of smoke and fire protection. Actions are in place to mitigate any risks relating to doors in both Bournemouth and Poole and door replacement programmes are underway.

10. The strategic objectives for the BCP HRA operating in both Bournemouth and Poole are as follows: -

    1. Deliver strong financial management of the HRA which maximises the ability to collect income, gain efficiencies and service outstanding debt
    2. Ensure HRA stock is adequately and efficiently maintained
    3. Focus on the delivery of strong and sustainable communities through effective housing management services
    4. Maximise funding opportunities to deliver more affordable housing

11. The approach to HRA budget setting has focused on three key areas for 2019/20 and the following sections of the report take each of these areas in turn;

    - Revenue income expected to be achieved and proposals around rent and service charge levels
    - Revenue expenditure plans that reflect local priorities and service delivery patterns, including revenue contributions to capital
    - Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and support the affordable homes new build programme

12. Appendix A gives more detailed information relating to the Poole Neighbourhood capital spend for 2019/20 – 2021/22.
13. Financial summaries are provided in Appendix B – F for Poole Neighbourhood and G-L for Bournemouth Neighbourhood.

14. The PHP Delivery plan is provided in Appendix M

REVENUE INCOME

15. The HRA receives income primarily from rents paid by tenants and from service charges levied.

Tenant Dwelling Rents

16. The rent to be charged to tenants is governed by the National Rent Policy and must be followed by all social landlords in order to be free from challenge from residents and to secure eligible Housing Benefit relief. This national policy sets the level by which tenant rents should be uplifted each year and in 2014/15 a national consultation set the following formula; an increase by the Consumer Price Index (CPI) as at September plus 1%.

17. The rent formula was superseded by an announcement in the July 2015 Budget Statement that all social rents would decrease by 1% each year for the lifetime of this current Parliament (until 2020). The rent increases will then resume from 2020 and the use of the previous formula has been confirmed.

18. This change in approach has had a significant impact on the level of income that will be available to the HRA over the course of the 30-year business plan. Any income that is available after the costs of servicing the debt and managing and maintaining the stock is made available to the capital programme. It is this contribution to the capital programme that potentially may be greatly reduced due to the falling level of income. The approach to budget setting has therefore ensured that maximum value from all areas of expenditure is being achieved so the capital development programme can secure as many funds as possible. This will ensure the strategic priority of delivering more affordable housing can still be delivered from within HRA resources.

19. Rents are usually budgeted for 52 weeks of the year and rental charges are raised weekly on a Monday with 4 rent free weeks in the Poole Neighbourhood. In 2019/20 there are 53 Mondays and budgets therefore reflect 49 weeks of charge within Poole and 53 weeks in Bournemouth. This approach has been communicated to MHCLG. This approach creates a risk to residents claiming Universal Credit (U.C.) as legislation does not allow for 53 weeks and there is currently no resolution in place for this issue.

20. Other adjustments that will impact on the level of achievable dwelling rent income relate to the number of RTB properties expected to occur and the number of days properties are empty during a change of tenancy. With regards the RTB, it is assumed there will be 20 sales during the year from the Poole Neighbourhood

and 40 from Bournemouth and the part year income associated from these properties has been deducted from the income budget.

21. For 2018/19 it is assumed 1% of the Poole and Bournemouth Neighbourhood stocks will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by £197k for the Poole Neighbourhood and £220k for the Bournemouth Neighbourhood.

22. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The Poole Neighbourhood account will reflect the additional income expected from the delivery of 64 units at Canford Heath Road as well as from 5 acquisitions budgeted annually.

23. The Bournemouth Neighbourhood has not increased its expectations around additional rental income for new builds. Despite a healthy pipeline of new developments coming through, no income expectations are made because of the inherent uncertainties around timescales for new build schemes.

Recommendation 1 –
Social dwelling rents be reduced by 1% in line with the July 2015 Budget Statement across both Neighbourhood accounts and reduced to reflect the impact of RTB sales. The rent budget for the Poole Neighbourhood will be increased to reflect the impact of new build and acquisition programmes.

Recommendation 2 –
Voids continue to be budgeted at 1% of dwelling rents across the Bournemouth and Poole Neighbourhoods.

Garage Rents and Service Charges

24. The Council can set its own charges for items that attract service charges but must review annually the costs that drive these charges as well as how that money can be utilised.

25. Garage rents cover income received from garages in Bournemouth and Poole that are situated on land currently owned within the HRA. The majority of garages in both Bournemouth and Poole were transferred from the HRA to the General Fund in 2018/19 and the remaining are those located on sites identified as potential for re-development. In Bournemouth, 129 garages remain in the HRA alongside a further 240 garage plots and bases for potential development sites. In Poole, 75 garages are situated on land currently owned within the HRA.

26. The current level of garage charges has been benchmarked against those charged by other landlords and these have been confirmed as broadly similar. It is therefore proposed to uplift for inflation (3.3%) across Bournemouth and Poole Neighbourhoods to reflect the ongoing rise in cost of managing the garages.

Recommendation 3 –
That garage rental charges are increased by 3.3% for the Bournemouth and Poole Neighbourhoods.

27. Other rents, within the Poole Neighbourhood, reflect those charged to tenants occupying commercial space at Trinidad Village. These have been budgeted in line with the lease agreements in place and will increase by RPI on their agreed rent review dates. The Bournemouth Neighbourhood does not receive any commercial rental income.

28. Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. These charges must reflect the full cost that is incurred by the HRA but no profit must be achieved through the levelling of these charges. Given this, the income budgets proposed reflect only an indicative level and actual charges will be reconciled during the summer to actual costs incurred.

29. The cyclical and reactive maintenance income budgets for leaseholders reflect actual works undertaken and charged on a cost per case basis. These budgets in Poole reflect the works that have been undertaken on a year on year basis and it is recommended these are held at the current level.

30. Expenditure levels on the management costs for general leasehold management are expected to broadly remain the same as 2018/19 in line with actual expenditure.

31. Expenditure on utility costs for the Poole Neighbourhood for the communal areas, covering water, gas and electricity, are subject to a 4-Year price agreement which began in September 2016. However, usage has fallen within the leaseholder blocks (mostly general needs) and this has been reflected in the charges. For the Bournemouth Neighbourhood, a new utility contract commenced in October 2018 which has brought an increase in energy tariffs.

    Recommendation 4 –
    Leasehold service charges in Poole Neighbourhood are increased / decreased by the following:
    - ***0% increase for management charges***
    - ***10% decrease for utility costs***
    - ***0 % increase for insurance costs***

    Recommendation 5 -
    Leasehold service charges in the Bournemouth Neighbourhood remain in line with actual cost incurred by the HRA.

32. Tenant service charges must mirror the charges incurred by the HRA in the same way as leasehold charges. For the Poole Neighbourhood the expenditure costs driven by staffing levels are expected to increase by 2% from April 2019 and this will affect the caretaker charges. However the overall impact is 1% as the charge is based on average cost over the last 4 years. The cost of delivering utility services has increased following increases in usage, largely within the sheltered sites. The utilities budget has been adjusted downward to reflect increased voids at Cynthia House and increased to reflect the cost of utilities at Canford Heath.

33. For the Bournemouth Neighbourhood, all pre-existing service charges will increase by 3.3% in line with RPI as at September 2018 and the new approved Service Charge Policy will be rolled out as previously agreed, with no increase applied for 1 April 2019.

Recommendation 6 –
Tenant service charges for the Poole Neighbourhood be increased / decreased by the following:

- ***1% increase for caretaker charges***
- ***1.5% increase for utility charges***

Recommendation 7 –
The pre-existing tenant service charges for the Bournemouth Neighbourhood be increased by 3.3%

Recommendation 8 –
For the Bournemouth Neighbourhood, the approved new tenant service charge policy going live in 2018/19 will continue to be rolled out as previously agreed with no increase applied for 1 April 2019

34. Arrangements relating to retained Photovoltaic (PV) solar panels and PV licencing costs remain unchanged.

REVENUE EXPENDITURE

35. The HRA manages expenditure that covers delivery of the general housing management function as well as overhead and capital financing charges.

Management and Maintenance

36. PHP delivers the management and maintenance service to the Council in relation to Poole Neighbourhood stock and this is funded through the annual management fee paid to PHP. It is recognised the current financial climate is challenging across the public sector and the reduction in rental charges to tenants will reduce the level of funds available to deliver all the priorities for housing support and delivery across Poole. However, the strategic aims of the HRA remain fit for purpose and they support the delivery of effective asset management via a long-term approach supported by the 30-year business plan.

37. PHP will continue to look at ways to ensure the underlying resources are delivering more for the same. During 2017/18 it delivered a fundamental cost review which looked at options for reducing costs across the management fee in line with Borough of Poole objectives. This cost review reduced the management fee by £300k in 2018/19 and reduces the budgeted management fee by a further £199k in 2019/20.

38. The BCP HRA remains committed to the delivery of additional affordable housing in order to meet identified housing need and support economic development through maintaining an effective local workforce. This can be achieved through maximising the revenue contribution to capital and bringing forward plans around

the use of HRA land to deliver this via the capital programme. It is therefore essential to demonstrate efficiencies across all areas of spend to maximise the funds available for capital developments.

39. The strategies across both Bournemouth and Poole are to ensure that costs are driven down, that these are benchmarked to test that value is being achieved and the organisation learns from the best to inform the decisions being made.

40. The Bournemouth housing stock is managed within the senior management structure of the Council and therefore does not have a management fee arrangement in place.

Recommendation 9 –
The PHP management fee is reduced by £199k to reflect the year 2 savings identified within the cost review and increased by £42k to reflect the part year impact of the Canford Heath Road development.

Overheads and Other Expenditure

41. The HRA holds general budgets that meet the cost of other service areas that support the overall delivery of the housing management function. These budgets have also been considered as part of the budget setting process.

42. The HRA picks up charges via "SeRCOP" recharges that identify costs held elsewhere in the Council but that relate to delivery of housing services. These include areas such as grounds maintenance provision, oversight of CCTV within buildings and corporate support costs. These need to be reflected in the HRA in order to ensure the full cost of delivering services to tenants is recognised. Such charges have to be fundamentally reviewed on a regular basis to ensure they remain up to date and appropriate.

43. The Bournemouth HRA prudently held a reserve of £4m to mitigate the impact of the anticipated government policy involving a proposed levy against vacant high value voids. During 2018 however, it was confirmed by Central Government that this policy for Councils to sell a proportion of their higher value stock in their HRA each year would not actually be implemented. As a result, this reserve will now be released into the new build reserve to fund additional, much needed, affordable housing through its well established Housing Development Team. The Poole Neighbourhood did not hold reserves in this way.

Capital Financing

44. One of the main areas of risk for the HRA going forward is arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as national welfare reform changes are rolled out. The spare room subsidy changes have now been in place for almost 6 years and work to manage under occupation is now business as usual.

45. One key current risk is Universal Credit (U.C.) which went live for Poole in October 2017 and for Bournemouth in November 2017. Evidence from other

areas, along with our experience so far, shows the level of arrears increases in the short to medium term following implementation.

46. Whilst the increase to date has not been too significant, arrears among tenants in receipt of U.C. has increased. As the roll out continues and the number of tenants on U.C. increases over time, it is expected arrears will continue to increase. The arrears have increased for many reasons. These include the often unpredictable U.C. payments made from the Department for Work and Pensions which are difficult to monitor, the inherent time delays in receiving U.C. payments because payments are made in arrears and the computer literacy required by tenants to manage their U.C. 'journal' claim with some having real difficulty in engaging. Both teams continue to work closely with tenants to assist with financial and budgeting skills, and continue to undertake proactive work to help with any issues around their U.C. claims.

47. As the level of arrears across all other residents continues to remain broadly consistent with previous years and because there was an overestimate of the bad debt provision set aside for welfare reform in previous years, the current level of bad debt provision of £197k for the Poole Neighbourhood and £188k for the Bournemouth Neighbourhood has been maintained at the same level for 2019/20.

Recommendation 10 –
The bad debt provision is held at 2018/19 levels for both areas - £197k for the Poole Neighbourhood and £188k for the Bournemouth Neighbourhood.

48. In the Poole Neighbourhood there has been a small reduction to the budget to support interest paid on HRA debt. This reflects both that interest rates remain historically low and the good treasury management by the Council achieved in this area. In the Bournemouth Neighbourhood, the budget remains the same as 2018/19.

49. The continued strong management of expenditure costs and the good level of income collection mean that for 2019/20 the revenue contribution to capital from the Poole Neighbourhood is budgeted at £4.3m which will be made available to the major repairs reserve. For Bournemouth, there is a £0.9m contribution to capital as well as the £10.3m already allocated to the new build reserve.

50. Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. Under these arrangements the Council is required to demonstrate the stock has been accounted for in line with IAS 16 and follows componentisation principles.

51. Depreciation to the Poole Neighbourhood housing stock has been calculated in line with componentisation principles. During 2017/18 a Component Accounting module was implemented in Poole as part of the new HMS system. This system gives more detailed depreciation figures which more accurately reflect the charge required to maintain stock and result in an increase to the depreciation charge of

£118k has been budgeted. An additional charge of £60k reflects the depreciation cost associated with the new Canford Heath Road development.

52. Depreciation to Bournemouth housing stock has been calculated in line with componentisation rule since 2013/14. The rule requires land and building elements to be valued separately and treated as separate assets. An asset is made up of the following components: land, substructure, superstructure, roof, internal finishes, fitting and services. All components except land attract depreciation. The depreciation on those components is calculated based on the expected life per component. The estimate for 2019/20 has an assumption of 4% increase to the value of components which resulted in an increase to the depreciation charge of £289k.

Recommendation 11 –
The depreciation budget for the Poole Neighbourhood is increased by £118k to reflect expected costs to be met in 2019/20 from the aging stock and by £60k to reflect the depreciation cost associated with the new Canford Heath development. The depreciation budget figure for Bournemouth is increased by £289k.

CAPITAL EXPENDITURE

53. Financial regulations now require capital schemes to be categorised into appropriate approvals categories. Within the appendices each scheme is categorised as Unconditional, Conditional or Requires Subsequent approval, as appropriate.

Maintenance Programme

54. The HRA capital programme aims to ensure first and foremost, that the current housing stock is fit for purpose and specific projects that will enhance the delivery of affordable housing across Poole are achieved. The Decent Homes target was achieved in December 2010 when the significant backlog works were completed, and all stock met the target. However, each year elements of this stock will need to be replaced or updated in order to keep all stock at the Decent Homes (and the Bournemouth and Poole) standard. The delivery of these enhancements is the first call on capital resources.

55. The 2018/19 capital programme was agreed at £16.969m for Poole and £20.695m for Bournemouth. Timing of cash flows for large capital projects spanning several financial years can be difficult to predict and are re-forecast as the projects progress. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

Recommendation 12 -
Funding totalling £3.647m and £4.060m for Poole and Bournemouth respectively are carried forward from the 2018/19 capital programme to more accurately reflect the cash flows around identified projects

56. There are new areas of work that need to be delivered as part of the planned maintenance programme. Fire safety is a key area. Whilst an urgent review of activity was undertaken in response to Grenfell and no significant issues of concern locally were identified, fire safety remains a top priority across housing services and is regularly reviewed in order to help identify any improvements needed. No ACM cladding, as used in Grenfell, is in place on Council owned blocks in either Bournemouth or Poole.

57. A national issue relating to fire doors was identified as part of the subsequent Grenfell Enquiry because some of the fire doors in the block failed to provide 30 minutes of smoke and fire protection. Fire doors have been reviewed locally across both Bournemouth and Poole Neighbourhoods to ensure a safe current situation and budgets for the cost of replacing all fire doors in flats for integrated fire door sets have been allocated for coming years.

58. The general maintenance programme is proposed at £5.454m and other maintenance and projects proposed at £1.071m for Poole. The maintenance programme totals £7.350m in Bournemouth. A full breakdown of these programmes is included within appendices and these will deliver a programme of work that is safe and meets legislative and other priorities.

Recommendation 13 –
Agree the proposed maintenance programme as set out in the budget breakdowns presented in Appendices D and J

New Build and Major Projects

59. The HRA is committed to delivering additional affordable housing across both Bournemouth and Poole and ensuring the current HRA land is used as effectively as possible. Whilst the majority of activity is new build, the Bournemouth and Poole Neighbourhoods have also successfully acquired existing properties. These are usually via buy back of RTB properties but may be where other housing providers are looking to dispose of stock. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money.

60. The new build and acquisition programme for Bournemouth totals £13.3m for 2019/20 including £10.3m from the new build reserve. The new build and acquisition programme for Poole totals £8.0m.

61. For Poole, during 2018/19 issues were identified with the fitting of cladding at Sterte Court, although it is important to note the cladding was not of the same nature as used on Grenfell. Rather than replace with a like for like product of limited combustibility the decision was taken to replace with a non-combustible cladding and at the same time retrofit sprinklers. Budgets have been allocated to address both issues with any remaining budget used for sprinkler works at the Old Town tower blocks.

62. The current financing of the HRA capital programme until the end of 2019/20 can be met from the major repairs reserves. This is funded from the annual

depreciation charge, as well as the revenue contribution to capital, and has meant the new build programmes have continued while other authorities have had to seek alternative funding streams. The continued utilisation of the right to buy receipts has also led to strong financial performance.

63. The ongoing ambitious new build plans and the requirement to make significant changes to the stock to more adequately meet needs and assist in the management of homelessness requires more funding. This funding can be achieved via borrowing additional resource. In the October 2018 budget, the Chancellor abolished the limit on HRA borrowing which allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code – removing the HRA borrowing cap. This provides an opportunity to expand our new build ambitions across both Bournemouth and Poole to help further meet the needs of those on the Housing Registers.

64. Borrowing within the BCP HRA is forecast to be £139.9m at 31 March 2019.

Recommendation 14 –
The 2019/20 major capital programme is agreed as set out in Appendices A-L

Recommendation 15 –
To bring forward plans during 2019/20 to agree additional borrowing in line with the government announcements in the 2018 Budget

DELIVERY PLAN

65. The Management Agreement between the Borough of Poole and PHP sets out the requirement for an annual delivery plan to be agreed. The PHP Delivery Plan sets out the Key Deliverables for PHP which support the refreshed Housing Strategy 2017 to 2020. This has been developed by the Borough of Poole and will be adopted by the BCP Council.

Recommendation 16 –
To agree the delivery plan as set out in Appendix M

Consultation

66. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2019/20 are set by government policy.

67. The Poole Neighbourhood consults on the rent approach with local residents via the Tenant Involvement and Empowerment (TIE) panel and feedback from this meeting will be available to the committee.

68. Consultation on the new service charge policy for the Bournemouth Neighbourhood has been undertaken as necessary before implementation in 2018/19.

69. Portfolio holders for both Bournemouth and Poole have been consulted and their feedback had been addressed in this report.

70. The Shadow Overview and Scrutiny Committee has been consulted and their comments taken into account.
71. Colleagues at MHCLG have been consulted on the Local Government Reorganisation to BCP. They have agreed the key financial principles on which this report is based.

Options

72. The proposal presented here assures compliance with National Rent Setting Policy and the key principles have been approved by MHCLG. The proposal ensures the appropriate maintenance and development of HRA stock across the Poole and Bournemouth Neighbourhoods. Not approving this report would significantly risk the ability for BCP to comply with Central Government and national legislation that govern the HRA budget process.

Summary of Finance and Resourcing Implications

73. Financial and resourcing implications are explained within the report.

Summary of Legal Implications

74. Council housing landlords are required to give 28 days' notice to all tenants of changes to the rental and charges for the new financial year. This will be achieved should all the recommendations be accepted by Shadow Authority in February 2019.

Summary of Human Resources Implications

75. There are no HR implications for this report.

Summary of Environmental Impact

76. A number of HRA properties continue to benefit from photovoltaic and solar panels reducing carbon emissions across Bournemouth and Poole. The ongoing maintenance of existing stock, such as heating replacement and insulation, also help to increase the energy efficiency of our existing stock. New housing is currently built to high standards of energy efficiency.

Summary of Equalities and Diversity Impact

77. Proposed revenue budgets for 2019/20 onwards should not impact on front line service provision, and the level of capital disabled adaptations in the estimated Capital Programme should enable us to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.

78. Older and disabled residents have been positively affected by the investment in dwelling insulation, energy efficiency and changes to heating and communal utility charges. The majority have benefited from reduced personal heating charges and

a lower split of communal utility costs between all residents benefiting from these services. New energy efficient building design has been piloted including the three recent Passiv Haus homes in Bournemouth.

79. The rent decrease will enable local residents on low incomes to reduce their costs and have higher levels of disposable income.

80. There is a clear correlation between effective housing and better health outcomes. By ensuring that housing meets minimum maintenance standards respiratory health issues can be reduced as well as minimising trips and falls.

81. The community development work undertaken seeks to minimise isolation, particularly within older people, contributing to improved physical and mental health outcomes and more active communities.

Summary of Risk Assessment

82. From April 2012 the risk in financing the management and maintenance of the housing stock moved from Central Government to Local Government as part of the Self-Financing Settlement Agreement.

83. The risk associated with future rent increases and decreases is no longer a local decision.

84. The following considerations must be made:

    a) As the self-financing valuation and settlement is premised on the Council continuing to implement the Government's Rent Restructuring formula, the deviation from this with regards the national government mandated 1% reduction could potentially undermine the financial viability of the BCP HRA.

    b) The HRA will be committed in the first instance to the servicing of new and existing debt.

    c) Only once debt is serviced (funded) can consideration be given to the maintenance standard of the properties and then in turn to the quality of the housing management service.

    d) The Welfare Reform Act changes have affected the payments being made to the HRA and further changes associated with the roll out of U.C. could affect levels of tenant income and further increase rent arrears within the HRA.

    e) The end of automatic payment of Housing Benefit direct to Landlords, could significantly reduce rent income levels and increase the level of bad debts within the HRA as U.C. continues to roll out.

Appendices

Appendix A **– Detail on Poole Neighbourhood Capital Programme**

Appendix B-F **– Financial appendices Poole Neighbourhood**

Appendix G-L **– Financial appendices Bournemouth Neighbourhood**

Appendix M **– PHP Delivery Plan**

APPENDIX A

HRA Budget Setting Report – Appendix A – Poole Neighbourhood

This appendix gives more detail on the Poole Neighbourhood Capital programme for 2019/20 – 2021/22 and the carry forward of budget from 2018/19.

Carry forwards of 2018/19 Budget

The approved capital budget for the Poole Neighbourhood for 2018/19 was £16.969m (after year end adjustments).

Capital projects are generally long term projects that may span several financial years and therefore timings of spend can be difficult to accurately predict prior to the start of the project and throughout the project due to delays caused by bad weather or other issues on site. Budgets are therefore re-forecast each quarter and unused budgets are carried forward to the following financial year.

The Poole Neighbourhood will carry forward £3.647m from 2018/19 into 2019/20 and beyond. The reason for the carry forward is detailed by scheme below:

£0.35m carry forward from across the general maintenance budgets. Unused budget for building works will be carried forward to 2019/20 and will be re-allocated to fund essential fire safety works. In addition, £0.05m will be carried forwards for roofing projects and £0.1m for Electrical works.

£0.263m carry forwards of contingency and IT budget which will be used to fund the delay in delivery of the IT project.

£0.8m carry forward of unused New Build budget will be used to fund schemes to be identified in 2019/20.

£1.284m carry forward of budget relating to the Canford Heath Road development. This project was due to be delivered in Q4 2018/19 but delays on site have led to a re-profiling of budget. The carry forward reflects works that will now be completed Q1/2 of 2019/20 and the retention figure that will be held until 2021/22. The original £11.83m budget has not been impacted by the delays and the scheme is still expected to deliver within budget.

£0.95m carry forward of budget relating to sprinklers. This budget will be carried forward and used to fund the cost of installing sprinklers at Sterte Court. This project will now be carried out at the same time as works to replace cladding. Completing both projects at the same time reduces the impact on residents. Any unused Sprinkler budget relating to Sterte Court will be added to the Project Admiral budget and used to fund the cost of sprinklers.

2019/20 – 2021/22 Budgets

Basic Planned Maintenance

The basic planned maintenance budgets cover all elements of works required to the Poole Neighbourhood stock to ensure it continues to meet the Decent Homes Standard.

A number of elements within this budget have now come to end of life. Condition surveys are carried out and where appropriate asset life is extended. However, some elements, such as windows can not be extended further and need to be replaced. The maintenance programme includes additional funding for these elements from 2019/20.

There are some new pieces of work that need to be delivered relating to fire safety. A national issue relating to fire doors was identified as part of the Grenfell enquiry and a door replacement programme is expected to continue within the Poole Neighbourhood throughout 2019/20 and 2020/21. This will replace affected doors in priority order. The full cost of this replacement has been reflected though PHP are still persuing opportunities to reduce this cost.

Additionally, recent fire risk assessments have highlighted that doors on electrical and boiler cupboards need to be replaced with fire resistant doors and this has also been budgeted throughout 2019/20 and 2020/21.

The £0.2m carry forward of Building works budget from 2018/19 is expected to be required as regulations continue to be changed and updated.
Carry forwards of Budget for Roofing works of £0.05m to 2019/20 is required due to delays in obtaining the scaffolding required to proceed and carry forwards of £0.1m of Electrical works budget is required as a result of a change in contractors, these works will be completed early in the new year

Some of the cost of meeting additional fire safety requirements and additional window replacements will be met by planned reductions in other areas. Savings have been identified from the electrical works budget where PHP implements periodic testing to electrical systems instead of replacement. This has led to significant reductions in Capital spend in this area. The budget for kitchen replacements has also been reduced as better information relating to numbers requiring replacement can now be obtained from the Asset Management System.

Much of the fire remedial works are business as usual and part of planned works, but PHP has identified additional fire safety works that it wishes to carry out including retro-fitting sprinklers in buildings over a certain height and replacing the cladding at Sterte Court. Budgets to deliver these are included under Major Projects.

Other Planned Maintenance

Other projects include a carry forward of unused contingency budget and a small carry forward of I.T budget, both of which will be used in relation to the replacement I.T system which was due to be delivered in 2018/19 but has been delayed. This project was expected to go live in Q1 2019/20 but has been delayed again due to the change in response repairs contractor from 1 August 2019. It is not feasible to go live with the IT system when the current contractor in place as they would need to write interfaces to the new system for the last few months of the contract. New interfaces

will need to be written once the new contractor is appointed. An increase to the budget will be required in 2019/20 due to the delays. £272k has been added to the budget of £262k carried forward from 2018/19 giving a total budget of £535k to complete this project in 2019/20. There is no contingency budget for 2019/20 as this will be used against the IT project.

Major Projects

There are 9 main areas of focus within the major projects approach that have funding allocated in 2019/20 and these are as follows –

- Finalisation of the build at Canford Heath.
- To bring forward proposals for an additional in fill new build scheme in 2019/20
- To take opportunities to acquire properties from the open market where they fit with housing priorities
- To progress works in relation to the major maintenance programme on the Old Town tower blocks
- To deliver fire safety enhancements to tower blocks including retro-fitting sprinklers to the 6 blocks and replacing the cladding at Sterte Court
- To deliver a temporary accommodation scheme at Herbert Avenue
- To progress the redevelopment of Cynthia House
- To look for further opportunities relating to the redevelopment of the sheltered sites following PHP's Sheltered Housing Review and BOP's Housing Demand report.
- To bring forward an outline business case relating to the redevelopment of the Hillbourne School site.

Canford Heath Road

2019/20 will see delivery of the build at Canford Heath Road which was approved at the November 2016 Council meeting. Budget is to be carried forward from 2018/19 to reflect more accurate profiling of spend following delays on site. This scheme will deliver within the £11.83m approved budget. Retention budget to be held to the following year.

In-Fill

£0.8m carried forwards from 2018/19 and total scheme budget of £1m.

The Council and Poole Housing Partnership continue to work to identify HRA land where more affordable housing can be delivered via the infill programme. An initial allocation of funds is identified within the current programme (subject to Council approval of the actual scheme) to assist in the planning process for the overall capital programme. If schemes are not approved this funding will be returned to reserves.

Small Sites Programme

£0.5m annual allocation is proposed to fund acquisitions and buy backs of HRA properties to ensure opportunities are maximised. Each purchase is subject to both financial and managerial checks to ensure they deliver good value.

Project Admiral

The tower blocks in the Old Town were built between 1962 and 1969 using concrete frames with a rendered external finish. This type of build was common at the time and like most tower blocks require a major maintenance programme to ensure the structure remains sound approximately every 30 years. The last major programme took place between 1988 and 1990 and following some detailed structural surveys it was confirmed the standard of the current render and condition of the roof and other fixtures are not fit for purpose going forward. A major maintenance programme will be delivered over the next 3-5 years. An outline business case was submitted in 2018/19. Enabling works will begin in 2019/20.

Fire Safety Retrofit to 6 Tower Blocks and Cladding

£0.95m sprinkler budget to be carried forward from 2018/19 as works to retro-fit sprinklers to Sterte Court will be carried out in conjunction with works to replace the cladding during 2019/20. Any unused sprinkler budget will be added to the Project Admiral budget to fund the cost of installing.

Temporary Accommodation

During 2018/19 the Council approved the business case for PHP to deliver a 24 unit temporary accommodation scheme at Herbert Avenue. This scheme will cost £2.509m and will initially be used to support the General fund relieving pressure on their homelessness budget. This project is being delivered from within the HRA as in the longer term it is envisaged this scheme will be used to support longer term affordable housing.

Cynthia House

During 2016 PHP undertook a review of its sheltered housing stock identifing a number of sites that were either not fit for purpose or did not make the most efficient use of the site. Cynthia House was a site identified with high voids, being more expensive to maintain and unpopular to rent. Plans have been made to re-develop this and work will progress during 2019/20.

Sheltered

Proposals will be brought forward to redevelop other sheltered sites to ensure units are fit for use in the long term. These will be subject to Council approval in line with the outline business case.

Hillbourne School

The 2019/20 budget includes placeholder fees in relation to re-development of the Hillbourne School site with enabling works expected in 2020/21 and phase 1 delivery during 2021/22. Plans will be subject to Council approval.

Summary

These major projects will deliver £28.4 million worth of work across the next 3 years and should see the following outcomes –

- Delivery of 62 new units on the Canford Heath Road site – 6 supporting General Fund budgets
- Delivery of an in-fill scheme
- Acquisition of approximately 5 additional units a year from the open market
- Major maintenance works to the Old Town tower blocks including retro-fitting of sprinklers
- Fire safety enhancements at Sterte Court; non-combustible cladding and sprinklers
- Temporary accommodation at Herbert Avenue
- Major redevelopment of the sheltered sites
- Options for redevelopment at the Hillbourne School site

This page is intentionally left blank

APPENDIX B
HOUSING REVENUE ACCOUNT
THE RENT INCREASE EFFECT ON RESIDENTS

		2018/19		2019/20				
		52 week Basis £	48 week Basis £	53 week Basis £	49 week Basis £	weekly Increase / Decrease £	weekly Increase / Decrease £	decrease as a %
Overall Average per Budget		**83.79**	90.77	**84.09**	91.10			
Examples of Rent Increases								
General Properties								
Herbert Court	1 Bedroom flat	**74.89**	81.12	**74.14**	80.31	**-0.75**	-0.81	**-1.0%**
Junction Road	1 Bedroom flat	**64.35**	69.72	**63.71**	69.02	**-0.65**	-0.70	**-1.0%**
Rockley Road	1 Bedroom flat	**72.16**	78.17	**71.44**	77.39	**-0.74**	-0.81	**-1.0%**
Sterte Court	1 Bedroom flat	**69.61**	75.41	**68.91**	74.65	**-0.71**	-0.77	**-1.0%**
Rodney Court	2 Bedroom flat	**87.43**	94.70	**86.55**	93.76	**-0.88**	-0.96	**-1.0%**
Plumer Road	2 Bedroom house	**88.49**	95.85	**87.60**	94.89	**-0.90**	-0.98	**-1.0%**
Christopher Crescent	3 Bedroom house	**97.86**	106.02	**96.88**	104.96	**-0.99**	-1.07	**-1.0%**
Egmont Road	3 Bedroom house	**88.90**	96.32	**88.01**	95.35	**-0.89**	-0.96	**-1.0%**
Haskells Road	3 Bedroom house	**88.03**	95.38	**87.15**	94.42	**-0.89**	-0.96	**-1.0%**
Perry Gardens	4 Bedroom house	**109.87**	119.03	**108.77**	117.84	**-1.11**	-1.20	**-1.0%**
Sheltered Housing Officer serviced properties								
Cynthia Close	1 Bedroom flat	**76.33**	82.69	**75.57**	81.86	**-0.77**	-0.84	**-1.0%**
Millfield	1 Bedroom flat	**73.65**	79.79	**72.91**	78.99	**-0.74**	-0.80	**-1.0%**
South Road	1 Bedroom flat	**76.32**	82.68	**75.56**	81.85	**-0.78**	-0.85	**-1.0%**
Trinidad House	1 Bed Bungalow	**74.98**	81.22	**74.23**	80.41	**-0.76**	-0.83	**-1.0%**
Waterloo House	1 Bed Bungalow	**82.82**	89.73	**82.00**	88.83	**-0.84**	-0.91	**-1.0%**

This page is intentionally left blank

APPENDIX C
HOUSING REVENUE ACCOUNT
SERVICE CHARGES FOR 2019/20

	2018/19 £	Uplift	2019/20 £	
1. Garage Rents				
Proposed Charges - Tenants				
Poole Old Town	11.16	3.3%	11.53	
Remainder of Poole	6.34	3.3%	6.55	
Charges - Non-Tenants				
Poole Old Town (excl VAT)	15.45	3.3%	15.96	
Poole Old Town (incl VAT)	18.54	3.3%	19.15	
Remainder of Poole (excl VAT)	9.70	3.3%	10.02	
Remainder of Poole (incl VAT)	11.64	3.3%	12.02	
2. Sheltered Housing Service Charges inc Lifeline				
General	6.96	2.00%	7.10	
Willow Park	6.96	2.00%	7.10	
Belmont Court	17.04	2.00%	17.38	
3. Supporting People Service Charge				
Personal Charge:-				
Preventative (circa 85% of the 20% of Sheltered Residents)	7.04	2.00%	7.18	
4. Guest Bedrooms in Sheltered Accommodation				
	1 night	2 nights	3 nights	4-7 nights
Cost per room with no ensuite - includes cleaning	20.00	28.00	36.00	45.00
Cost per room with ensuite - includes cleaning	24.00	34.00	44.00	54.00
5. Heating Charges				
1 bed	8.66	1.5%	8.79	
2 bed	10.40	1.5%	10.56	
3 bed	12.14	1.5%	12.32	
6. Communal Heating				
Standard Charge	1.15	1.5%	1.17	
7. Communal Power				
Standard Charge	£0.72 - £7.96	1.5%	£0.73 - £8.08	

This page is intentionally left blank

APPENDIX D
HOUSING REVENUE ACCOUNT
HOUSING REVENUE ACCOUNT - STATEMENT OF ACCOUNTS FOR 2019/20

	Budget 2018/19 £000's	Forecast Outturn 2018/19 £000's	Original Budget 2019/20 £000's	Original Budget 2020/21 £000's	Original Budget 2021/22 £000's
Income					
Dwelling Rents (gross)	(19,666)	(19,659)	(19,855)	(19,941)	(20,339)
Non-Dwelling Rents (gross)	(45)	(41)	(37)	(38)	(39)
Charges for Services and Facilities	(1,253)	(1,261)	(1,316)	(1,356)	(1,383)
Contributions to Expenditure	(49)	(51)	(52)	(53)	(54)
Other Income (PV - Feed In Tariffs)	(80)	(80)	(74)	(74)	(74)
General Contribution to Management Fee	(75)	(75)	(75)	(75)	(75)
RTB Sales Admin	(26)	(20)	(26)	(26)	(26)
EBHP Charge	0	0	(60)	(80)	(80)
S106 Contributions		(197)			
Canford Shared Ownership Receipts	0	0	(716)	0	0
Total Income	**(21,194)**	**(21,384)**	**(22,211)**	**(21,643)**	**(22,070)**
Expenditure					
Repairs and Maintenance	5,326	5,328	5,237	5,237	5,237
Supervision and Management	4,311	4,318	4,316	4,316	4,316
Rent, rates, taxes and other charges	156	156	158	158	158
Bad or Doubtful debts	197	197	197	197	197
Capital financing costs (debt management costs)	101	101	103	103	103
Depreciation - Council Dwellings	4,704	4,822	4,882	4,882	4,882
Depreciation - Other Land and Property					
Total Expenditure	**14,795**	**14,923**	**14,893**	**14,893**	**14,893**
Net Cost of HRA Services - (Surplus) / Deficit	**(6,398)**	**(6,461)**	**(7,318)**	**(6,750)**	**(7,177)**
Capital Charges					
- Cost of Capital Charge	3,134	3,134	3,095	3,095	3,095
- Interest Receivable	(66)	(66)	(75)	(75)	(75)
	3,068	**3,068**	**3,020**	**3,020**	**3,020**
Net Operating Expenditure - (Surplus) / Deficit	**(3,331)**	**(3,394)**	**(4,298)**	**(3,730)**	**(4,157)**
Appropriations					
Revenue contribution to capital outlay (RCCO)	3,306	3,374	4,272	3,704	4,131
Transfers to / (from) the Major Repairs Reserve (in respect of depreciation on Other Land & Property)	26	20	26	26	26
	3,332	**3,394**	**4,298**	**3,730**	**4,157**
(Surplus) / Deficit on the HRA for the Year	**1**	**0**	**0**	**0**	**0**

using Revenue Account Balances (This excludes the Major Repairs Reserve)

	Budget 2018/19 £000's	Forecast Outturn 2018/19 £000's	Original Budget 2019-20 £000's	Original Budget 2020-21 £000's	Original Budget 2021-22 £000's
Balance (surplus) as at 1st April (Brought Forward)	(580)	(580)	(580)	(580)	(580)
(Surplus) / Deficit for the Year	1	0	0	0	0
Balance (surplus) as at 31 March	**(579)**	**(580)**	**(580)**	**(580)**	**(580)**

This page is intentionally left blank

APPENDIX E
HOUSING REVENUE ACCOUNT
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME FOR 2019-20

	Budget	Forecast	Carry Forward	Estimate	Estimate	Estimate	Council Approval Category		
	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	No further approval	Conditional Approval	Further approval required
Basic Planned Maintenance Programme									
Minor Works	75,000	75,000		75,000	75,000	75,000	225,000	0	0
External Doors	201,500	201,500		638,200	525,000	201,500	1,364,700	0	0
Kitchen Replacement Programme	568,000	518,000		364,500	495,000	603,000	1,462,500	0	0
Boiler Replacement Programme	856,200	856,200		612,400	1,389,000	1,389,000	3,390,400	0	0
Electrical Works	540,500	240,500	100,000	400,000	300,000	300,000	1,000,000	0	0
Bathrooms	185,500	185,500		218,232	154,590	180,000	552,822	0	0
Building Envelope (Seddons)	355,350	355,350		305,750	314,500	314,500	934,750	0	0
Communal Lighting Upgrades	15,000	15,000		15,000	15,000	15,000	45,000	0	0
Door Entry System	20,000	20,000		20,000	20,000	20,000	60,000	0	0
Structural Works	7,500	7,500		7,500	7,500	7,500	22,500	0	0
Lift Improvements Programme	18,000	18,000		18,000	18,000	18,000	54,000	0	0
Building External - all schemes	297,500	90,000	200,000	490,350	290,350	290,350	1,071,050	0	0
Out buildings (inc. garages)	45,000	25,000		45,000	45,000	45,000	135,000	0	0
Fire alarms	31,500	11,500		15,000	32,500	32,000	79,500	0	0
Asbestos	90,000	50,000		90,000	90,000	90,000	270,000	0	0
Energy Conservation	50,000	30,000		50,000	50,000	50,000	150,000	0	0
TV	7,500	7,500		5,000	5,000	5,000	15,000	0	0
Roofing	250,000	200,000	50,000	300,000	250,000	250,000	800,000	0	0
Windows	250,000	310,000		500,000	500,000	500,000	1,500,000	0	0
Internal Noise Installation	5,000	5,000		5,000	5,000	5,000	15,000	0	0
Housing & Health Safety Rating Systems - Category 1	57,560	57,560		57,560	57,560	57,560	172,680	0	0
Housing & Health Safety Rating Systems - Category 2	80,000	80,000		80,000	80,000	80,000	240,000	0	0
Plastering	60,000	60,000		75,000	75,000	75,000	225,000	0	0
External Water / Drainage Modification Upgrade	70,000	60,000		50,000	50,000	50,000	150,000	0	0
New / Modification works to boundaries	65,000	65,000		30,000	30,000	30,000	90,000	0	0
New / Modification hardscape	82,500	82,500		45,000	45,000	45,000	135,000	0	0
Renewal / Modifications to communal areas	75,000	75,000		20,000	20,000	20,000	60,000	0	0
Fire Risk Remedials	200,000	300,000		400,000	400,000	200,000	1,000,000	0	0
Tower Block Remedials	20,000	0		0	0	0	-	0	0
Capitalized Poole Housing Partnership Salaries	520,000	520,000		522,000	524,000	530,000	1,576,000	0	0
Sub-Total	**5,099,110**	**4,521,610**	**350,000**	**5,454,492**	**5,863,000**	**5,478,410**	**16,795,902**	**0**	**0**
Other Planned Maintenance									
Disabled Adaptations	350,000	350,000		350,000	380,000	380,000	1,110,000	0	0
Stairlifts	30,000	30,000		10,000	10,000	10,000	30,000	0	0
Voids Maintenance	50,000	50,000		50,000	50,000	50,000	150,000	0	0
Sustainability	100,000	100,000		100,000	50,000	50,000	200,000	0	0
Right to Buy Administration	26,000	19,500		26,000	26,000	26,000	78,000	0	0
Information Technology Capital Costs	285,000	272,000	13,000	534,700	0	0	0	0	534,700
Contingency	250,000	0	250,000	0	250,000	250,000	500,000	0	0
Sub Total	**1,091,000**	**821,500**	**263,000**	**1,070,700**	**766,000**	**766,000**	**2,068,000**	**0**	**534,700**
Major Projects									
Tower Blocks (Old Town)	100,000	150,000		1,200,000	3,500,000	3,500,000	0	0	8,200,000
Cladding				500,000	0	0	0	0	500,000
New Build	800,000	21,000	800,000	1,000,000	0	0	0	0	1,000,000
Small Sites programme	500,000	500,000		500,000	500,000	500,000	1,500,000	0	0
Cynthia House	300,000	300,000		300,000	3,300,000	1,068,000	0	0	4,668,000
In-Fill				21,337	750,000	581,731	0	0	1,353,068
Herbert Avenue		20,000		2,509,000	0	0	0	0	2,509,000
Canford Heath Road	7,878,601	6,349,000	1,283,720	1,132,967	150,753	0	1,283,720	0	0
Sprinklers	1,000,000	50,000	950,000	600,000	350,000	0	0	0	950,000
Hillbourne School site - phase 1		8,000		255,000	1,200,000	5,000,000	0	0	6,455,000
Sheltered Sites	200,000	100,000		0	0	0	0	0	0
Sub Total	**10,778,601**	**7,498,000**	**3,033,720**	**8,018,304**	**9,750,753**	**10,649,731**	**2,783,720**	**0**	**25,635,068**
TOTAL EXPENDITURE	**16,968,711**	**12,841,110**	**3,646,720**	**14,543,496**	**16,379,753**	**16,894,141**	**21,647,622**	**0**	**26,169,768**

This page is intentionally left blank

APPENDIX F
HOUSING REVENUE ACCOUNT
MAJOR REPAIRS RESERVE

	Budget 2018/19 £000's	Forecast Outturn £000's	Budget 2019/20 £000's	Budget 2020/21 £000's	Budget 2021/22 £000's
BALANCE BROUGHT FORWARD 1st APRIL	**(9,594)**	**(11,751)**	**(9,003)**	**(4,552)**	**(647)**
INCOME TO RESERVE					
Transfer of equivalent amount to Major Repairs Allowance	(4,704)	(4,822)	(4,882)	(4,882)	(4,882)
Revenue contribution to capital (RCCO)	(3,306)	(3,374)	(4,272)	(3,704)	(4,131)
Transfer of equivalent amount to deprecitaion on other land and property	-	-	-	-	-
Prudential Borrowing				(2,100)	(6,000)
Moving Scheme		(10)			
Grant, Capital Receipt and GF Contribution	(1,662)	(1,868)	(912)	(1,763)	(2,145)
Useable Receipts	(26)	(20)	(26)	(26)	(26)
TOTAL INCOME	**(19,291)**	**(21,844)**	**(19,095)**	**(17,027)**	**(17,831)**
EXPENDITURE TO RESERVE					
Capital Expenditure funded from the Major Repairs Rese	16,969	12,841	14,543	16,380	16,894
Transfer to appropriations of the Depreciation on Other Land & Property	-	-	-	-	-
TOTAL EXPENDITURE	**16,969**	**12,841**	**14,543**	**16,380**	**16,894**
BALANCE TO CARRY FORWARD 31st MARCH	**(2,323)**	**(9,003)**	**(4,552)**	**(647)**	**(937)**

Planned Capital Expenditure					
Decent Homes	5,099	4,522	5,454	5,863	5,478
Other Planned Maintenance	1,091	822	1,071	766	766
Sub Total	6,190	5,343	6,525	6,629	6,244
Tower Blocks	100	150	1,200	3,500	3,500
New Build	800	21	1,000	-	-
Small Sites / Acqusitions	500	500	500	500	500
Trinidad					
Canford Heath Road	7,879	6,349	1,133	151	-
Sheltered	200	100	-	-	-
Cynthia House and Infill	300	300	321	4,050	1,650
Sprinklers	1,000	50	600	350	-
Herbert Avenue	-	20	2,509	-	-
Other Investment	-	8	755	1,200	5,000
Total	**10,779**	**7,498**	**8,018**	**9,751**	**10,650**
Total Capital Expenditure to be funded via MRR	**16,969**	**12,841**	**14,543**	**16,380**	**16,894**

This page is intentionally left blank

APPENDIX G

HOUSING REVENUE ACCOUNT

THE RENT CHANGE EFFECT ON TENANTS

		Financial Year 2018/2019	Financial Year 2019/2020		
		52 week Basis per week £	53 week Basis per week £	53 week Change per week £	Change as a % per week %
Overall Average Rent		**83.92**	**83.08**	**-0.84**	**-1.0%**
Examples of Rent Changes General Properties					
Hamilton Road	1 Bedroom flat	**72.98**	**72.25**	**-0.73**	**-1.0%**
Belle Vue Road	1 Bedroom flat	**73.43**	**72.70**	**-0.73**	**-1.0%**
Turbary Park	1 Bedroom flat	**78.33**	**77.55**	**-0.78**	**-1.0%**
Cunningham Crescent	1 Bedroom flat	**104.75**	**103.71**	**-1.06**	**-1.0%**
Florence Road	2 Bedroom flat	**80.56**	**79.75**	**-0.81**	**-1.0%**
Northey Road	2 Bedroom house	**88.17**	**87.28**	**-0.87**	**-1.0%**
Ripon Road	3 Bedroom house	**105.66**	**104.61**	**-1.06**	**-1.0%**
Turnbull Lane	3 Bedroom house	**155.25**	**153.70**	**-1.55**	**-1.0%**
Dolphin Avenue	3 Bedroom bungalow	**113.89**	**112.75**	**-1.14**	**-1.0%**
Cranleigh Road	4 Bedroom house	**109.54**	**108.44**	**-1.10**	**-1.0%**
Independent Senior Living serviced properties					
Cornish Gardens	Studio flat	**62.64**	**62.01**	**-0.63**	**-1.0%**
Castle Dene Court	1 Bedroom flat	**73.54**	**72.80**	**-0.74**	**-1.0%**
Southbourne Road	1 Bedroom flat	**74.91**	**74.16**	**-0.75**	**-1.0%**
Deacon Gardens Bear Cross	1 Bed Bungalow	**83.59**	**82.76**	**-0.84**	**-1.0%**

HOUSING REVENUE ACCOUNT

SCALE OF OTHER CHARGES

	2018/19 £ per week		Average Increase / (Reduction)	2019/20 £	2019/20 £
1. Garage Rents					
Proposed Charges - Tenants	10.30		3.30%	10.64	
	Exc VAT £	With VAT @ 20% £		Exc VAT £	With VAT @ 20% £
Charges Leaseholders	12.15		3.30%	12.55	
Charges - Non-Tenants	12.15	14.58	3.30%	12.55	15.06
2. Service Charges					
	£			£	
Laundry	0.67		3.30%	0.70	
Scooter charge point	3.57 - 3.85		3.30%	3.69-3.98	
Window cleaning	0.56		3.30%	0.58	

HOUSING REVENUE ACCOUNT
RESOURCE (STATUTORY) ACCOUNT
BUDGET 2019/20 TO 2021/22

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
Income					
Dwelling Rents (gross)	(22,105)	(22,297)	(22,407)	(22,424)	(22,873)
Non-Dwelling Rents (gross)	(114)	(114)	(114)	(116)	(118)
Charges for Services and facilities*	(985)	(939)	(1,199)	(1,222)	(1,247)
Contributions towards expenditure*	(556)	(593)	(535)	(546)	(557)
Total Income	**(23,760)**	**(23,942)**	**(24,255)**	**(24,309)**	**(24,794)**
Expenditure					
Repairs and Maintenance	5,008	5,529	5,186	5,290	5,396
Supervision and Management	7,236	6,898	7,503	7,646	7,794
Rent, rates, taxes and other charges	192	155	156	160	163
Bad or Doubtful debts	188	188	188	192	196
Capital financing costs (debt management costs)	78	78	78	80	81
Depreciation Dwellings	7,007	7,015	7,296	7,587	7,891
Depreciation Non Dwellings	22	22	22	22	22
Photovoltaic	0	0	0	0	0
Total Expenditure	**19,731**	**19,885**	**20,429**	**20,976**	**21,544**
Net Cost of HRA Services	**(4,026)**	**(4,057)**	**(3,826)**	**(3,332)**	**(3,251)**
Capital Charges					
- Capital Interest	2,919	2,919	2,919	2,978	3,037
- Interest Receivable	(30)	(30)	(30)	(31)	(31)
Net Operating Expenditure - (Surplus) / Deficit	**(1,137)**	**(1,168)**	**(937)**	**(385)**	**(245)**
Appropriations					
New Build Programme	1,140	1,140	900	400	350
Revenue contribution to capital	0				
Transfers to / from the Major Repairs Reserve (depreciation on OLP)	0				
(Surplus) / Deficit on the HRA for the Year	**3**	**(28)**	**(37)**	**15**	**105**

Movement on Housing Revenue Account Balances (This excludes the Major Repairs Reserve)

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
Balance (surplus) as at 1st April (Brought Forward)	(1,232)	(1,365)	(1,393)	(1,030)	(1,015)
(Surplus) / Deficit for the Year	3	(28)	(37)	15	105
Transfer to earmarked reserve	0	0	400	0	0
Balance (surplus) as at 31 March	**(1,229)**	**(1,393)**	**(1,030)**	**(1,015)**	**(910)**

Sale of Vacant High Value Local Authority Housing Assets Reserve

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
Balance (surplus) as at 1st April (Brought Forward)	(4,240)	(4,240)	0	0	0
Movement between reserves	0	4,240	0	0	0
Income to Reserve	0	0	0	0	0
Balance (surplus) as at 31 March	**(4,240)**	**0**	**0**	**0**	**0**

New Build Reserve

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
Balance (surplus) as at 1st April (Brought Forward)	(5,442)	(5,900)	(10,323)	(4,983)	(1,707)
Income to Reserve	(1,140)	(1,140)	(900)	(400)	(350)
Spend during the year	3,412	957	6,640	3,676	2,000
Movement between reserves	0	(4,240)	(400)	0	0
Balance (surplus) as at 31 March	**(3,170)**	**(10,323)**	**(4,983)**	**(1,707)**	**(57)**

Bournemouth Borough Council - Housing Revenue Account Capital Programme 2019/20 to 2021/22						Council Approval Category		
	Forecast 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Total HRA Capital Exp	No further approval	Conditional approval	Further approval required
	£	£	£	£	£			
Basic Planned Maintenance Programme								
External Works	600,000	750,000	750,000	800,000	**2,300,000**	2,300,000	-	-
Re-Roofing	300,000	300,000	350,000	400,000	**1,050,000**	1,050,000	-	-
Kitchen Refurbishments	850,000	850,000	850,000	850,000	**2,550,000**	2,550,000	-	-
Bathroom Refurbishments	900,000	950,000	950,000	950,000	**2,850,000**	2,850,000	-	-
Windows	500,000	1,200,000	500,000	600,000	**2,300,000**	2,300,000	-	-
Boiler replacement	500,000	500,000	500,000	550,000	**1,550,000**	1,550,000	-	-
Communal system	30,000	30,000	30,000	30,000	**90,000**	90,000	-	-
Upgrading of Lifts	10,000	10,000	10,000	10,000	**30,000**	30,000	-	-
Bedroom extensions	200,000	200,000	200,000	200,000	**600,000**	600,000	-	-
Fire Precautions/Detectors	600,000	600,000	600,000	600,000	**1,800,000**	1,800,000	-	-
Common Areas	110,000	100,000	150,000	150,000	**400,000**	400,000	-	-
Doors	300,000	300,000	360,000	360,000	**1,020,000**	1,020,000	-	-
Rewiring	100,000	100,000	100,000	100,000	**300,000**	300,000	-	-
Facia & Soffit Renewals PVC-u	42,000	49,000	70,000	70,000	**189,000**	189,000	-	-
Hot Water Systems	120,000	120,000	120,000	120,000	**360,000**	360,000	-	-
Door Entry Systems	20,000	50,000	70,000	70,000	**190,000**	190,000	-	-
Chimneys	40,000	40,000	40,000	40,000	**120,000**	120,000	-	-
Ventilation Systems	50,000	50,000	50,000	50,000	**150,000**	150,000	-	-
Central Heating	40,000	40,000	40,000	40,000	**120,000**	120,000	-	-
Flat Roof Replacement	30,000	30,000	30,000	30,000	**90,000**	90,000	-	-
Roof Structure	30,000	30,000	30,000	30,000	**90,000**	90,000	-	-
Structural Repairs	30,000	30,000	45,000	45,000	**120,000**	120,000	-	-
External Lighting	30,000	30,000	30,000	30,000	**90,000**	90,000	-	-
Sound Insulation	15,000	15,000	15,000	15,000	**45,000**	45,000	-	-
Estates Inspections	15,000	15,000	15,000	15,000	**45,000**	45,000	-	-
Small Environmental Improvements	20,000	20,000	20,000	20,000	**60,000**	60,000	-	-
Insulation / energy efficiency	100,000	100,000	100,000	100,000	**300,000**	300,000	-	-
Environmental improvements	10,000	10,000	10,000	10,000	**30,000**	30,000	-	-
Electric to gas conversions	50,000	50,000	50,000	50,000	**150,000**	150,000	-	-
Right to Buy Administration	39,000	40,000	40,000	40,000	**120,000**	120,000	-	-
Disabled adaptations	750,000	760,000	750,000	750,000	**2,260,000 0**	2,260,000	-	-
Contingency	350,000	350,000	350,000	350,000	**1,050,000**	1,050,000	-	-
Staff time allocation to capital projects	319,000	331,000	325,000	325,000	**981,000**	981,000	-	-
Sub-Total	**7,100,000**	**8,050,000**	**7,550,000**	**7,800,000**	**23,400,000**	**23,400,000**	**-**	**-**
New Build and Acquisition Programme	2,000,315	13,345,000	21,370,000	12,980,000	**47,695,000**	-	-	47,695,000
Sub-Total	**2,000,315**	**13,345,000**	**21,370,000**	**12,980,000**	**47,695,000**	**-**	**-**	**47,695,000**
Total	**9,100,315**	**21,395,000**	**28,920,000**	**20,780,000**	**71,095,000**	**23,400,000**	**-**	**47,695,000**
Funding of Capital Programme								
Major Repairs Reserve	7,061,000	8,010,000	7,510,000	7,760,000	**23,280,000**			
Prudential Borrowing	504,000	1,959,500	8,721,000	7,095,000	**17,775,500**			
Revenue Contributions	-	0	0	0	**0**			
New Build Reserve	957,441	6,640,000	3,676,000	2,000,000	**12,316,000**			
HCA/S106/Other	75,000	742,000	2,575,500	0	**3,317,500**			
Spendable Capital Receipts	502,875	4,043,500	6,437,500	3,925,000	**14,406,000**			
Total Funding	**9,100,315**	**21,395,000**	**28,920,000**	**20,780,000**	**71,095,000**			

HOUSING REVENUE ACCOUNT

CAPITAL EXPENDITURE ANALYSIS

BUDGET 2019/20 TO 2021/22

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
CAPITAL EXPENDITURE					
Disabled adaptations	750	750	760	750	750
Photovoltaic	0	0	0	0	0
Right to Buy Administration	39	39	40	40	40
New Build Development	6,060	2,000	13,345	21,370	12,980
Planned Maintenance	6,311	6,311	7,250	6,760	7,010
TOTAL CAPITAL EXPENDITURE	**13,160**	**9,100**	**21,395**	**28,920**	**20,780**
CAPITAL FINANCING STATEMENT					
Prudential Borrowing	674	504	1,960	8,721	7,095
Major Repairs Reserve	7,100	7,061	8,010	7,510	7,760
Revenue Contributions	0	0	0	0	0
New Build Reserve	3,412	957	6,640	3,676	2,000
HCA/S106/Other	198	75	742	2,576	0
Spendable Capital Receipts	1,776	503	4,044	6,438	3,925
TOTAL CAPITAL FINANCING	**13,160**	**9,100**	**21,395**	**28,920**	**20,780**

APPENDIX L

HOUSING REVENUE ACCOUNT

MAJOR REPAIRS RESERVE

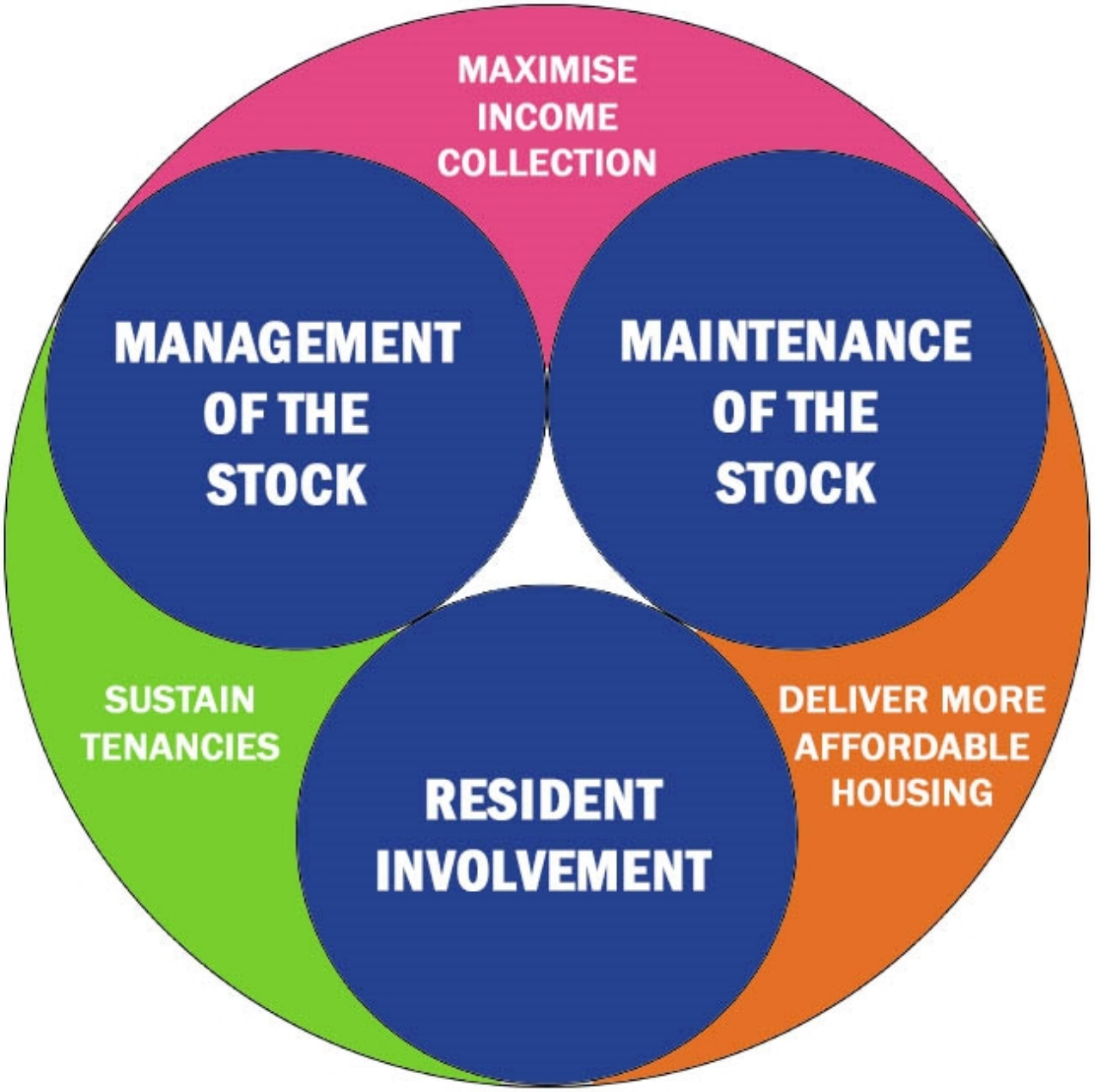
BUDGET 2019/20 TO 2021/22

	Original Budget 2018/19 £000's	Latest Estimate 2018/19 £000's	Estimated Budget 2019/20 £000's	Estimated Budget 2020/21 £000's	Estimated Budget 2021/22 £000's
BALANCE BROUGHT FORWARD 1st APRIL	**(1,313)**	**(1,932)**	**(1,908)**	**(1,215)**	**(1,313)**
INCOME TO RESERVE					
Transfer of equivalent amount to Major Repairs Allowance	(7,007)	(7,015)	(7,296)	(7,587)	(7,891)
Transfer of equivalent amount to depreciation on Other Land & Property	(22)	(22)	(22)	(22)	(22)
TOTAL INCOME	**(7,029)**	**(7,037)**	**(7,317)**	**(7,609)**	**(7,913)**
EXPENDITURE TO RESERVE					
Capital Expenditure funded from the Major Repairs Reserve	7,100	7,061	8,010	7,510	7,760
	7,100	7,061	8,010	7,510	7,760
Transfer to appropriations of the Depreciation on Other Land & Property	0	0	0	0	0
TOTAL EXPENDITURE	**7,100**	**7,061**	8,010	7,510	7,760
BALANCE TO CARRY FORWARD 31st MARCH pre debt repayment	**(1,242)**	**(1,908)**	**(1,215)**	**(1,313)**	**(1,466)**



DELIVERY PLAN
2019/20

Poole Housing Partnership Ltd


MAXIMISE
INCOME
COLLECTION
MANAGEMENT
OF THE
STOCK
MAINTENANCE
OF THE
STOCK
SUSTAIN
TENANCIES
RESIDENT
INVOLVEMENT
DELIVER MORE
AFFORDABLE
HOUSING

Introduction

The key deliverables and actions set out within the Delivery Plan support the delivery of the strategic objectives of the refreshed Housing Strategy 2017 to 2020 developed by the Borough of Poole and which will form part of the work adopted by the Bournemouth, Christchurch and Poole (BCP) Local Authority from 1st April 2019. While work will begin to develop a new Housing Strategy for the new council, the objectives contained within the Poole approach have been used to drive the planning for Poole Housing Partnership. The Poole objectives are;

1. Increase the supply of homes to best meet local needs including affordable housing
2. Ensure the Council's housing stock is managed efficiently, safely and effectively
3. Preventing homelessness and rough sleeping and improving health and wellbeing through housing
4. Building strong, safe and sustainable communities
5. Support effective scrutiny by stakeholder (Council)

The 2019/20 Delivery Plan links each action to a strategic objective to show the "golden thread" of delivery back to the Council's objectives. With a refreshed clienting function ensuring that performance monitoring is clear and objective, early discussion of progress and identification of issues will be enabled. The approach is robust and provides PHP and the council with a strong framework to deliver the right services at the right time and in the right way.

Su Spence
Chief Executive

DRAFT

Section 1 – Delivering Quality Homes

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Provide an effective and efficient maintenance programme	All stock to meet the Decent Homes Standard at 31st March 2020.	2				t
	To review options regarding the delivery of the Decent Homes standard following outcomes of the green paper discussion.	2		t		
	Develop business intelligence via the new Keystone system to more accurately reflect replacement times for components and revise the 30 year business plan accordingly.	2			t	
	Deliver a cyclical maintenance programme that meets all of PHP's statutory requirements.	2				t
	Develop business intelligence to identify and then reduce the number of visits over 3 years to each property for planned maintenance.	2			t	
	Reduce the number of unnecessary maintained items by 15%.	2				t
	Understand the demand and need for a handyman service and explore a range of options as to how best this is delivered.	2			t	
	Ensure that 93% of response repairs are completed at first visit.	2				t
	Ensure the effective mobilisation of the new responsive repairs, voids, adaptations and electrical works contract.	2		t		
	To complete the required remedial works at Sterte Court.	2				t
	To develop business intelligence resulting from refusals for major component replacement and ensure there are strong links to housing management actions.	2		t		

DRAFT

Section 1 – Delivering Quality Homes

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Maximise opportunities to develop new homes	Complete the Canford Heath scheme by summer 2019 ensuring that this is on budget and delivers an effective occupancy plan.	1		t		
	Ensure that all necessary groundworks are complete on the Herbert Avenue site and bring forward commencement of the construction of the modular build.	1			t	
	Adequately plan and gain approval for the re-development of the Cynthia House site, complete effective procurement and hand over the site to the agreed contractor by March 2020.	1				t
	Bring forward proposals for delivering affordable housing across the Hillborne site, identifying preferred construction route and progressing full scheme approval.	1				t
	Develop further proposals for in-fill development to full business case with detailed designs and planning applications.	1				t
	Bring forward options for consideration regarding use of sheltered sites to further deliver housing, and progressing agreed schemes	1			t	

DRAFT

Section 1 – Delivering Quality Homes

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Make best use of current stock to meet the needs of the Borough of Poole.	Complete the review of the re-designation programme with HCS and agree the next steps.	1	t			
	To start on site the major maintenance programme of Project Admiral to ensure that stock is fit for purpose for the next 30 years.	2			t	
	Understand the needs of BCP (Poole) with regard to accommodation needed to support management of temporary accommodation and bring forward options to assist the council to deliver its operational requirements.	3		t		
	Deliver an effective voids management service, with minor void turnaround within 15 days for general needs and 20 days for sheltered stock.	2	t			
	Identify PHP involvement on wider council forums that manage complex allocations and bring forward options to support choice based lettings across the PHP stock where appropriate.	3	t			
	To trial the enhanced resource approach for the under occupation project and make recommendations on the way forward.	3			t	

DRAFT

Section 2 – Supporting Strong and Sustainable Communities

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Be a reliable, trustworthy and effective landlord.	Embed revised service standards across the organisation and ensure that performance against these is measured.	2/5		t		
	To embed service improvements via tenant scrutiny maintaining a pool of residents appropriately trained and supported, and at least two reviews completed per annum.	5				t
	Assess the feasibility of undertaking pre tenancy work to ensure potential new residents are equipped to manage their homes.	3			t	
Key Deliverable	**Actions**	**Link to Council Objective**	**Q1 RAG**	**Q2 RAG**	**Q3 RAG**	**Q4 RAG**
Provide safe and clean estates that people feel proud of	To deliver more intensive estate services management to better align service delivery to resident expectations.	2			t	
	Deliver a range of preventative community work (block promises, estate plans, and diversionary activities) and assess their relative strengths, weaknesses and overall effectiveness.	2				t

DRAFT

Section 2 – Supporting Strong and Sustainable Communities

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver effective resident involvement, tenant scrutiny and community engagement	Ensure a spread of community engagement projects which meet the Council's strategic objectives and empower residents to contribute effectively.	4				t
	Ensure effective estate management and resident liaison to areas experiencing large scale refurbishment works to ensure service continuity and minimum disruption to residents.	4				t
	Ensure effective community engagement in the delivery of capital projects.	4/1				t
	Ensure appropriate and effective communication to residents regarding the timescales and impacts of local government reorganisation.	4				t
Key Deliverable	**Actions**	**Link to Council Objective**	**Q1 RAG**	**Q2 RAG**	**Q3 RAG**	**Q4 RAG**
Maintain the appropriate fire safety management arrangements across all the stock.	Develop a management strategy and programme of works around fire safety covering all actions arising from FRAs and emerging national issues and ensuring that PHP is meeting all statutory fire obligations.	2		t		
	Retrofit sprinklers across Sterte Court and agree the programme of works for the Old Town.	2				t
	Ensure there is an agreed and embedded robust resident engagement strategy for fire safety.	4/2				t
	To refresh the fire safety strategy and ensure there is a programme of works in place to meet all FRA recommendations within a reasonable period of time.	2		t		

DRAFT

Section 2 – Supporting Strong and Sustainable Communities

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Sustain tenancies and increase independence whilst supporting the most vulnerable	To undertake a review of how best to utilise resource to sustain tenancies across PHP, focusing on emerging pressures around universal credit and increasing complexity of allocations.	3			t	
	To make recommendations following the review of tenancy sustainment regarding how to organise and triage the service offer from PHP, establishing options for managing any gaps and ensuring that resources are being best used.	3			t	
	To scrutinise the offer to residents of sheltered accommodation and ensure that it is fit for purpose and delivering appropriate outcomes.	3/4		t		
	Deliver a programme aimed at increasing the level of digital inclusion enabling residents to access on line services.	3	t			
	To evict no more than 10 residents in 2019/20 due to tenancy breach.	3				t

DRAFT

Section 3 – Adding Value to Everything We Do

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Ensure our work supports BCP (Poole)'s strategic objectives.	Undertake work to support delivery of housing services in the new authority.	2				t
	Bring forward work that will further support tenancy sustainment across the PHP stock and reflect the HQN report delivered in November 2018.	2				t
	To review the outcomes of the governance review and embed recommendations in the strategic delivery of the leadership of the organisation.	2/5	t			
Key Deliverable	**Actions**	**Link to Council Objective**	**Q1 RAG**	**Q2 RAG**	**Q3 RAG**	**Q4 RAG**
Support initiatives which reduce homelessness and poverty.	To deliver 4 properties, including an HMO, from PHP reserves for use by BCP (Poole).	3		t		
	To continue to provide HRA accommodation to support the Housing First programme.	3				t
	To understand the wider system for recipients of Universal Credit and work with all stakeholders to improve support arrangements and approach.	3			t	
	Ensure Fareshare service is sustained by supporting resident associations.	4				t

DRAFT

Section 3 – Adding Value to Everything We Do

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Keeping the business safe.	To ensure compliance with GDPR and Data Protection Acts and implement any recommendations from the GDPR audit.	2		t		
	Refresh each legislative programme to ensure all statutory measures are in place.	2			t	
	To embed the new complaints procedures across the organisation ensuring issues are dealt with quickly and learning is identified.	2	t			
	To use the new IT system to identify internal key person dependencies and bring forward options to reduce these.	2/5				t

DRAFT

Section 3 – Adding Value to Everything We Do

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Maximise Income Collection	Develop business intelligence to review impact of Universal Credit on income collection performance and bring forward new ways of working that mitigate that impact.	2		t		
	To take forward work within the tenancy sustainment group that will ensure that income can be maximised.	3			t	
	Deliver income collection levels of at least 98.5% across the year.	2				t
	To have arrears at no more than 3% of total rent due.	2				t
	To continue to work with residents affected by welfare reform changes and help them prepare for, and understand the impact of, Universal Credit, thereby maximising income available to Poole residents in order to pay their rent.	3				t
	To review payment options across PHP that will maximise automated systems and make best use of available resources.	3		t		

DRAFT

Section 3 – Adding Value to Everything We Do

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Maximise resources to create and build more affordable housing	Continuously review the HRA capital programme to ensure most efficient use of resource.	5				t
	Work with the Homes England to identify grant funding opportunities.	1				t
	Bring forward plans to maximise opportunities of borrowing to invest in new housing.	1				t
	Ensure all RTB receipts are utilised within 3 years.	1				t
	Explore any opportunities to generate new \ increased income streams.	1				t

DRAFT

Section 3 – Adding Value to Everything We Do

Key Deliverable	Actions	Link to Council Objective	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Maximise efficiencies and reduce costs	Develop a workforce planning model to ensure the organisation is adequately staffed.	5		t		
	Implement recommendations from the cost review, reducing spend by £0.5M over 2 years (2018/19 and 2019/20) and look for further opportunities.	5				t
	Roll out the new HMS System and develop business intelligence capacity to drive further efficiency measures.	5			t	
	Introduce an online platform to enable residents to remotely access services or tenancy information, leading to an improvement in customer service and opportunities to reduce operating costs.	5				t
	To use the new IT system to map customer demand for services and to create efficiencies around service delivery.	5				t
	To review market conditions to ensure PHP remains attractive and is able to retain key staff.	5		t		
	To expand possibilities of mobile working for staff and maximise the efficiencies this can bring.	5			t	
	Undertake Housemark benchmarking programme to nationally challenge performance, with action plan for those indicators in 3rd and 4th quartiles.	5			t	
	To continue to look for opportunities to deliver efficiencies through the procurement and operational process.	5				t

DRAFT

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive

9

Report Subject	2019/20 Budget and Consolidated Medium Term Financial Plan (MTFP) Update
Meeting date	12 February 2019
Report author	Adam Richens Interim Chief Financial Officer BCP Shadow Authority ☎01202 451137 Bournemouth ☎01202 633183 Poole ✉ a.richens@poole.gov.uk
Contributors	Ian Milner, Strategic Director Christchurch Borough Council Dan Povey, Finance Manager Christchurch Borough Council
Status	Public
Classification	For decision
Executive summary	The Shadow Authority is required to set a balanced 2019/20 budget for the operation of the new BCP Council. Budget proposals have been prepared in the context of a medium term financial plan, each of the four Delivery Boards implementation / workstream plans, and are further to the approved overarching Financial Strategy. The report highlights; • Implications of the 2019/20 Local Government Finance Settlement. • The good progress that has been made in the developing the annual budget and the key underlying assumptions and savings proposals being put forward as part of the budget proposals for 2019/20. • Work done in developing the savings and efficiency programme needed by the Council over the MTFP timeframe. • For the Shadow Executives consideration and recommendation to the Shadow Authority, the 2019/20 budget proposal and council tax.

	To support Members consideration, the following documentation is enclosed; **Appendix 1a** Council tax harmonisation strategy **Appendix 1b** Schedule of council tax by area **Appendix 2a** Budget summaries **Appendix 2b** Schedule of savings and efficiencies **Appendix 3** Reserves strategy **Appendix 4** Capital programme (a to c – summary and detail) **Appendix 4d** Children's Services capital programme **Appendix 4e** Non Treasury Asset Investment Strategy **Appendix 5** Treasury management strategy **Appendix 6** Equalities Impact Needs Assessment (EINA) **Appendix 7** Chief officers' pay policy statement **Appendix 8** Schedule of the key financial decisions since 12 December 2018 Shadow Executive
Recommendations	**The Executive Committee is requested to;** 1) Note the implications of the Local Government Finance Settlement for 2019/20. 2) Note the work done in developing the savings and efficiencies needed within the Medium Term Financial Plan timeframe. 3) Note the work undertaken in developing the annual budget for 2019/20 and the key underlying assumptions and savings proposals being put forward as part of the balanced, sound and robust budget proposal. **It is recommended that the Executive recommend to the Shadow Authority:** 4) that they undertake a recorded vote in relation to the following items as required by the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2014 which came into force on the 25 February 2014; a) A net budget of £274m, resulting in a total Council Tax Requirement of £209.6m, is set for 2019/20 based on the settlement figures published by Government in January 2019. This is based upon: i. an increase in Council Tax in 2019/20 which means that the BCP Unitary Charge will not increase above 2.99% for any residents and individual resident charges are determined in line with the approved council tax harmonisation strategy as

	set out in Appendix 1a and summarised as; 1. Bournemouth's BCP Unitary charge Council Tax being an increase of 2.4% over that levied by Bournemouth Council in 2018/19. 2. Christchurch's BCP Unitary charge Council Tax being a reduction of £8.86 from the combined Christchurch Borough Council and Dorset County Council charge in 2018/19. 3. Poole's BCP Unitary charge Council Tax being an increase of 2.99% over that levied by Poole Council in 2018/19. ii. the key assumptions and provisions made in the Budget as proposed, set out in paragraph 32 (a) to (i); iii. the allocations to service areas in the Budget as proposed and as set out in Appendix 2a; iv. the use and level of all reserves to be held by the Council further to the advice of the Interim Chief Finance Officer as set out in paragraphs 83 to 94 and Appendix 3 to this report; v. the Capital Programme as set out in paragraphs 56 to 82 and Appendix 4; vi. Treasury Management Strategy and Prudential Indicators as set out in paragraphs 95 to 99 and Appendix 5; vii. the Chief Officers' Pay Policy Statement for consideration and approval by the Council in accordance with the provisions of the Localism Act 2011 as set out in paragraphs 101 to 102 and Appendix 7; viii. that BCP Member's Allowances for 2019/20 will be determined by the Shadow Authority after consideration of the independent remuneration panels report which is a separate item on this agenda; b) approve the flexible use of capital receipts strategy as set out in paragraph 75 (e). c) approve the BCP ICT Investment Plan as set out in paragraph 79 to be funded from the BCP 2019/20 Revenue Contribution to Capital Outlay (RCCO). d) approve to support the High Needs Block of the Dedicated Schools Grant for school funding a £2.2m (1.1%) transfer from the Schools Block, a £0.2m transfer of early years funding, and a Council Contribution of £2.4m, as set out in paragraphs 33 to 53. e) that the Interim Chief Finance Officer provides the Shadow Authority with a schedule setting out the rate of council tax for

	each category of dwelling further to Members' consideration of the decision required in respect of (a) above and after taking account of the precepts to be levied by the local Police and Fire Authorities, Neighbourhood, Town and Parish Councils once these have been determined prior to the Shadow Authority meeting on the 21 February 2019.
Reasons for recommendations	The Council is required to set an annual balanced Budget presenting how its financial resources, both income and expenditure, are to be allocated and utilised. In setting the budget for 2019/20 it is critical that Members recognise their duty is to balance this budget in a manner which reflects not only their obligation to current taxpayers but also reflects their obligations to future taxpayers.

Background detail

1. Creation of two new unitary authorities, covering the geographical area of Dorset, was a strategic response to the ongoing financial challenges faced by all local authorities, particularly those upper tier authorities facing significant demand and cost increases in Adults and Children Social Care services. Cutting out duplication and lowering administration costs delivered by the reduction from nine local authorities to two in Dorset will ensure improved Value for Money (VfM) for local council taxpayers and better enable the protection of quality front line services to our community and residents.

2. The creation of a Unitary Authority covering Bournemouth, Christchurch and Poole (BCP) will create an iconic coastal economy as a 21st Century City by the Sea designation which stimulates growth through a global profile, which improves people's quality of life and prosperity and which is supported by modern public service delivery. We are currently working on our strategic priorities with members and will finalise them as we move into the new council, with the current drafting as follows;

   - Creating the conditions for growth and investment.
   - Supporting people to live healthy, safe and active lives.
   - Protecting and enhancing our outstanding natural environment.
   - Promoting cohesion and providing opportunities for everyone to reach their potential.
   - Valuing our heritage and understanding its contribution to our future.
   - Providing effective public services people need.

3. In developing this new authority and its Medium Term Financial Plan (MTFP) it is critical to not only remind ourselves of our ambition and purpose but to continue to reiterate that the national policy context of Government (austerity) funding reductions helped lead us to this point.

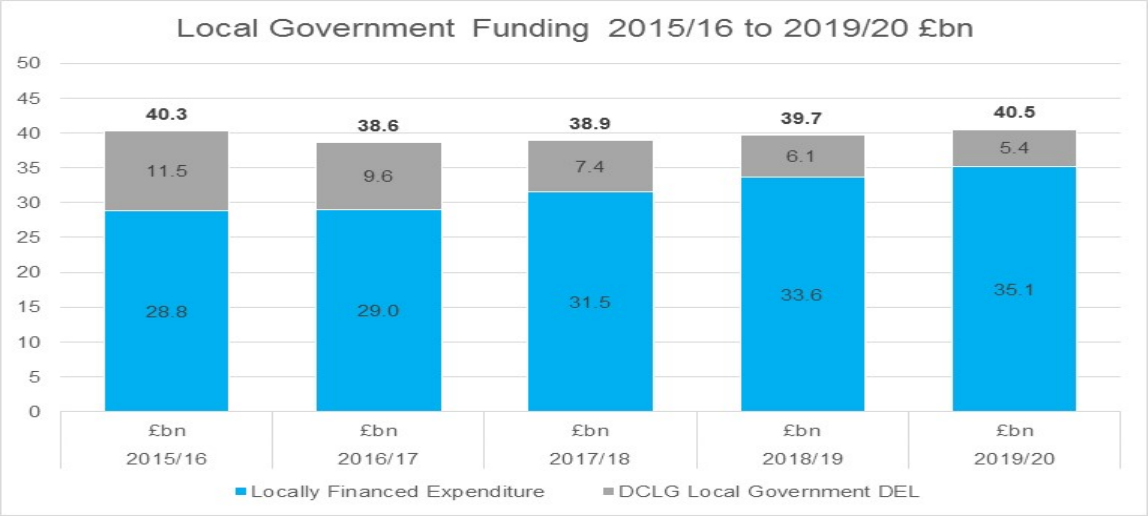
National Policy Context

4. In **November 2015** the Chancellor of the Exchequer published the 2015 Spending Review and 2015 Autumn Statement. In publishing these documents his stated intent was to set out a long term economic plan that fixed the public finances, returned the Country to an annual surplus and can run a healthy economy that starts to pay down the Country's debt.

5. The impact of the spending review on Local Government was that the then Department of Communities and Local Government's: Departmental Expenditure Limit (DEL) for Local Government was reduced from **£11.5bn** in 2015/16 to **£5.4bn** in 2019/20. This is a reduction of **£6.1bn** or **53%.**

6. However Government highlighted that they were assuming that overall Local Government spending would be higher in cash terms in 2019/20 compared to 2015/16 as explained further in figure 1 below;

Figure 1: Local Government Funding amounts as per the 2015 Spending Review



7. This assumed increase in cash spending between 2015/16 and 2019/20 was only possible from the Government's assumption that Councils will generate the following sources of locally financed revenue;

   a) annual year on year increases in Council Tax to reflect the normal annual threshold uplifts.

   b) £3.5bn of extra support for adult social care by 2019/20 via an additional annual increase in Council Tax in relation to the social care precept.

   c) A rebalancing of the system *(initially intended from 2018/19 onwards)* to support those authorities with social care responsibility *(the redistribution of resources via a reduction to the New Homes Bonus & the creation of an Improved Better Care Fund*).

   d) Use of capital receipts as a means of financing revenue expenditure on reform projects.

8. This spending review firmly set the **Government's strategic approach to increase council tax as the mechanism for funding local services** over the period to at least 2020.

National Context: Government's 2018 Budget Statement

9. In October 2018, the Chancellor, Philip Hammond, introduced his Budget 2018 to the House of Commons in which he promised that the **era of austerity is finally coming to an end but that fiscal discipline will remain**. He also signalled that his March 2019 Budget statement might need to be upgraded to a full Budget depending on the progress made around the United Kingdoms exit of the European Union.

10. In respect of Local Government the Budget Statement made two significant statements. The first was in respect of a number of spending pledges which evident that the Government has listened to some of the requests for additional funding for local services who are under pressure. The second was in regards to the control totals for the next spending review period which it is assumed will cover the four year period 2020/21 to 2023/24.

11. Taking the last of these first, in June 2018 the Government set out plans to invest an extra £80bn over five years or up to £20.5bn per annum in the National Health Service (NHS). Budget 2018 did not include any detailed evidence of exactly how this commitment will be financed but it did show total government spending for the period 2020/21 to 2023/24 split between the NHS and all other departments. This indicates that resources across the rest of government departments will increase in cash terms by 8.4% over the period 2020/21 to 2023/24 which is roughly in line with the increases in the Consumer Price Index (CPI) for the period set by the Office Budget Responsibility (OBR). This suggests that outside of the NHS, all other departments combined will not see any real terms increase in their funding with some doing better and some worse than this averaged position. This correlates with our current financial planning assumption of a cash freeze for local government over the Spending Review 2019 (SR19) period with business rates resources increasing by CPI.

12. As stated the Chancellor also announced a number of additional public spending measures relating to 2018/19 and 2019/20. These included;

    - Confirmation that the **£240m** of additional Winter Pressures funding announced in October for 2018/19 will also be provided for 2019/20. The BCP share of these resources is £1.7m with the requirement that it is applied in line with the expectations of the local Clinical Commission Group (CCG) and not in mitigation of the financial pressure faced by the Council.

    - A further **£410m** of funding in 2019/20 for adults and children's social care with the Budget stating that where necessary, local councils should use this funding to ensure adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children. This will provide £3m for BCP to support social care services as part of its budget for 2019/20.

- It also provided some additional 2018/19 grant resources in the form of £0.3m for the Disabled Facilities Grant **(£55m** nationally) and £1.7m to tackle potholes, repair damaged roads and invest in keeping bridges open **(£420m** nationally).

National Context:
Impact of the 2019/20 Local Government Finance Settlement

13. On 13 December 2018 the Secretary of State for the Ministry for Housing, Communities and Local Government (MHCLG), James Brokenshire, issued the provisional Local Government Finance Settlement for 2019/20. Slightly later than originally planned the statement confirmed the final year of the four year financial settlement (2016/17 to 2019/20) into which 97% of local authorities had previously become fixed. The settlement also confirmed the commitments for 2019/20 for winter pressures and the extra funding for adults and children's social care. The provisional settlement provided clarity in regards to a number of additional matters particularly pertinent to the new BCP Authority.

14. The first is the proposal to remove negative Revenue Support Grant (RSG) in 2019/20 which will have a £3m positive impact on the new authority at least in its first year. Government lobbying around negative RSG was a key category within the BCP financial strategy agreed in May 2018 by the BCP Joint Committee. It was also a matter that members of the BCP Financial Strategy & Council Tax Harmonisation Task and Finished Group raised with each of the five local MPs in early July.

15. The second salient matter is around the payment of New Homes Bonus (NHB). Government now propose to maintain the current annual baseline for housing growth below which no NHB is paid. The baseline, sometimes referred to as the "deadweight", is 0.4% and Government had previously indicated that due to affordability this needed to be increased in 2019/20. However Government have now identified an extra £20m so the deadweight can be maintained. This means that the NHB for BCP will be £3.8m in 2019/20 which is a reduction of £0.5m compared to 2018/19. Previously a larger reduction had been assumed. The document also indicated that 2019/20 will be the final year NHB is paid as the Government look to explore how to incentivise housing growth as part of the next spending review.

16. As set out in the provisional 2019/20 financial settlement Government also;

    - propose to continue to recognise the impact that inflation is having on the costs of service delivery by giving councils the ability to increase their Council Tax in 2019/20 by 2.99% with a referendum triggered by increases over this level.
    - intend to publish a social care green paper.
    - share the concerns of CIPFA regarding some councils' commercial investments and they will be discussing with the Treasury whether further intervention might be required.
    - issued two further consultation documents intended to support the next spending review associated with Fair Funding and Business Rates Retention.

17. The Business Rates Retention consultation documents sets out that it is still their intention to move to a 75% retained business rates model from 2020/21 with the key points associated with such a proposal being;

    - It will be **fiscally neutral** at a national level
    - It will continue to be underpinned by the **principle of redistribution of resources** based on need.
    - The Government will incorporate additional funding responsibilities including the Public Health Grant and where relevant any residual Revenue Support Grant (RSG).
    - It will be subject to suitable transitional measures. This element will be critical as the intention is that there will be a full reset for 2020/21 which will see the "growth" within the current business rates system up to 2019/20 transferred to baseline resources that Councils are allowed to retain.

18. The final 2019/20 Local Government Finance Settlement was issued on 29 January 2019 with no changes to those set out in the provisional settlement for BCP. In his conclusion James Brokenshire stated that the settlement answered calls for additional funding in 2019/20 and paved the way for a more self sufficient and reinvigorated system of local government.

Local Context

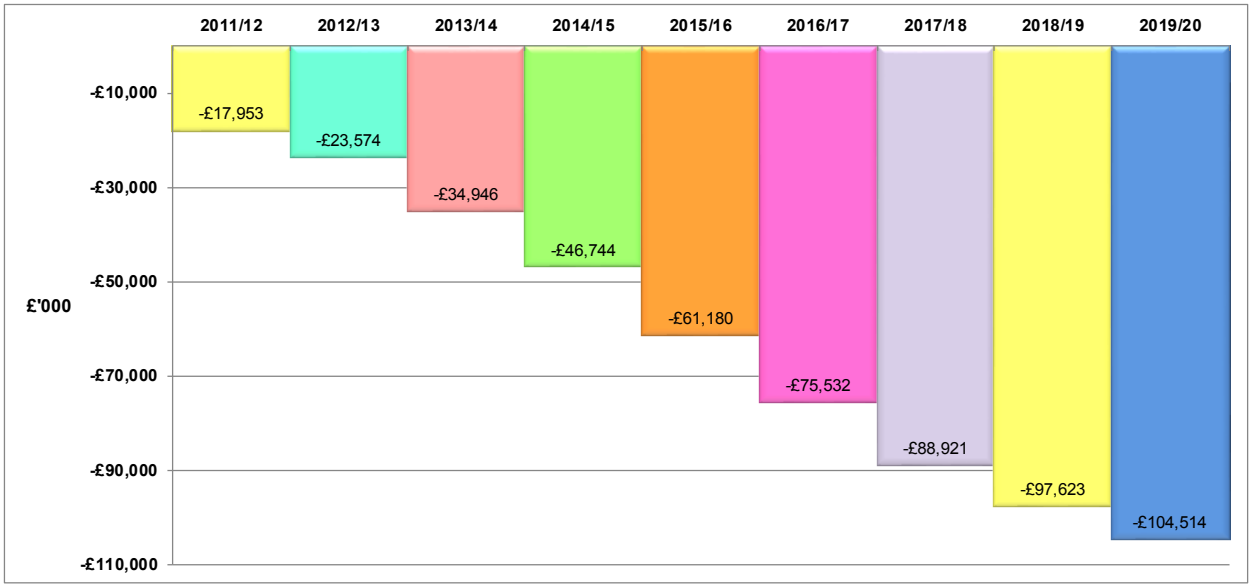
19. The MTFP is designed to provide sound financial management and control arrangements which will be integral to the delivery of good governance for the council. Such arrangements will help in supporting service delivery, accountable decision making and safeguarding stewardship whilst optimising the use of available resources.

20. This report should be seen in the context of a rolling, evolving process structured to enable the proactive management and prioritisation of the new Council's resources.

21. As stated previously the creation of this new council was a strategic response to the ongoing financial challenges faced by all the local authorities in Dorset. These challenges include the impact of the past eight years of austerity which saw protections applied to the NHS, schools, international development, defence equipment and latterly to defence and the police mean that public spending reductions have and will continue to be felt disproportionally by Local Government. This means that apart some recent additional national protection in respect of the expenditure incurred by Councils in supporting some of the most vulnerable members of our society, council budgets have been reduced significantly.

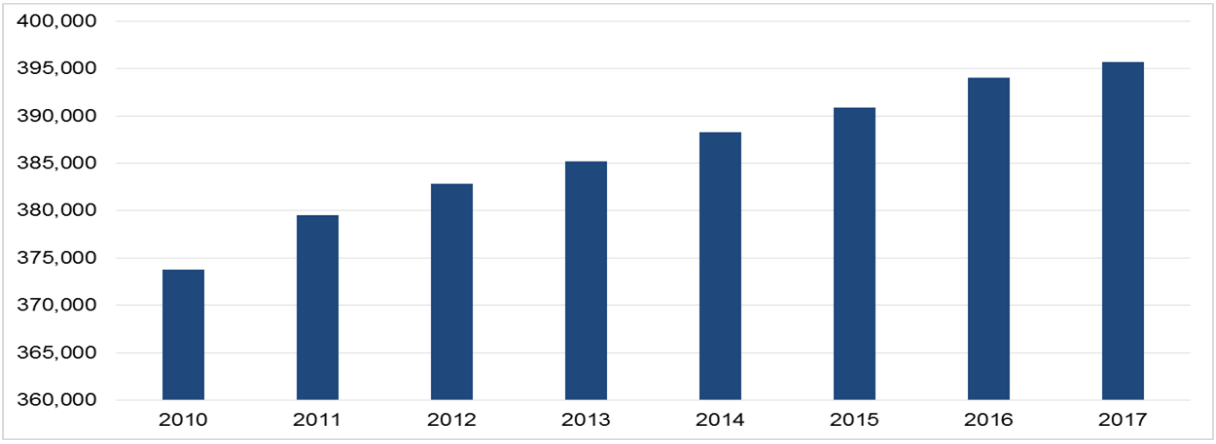
22. Locally as highlighted in figure 2 below there has been a total £105m per annum reduction to Bournemouth, Christchurch and Poole's core funding compared to 2010/11 as part of the Government's austerity programme. To put this reduction into context the total net annual budget for the Unitary Authority of Poole in 2018/19 equated to £101m.

Figure 2: Cumulative per annum reductions in the core Government funding of Bournemouth, Christchurch and Poole compared to 2010/11 (£000's)



23. The Council's finances therefore remain under immense pressure but not only due to the ongoing reductions in government funding. Cost increases through such factors as the Living Wage as well as the relentless increase in demand for Council services, particularly those related to vulnerable adults and children, will also play a significant role. This unprecedented increase in demand for Council services can be partially attributed to the **5.9%** increase in the conurbations population already experienced over the period of austerity, as set out in Figure 3 below;

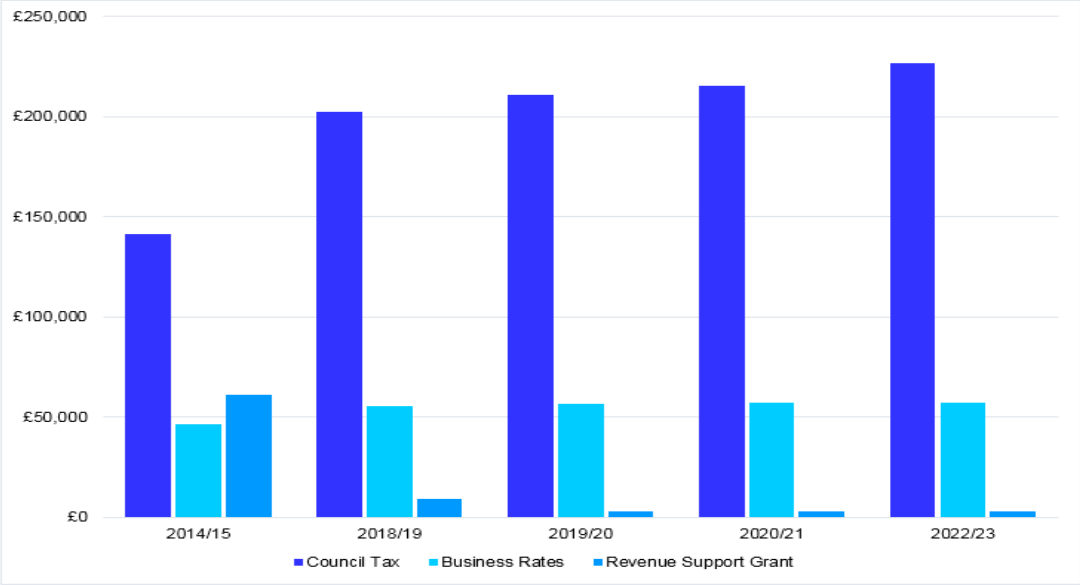
Figure 3: Increase in BCP's population between 2010 and 2017



Source: Population Estimates Unit, Office of National Statistics 2018

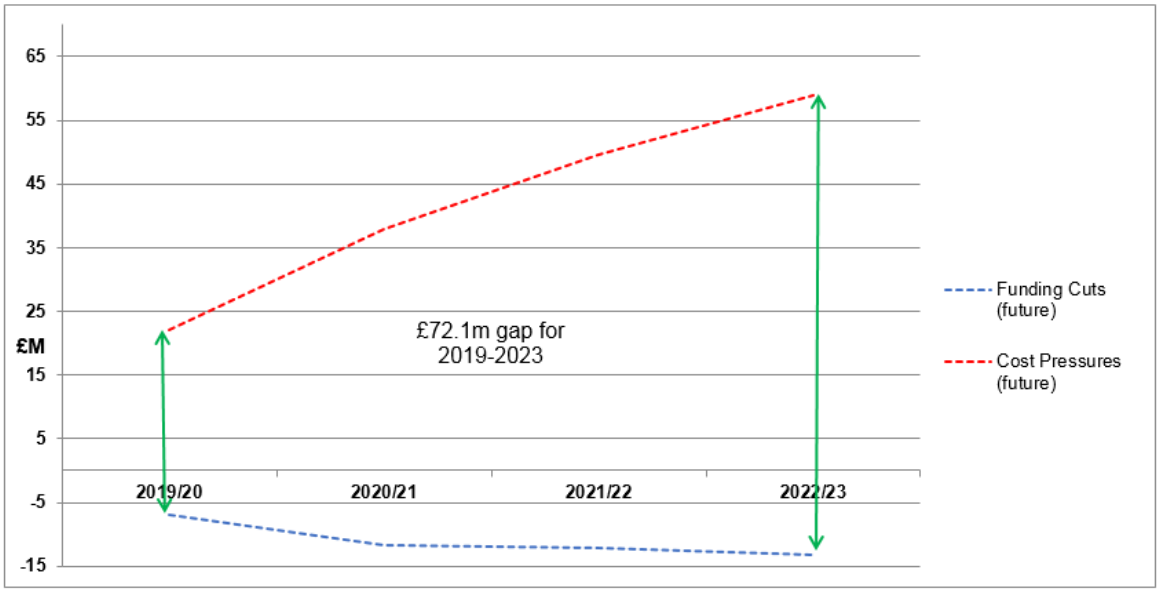
24. As a result, by 2021 apart from certain specific service grants the Council will be reliant on the money and other income (net of fees, charges and asset purchase strategy income) it raises locally to pay for most local services, be that Council Tax or the amount of local business rates it is allowed to retain. Figure 4 below highlights the anticipated changing pattern of Council funding.

Figure 4: Changing pattern of Council funding



25. This presents the council with an unprecedented challenge as not only is core Government funding being completely removed by April 2020, but both nationally and locally, demand and associated costs continues to grow for Council services, particularly those for vulnerable older people and vulnerable children. The Council continues to prioritise these services as it has a legal duty to safeguard both vulnerable adults and children. Figure 5 highlights the combined impact of cost pressures with the complete withdrawal of Government core funding.

Figure 5: Impact of cost pressures and reductions in Government funding

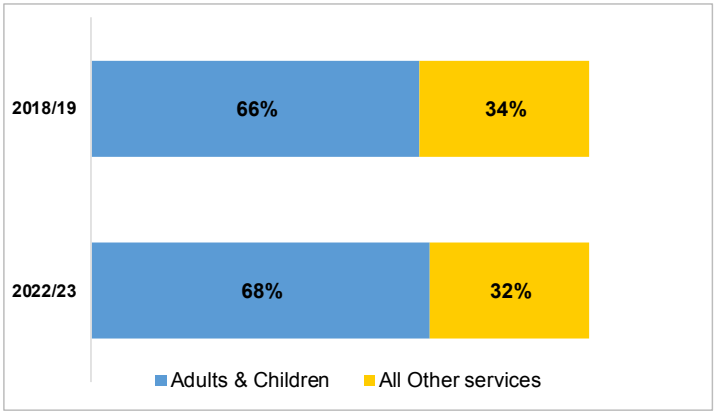


26. This loss of funding, coupled with increasing demand for services, means the Council must make further savings of approximately £27m over the next three years. This will make it even harder to balance the Council's budget, deliver universal services *(such as*

refuse and recycling collections, libraries, parks and open spaces) and meet core duties such as protecting vulnerable children and older people.

27. The action that will be necessary to address the complete removal of core Government funding, when coupled with the increasing demand and costs associated with Adults' and Children's Services, will continue to see a reprofile of Council spend as set out in Figure 6 below.

Figure 6: Changing pattern of Council spend



Local Context: Financial Strategy

28. At the meetings of the BCP Joint Committee on the 15 December 2017, 20 March 2018, 23 May 2018 and the BCP Shadow Executive on 24 July 2018, 17 October 2018 and 12 December 2018 high level consolidated Medium Term Financial Plan (MTFP) information has been presented which has been drawn together from both the published plans of each of the four relevant sovereign councils and the work to date to deliver a balanced, sound, robust and sustainable budget for 2019/20.

29. To support its development the Shadow Executive previously endorsed the following high level budget cycle for the BCP Unitary Authority;
Stage One: April to June

- High level budget planning process as set out in the Consolidated MTFP Update report to the May 2018 BCP Joint Committee including the Financial Strategy.
- Top down baselining and disaggregation of Dorset County Councils 2018/19 Budget to establish costs and income relevant to the community and residents of Christchurch.

Stage Two: June to September

- Initial detailed service based budget process led by the Phase 2 Delivery Boards.
- Establish and implement cash limits and savings targets. These were issued in July.
- Outline savings and efficiency plans as per the Financial Strategy. Within this there was an emphasis on efficiencies / reductions in the number of employed staff through economies of scale.

Stage Three: October to December

- Refinement stage including Member consideration of budget saving options.
- Consideration of public consultation, options and proposals.

Stage Four: January to February

- Finalise the 2019/20 Budget.

30. As part of the Stage Three process Delivery Boards, in liaison with their nominated Shadow Executive Members, have been undertaking work to determine the efficiencies that could contribute to their established savings targets. The main area has consistently been focused on the reduction of the consolidated staff base of the new council. Such opportunities are mainly from a combination of avoiding duplication in the cost of management, through economies of scale in service delivery, and particularly in front line services own, back office and support functions.

31. Figure 7 below presents the consolidated MTFP as articulated through those previous reports. The 2019/20 Budget as summarised;

    a) manages a minimum of a further £6.9m per annum reduction in core annual Government funding to the Council.

    b) manages a now total cut estimated at £105m per annum in reduced annual Government funding since 2010/11.

    c) prioritises investment in services to the most vulnerable members of our community with an extra £3.3m (net of the extra £3m Government Adult & Children Grant and £1.9m extra Improved Better Care Grant) going into services for Adults and Children despite the further annual reductions in Government funding.

    d) sets aside from reserves £2.4m to enable a balanced High Needs Budgets on the Dedicated Schools Grant (DSG) to be delivered. It should be stressed this is a one-off contribution in 2019/20 only and a sustainable solution needs to be found to both the ongoing annual high needs budget and the deficit brought forward.

    e) establishes a base budget revenue contingency of 1% of the proposed 2019/20 net revenue expenditure to support the uncertainty in creating the first budget of the new authority.

    f) enables a £1.2m contribution into the ICT infrastructure of the new Council.

    g) continues to protect frontline services insofar as is possible.

Figure 7: Budget 2019/20 and MTFP 2019 to 2023

Pressures	19/20 £m	20/21 £m	21/22 £m	22/23 £m	4 year £m
Government Funding reductions	6.9	4.9	0.4	1.0	**13.2**
Adult Social Care - Pressures	6.9	7.4	5.6	3.5	**23.4**
Adult Social Care - Winter Pressures	1.7	0.0	0.0	0.0	**1.7**
Pay Award	2.9	3.0	2.9	2.9	**11.7**
Place Pressures	2.4	2.2	1.5	1.2	**7.3**
Pension Fund - Tri-annual revaluation impact	1.8	1.3	0.7	0.7	**4.5**
Children's Services Pressures	1.3	1.2	0.6	0.6	**3.7**
Corporate Services / Central Items Pressures	1.1	0.4	0.4	0.4	**2.3**
Contingency	2.0	0.0	0.0	0.0	**2.0**
Revenue Contribution to Capital *(includes ICT Investment Plan)*	1.1	0.0	0.0	0.0	**1.1**
Interest Payable	0.4	0.3	0.0	0.0	**0.7**
Minimum Revenue Provision	0.3	0.0	0.0	0.0	**0.3**
Public Health - Pressures	0.1	0.1	0.0	0.0	**0.2**
Total Additional Annual Pressures	**28.9**	**20.8**	**12.1**	**10.3**	**72.1**
Cumulative Pressures	**28.9**	**49.7**	**61.8**	**72.1**	
Additional Resources	**19/20 £m**	**20/21 £m**	**21/22 £m**	**22/23 £m**	**4 year £m**
Council Tax Income	(5.4)	(3.7)	(4.1)	(4.4)	**(17.6)**
Council Tax Foregone	1.5	1.1	1.1	1.1	**4.8**
Council Tax Base Increases	(2.7)	(1.0)	(1.1)	(1.1)	**(5.9)**
Council Tax Discounts	(0.2)	0.0	0.0	0.0	**(0.2)**
Local Council Tax Support Scheme	(0.2)	0.0	0.0	0.0	**(0.2)**
Chartered Trustees	0.3	0.0	0.0	0.0	**0.3**
Business Rates Income	(1.7)	(1.0)	(1.0)	(1.1)	**(4.8)**
Collection Fund	(0.6)	0.2	0.0	0.0	**(0.4)**
Use of Reserves	(0.8)	0.8	0.0	0.0	**0.0**
DCC Disaggregation - 2018/19 Budgets	(1.3)	0.0	0.0	0.0	**(1.3)**
Adult & Children Social Care Funding	(3.0)	0.0	0.0	0.0	**(3.0)**
Adult Social Care - Winter Pressures Funding	(1.7)	0.0	0.0	0.0	**(1.7)**
Improved Better Care Funding	(1.9)	0.0	0.0	0.0	**(1.9)**
Savings & efficiencies					
Adult Social Care	(2.2)	(0.4)	(0.1)	0.0	**(2.7)**
Children's Services	(1.6)	(0.3)	0.0	0.0	**(1.9)**
Place	(4.3)	(0.1)	(0.6)	0.0	**(5.0)**
Corporate Services	(3.1)	(0.2)	0.0	0.0	**(3.3)**
Total annual extra resource & savings	**(28.9)**	**(4.6)**	**(5.8)**	**(5.5)**	**(44.8)**
Cumulative extra resources & savings	**(28.9)**	**(33.5)**	**(39.3)**	**(44.8)**	
Annual – Net Funding Gap	**0.0**	**16.2**	**6.3**	**4.8**	
Cumulative MTFP – Net Funding Gap	**0.0**	**16.2**	**22.5**	**27.3**	

32. The MTFP as presented is based on a number of key budget assumptions that although they have been informed by numerous factors such as government announcements,

economic forecasts, and trend analysis, are also based on professional judgement. They can be listed as;

a) Government funding

The MTFP is currently drafted in line with the final year of the four year Local Government Financial Settlement announced in 2016/17. This highlights that the new Council will lose a further £6.9m per annum in core Government funding from 2019/20 onwards including £0.5m in New Homes Bonus and £0.2m in Housing Benefit Administration Grant.

As previously referenced the Government have commenced work on their 2019 Spending Review (SR2019) which will outline the resources they intend to make available to Local Government from 2020/21 onwards. At this stage there has been no formal announcement on the exact impact on any specific department or council however as set out in section 11 of this report the financial planning assumption is of a cash freeze in the main grants received from Government be that our baseline funding resources, the previously announced Improved Better Care Fund resources, or the newly announced 2019/20 grant for Adult and Children's Social Care.

What is known about the next Spending Review is that it will;

- be underpinned by an ongoing principle of relative need which is why the Government have been undertaking a Fair Funding Review (FFR).
- be structured around a move to 75% Business Rates Retention, see section 17.

At its crudest the Fair Funding Review is exploring the relationship between three core issues, the volume of services needed, the cost of those services and the ability to raise income locally. The assumption has always been that core government grant funding was designed to fill the gap between these three issues.

Any redistribution of funding for local government will inevitably create winners and losers. The concern for BCP will be that historically such redistributions have not favoured south coast or Dorset authorities.

As a matter of prudence it has been assumed that the £3m relief provided within the provisional 2019/20 Local Government Finance Settlement for the impact of negative Revenue Support Grant will be for one year only and the reduced resource level will be reflected in the new resource distribution arrangements from 2020/21 onwards.

b) Council Tax

Currently within 2018/19, and based on the annual band D charge, there is a £207.48 (14.8%) difference between the £1,399.68 charged in Poole and the £1,607.16 charged in Christchurch. Bournemouth charge £1,438.92 which equates to a £168.24 or 11.7% difference from the Christchurch charge. The 2019/20 budget is based on the assumption that BCP will adopted a council tax harmonisation strategy in line with the local preference developed by the Shadow Executive namely that **in respect of the charge levied by the BCP Unitary Authority**;

a) no Borough's council tax levels will rise at a rate exceeding the Government's referendum limits; and

b) that the amount charged in Christchurch is frozen and or reduced until the new harmonised rate is applied

In support of this local preference the budget for 2019/20 and MTFP make provision for the financial implications of council tax foregone resulting from the application of the following assumed parameters;

1) As harmonisation is based on the amount of council tax required to fund the services provided by the new BCP Unitary Council, adjustments will be made to the amounts currently charged in the three predecessor councils to reflect the creation of two new Town Councils in Christchurch and the transfer of the mayoral function to Chartered Trustees in both Bournemouth and Poole.

2) Poole's council tax as adjusted for the creation of Chartered Trustees will rise in line with the Government's referendum limit.

3) Christchurch's unitary charge council tax, which reflects the decision by Christchurch Borough Council to set up two new Town Councils, will be frozen until the Poole council tax catches up.

4) Bournemouth's council tax as adjusted for the creation of Chartered Trustees will increase by slightly less than the annual referendum limit to ensure it catches up with Christchurch's (unitary charge) level of tax in the same year as Poole's.

5) The actual Government referendum limit is 2.99% for 2019/20. An assumed limit of 1.99% has been presumed for financial planning purposes annually thereafter. Any increases higher than those currently assumed will reduce the period of harmonisation.

6) A precept for the Chartered Trustees in Bournemouth and Poole will not actually be issued until the 2020/21 financial year. In respect of 2019/20 BCP will need to include in its council tax requirement an Anticipated Amount which the trustees will then request is made available to them. This will mean an adjustment to the Bournemouth and Poole Band D charges will be made in 2020/21.

7) The 2019/20 unitary charge in Christchurch is slightly lower than the combined 2018/19 council tax levied by Dorset County Council and Christchurch Borough Council due to the cost of services transferring to the two new Town Councils. The precepts for these two new Councils *(Highcliffe & Walkford and Christchurch Town Council)* including the amounts needed to fund both their operation and the transferred services, will be a matter for these new organisations.

Normally a local authority would determine its consolidated council tax base, the number of its Band D equivalent properties, as part of an annual report to Council in December/January each year. BCP will need to maintain a separate taxbase for each area (Bournemouth, Christchurch and Poole) until the point of harmonisation.

c) Business Rates

The assumption is that the Council will continue to deliver amounts in excess of those assumed by the Government as part of the Council's baseline finance settlement from the Government. Actual performance has been reducing to close the gap in recent years. In line with the detail of the Spending Review 2019 (SR19) announced by the Chancellor in his October 2018 Budget our current financial planning assumption is for business rates resources to increase by Consumer Price Index (CPI).

This position will be kept under review in light of the announced move to a 75% Retained Business Rates model from 2020/21.

d) New Homes Bonus (NHB)

In establishing a consistent financial policy it is proposed to budget for New Homes Bonus to support the revenue base budget in 2019/20. NHB is an unringfenced grant paid by Central Government to Councils for increasing the number of homes and the number of long term empty properties bought back into use in their area. The bonus was previously paid for six years at a rate equivalent to the extra Council Tax revenue a property will raise. In line with the 2017/18 local government finance settlement the bonus has been reduced to five years from 2017/18 and four years from 2018/19 onwards. A restriction is now applied which means the Council will not receive any bonus on the first 0.4% of any housing growth.

The 2018/19 allocation across Bournemouth, Christchurch and Poole is £4.3m in New Homes Bonus. The budget proposed for 2019/20 assumes that the NHB will be reduced to £3.8m.

Current indications are that 2019/20 will be the final year NHB is paid as Government look to explore how to incentivise housing growth as part of the next spending review. It is though assumed that the replacement will provide resources equivalent to legacy payments already anticipated under the current system.

e) Adult and Children's investment

Additional £27m investment in Adult and Children's services over the next 4 years being a combination of;

a) demographic growth in demand for care packages including those to support the urgent and emergency care system as well as preventing delayed discharges from hospital.

b) assumptions around specific inflationary pressures within the care market which have increased the cost of care between 6% to 10% in recent years.

c) Impact of the new National Living Wage which will increase from £7.83 an hour to £8.21 per hour from 1 April 2019 (4.9%).

d) Investment in the Adult and Children "out of hours" service.

This investment excludes the extra £1.7m being invested in services to support winter pressures in 2019/20 and funded by a specific government grant.

The £27m also excludes the £4.9m of government funding being made available to BCP in 2019/20 under the Improved Better Care Fund (£1.9m) and the additional Social Care Funding (£3m) announced in the October 2018 Budget. Within the MTFP it has been assumed that the absolute level of these funding streams will continue to be received over the period of the next spending review. It is hoped that the anticipated Green Paper on social care funding will provide sustainable funding for this service moving forward.

f) Better Care Fund

Introduced in 2013 the Better Care Fund (BCF) is a single budget shared between the National Health Services (NHS) and upper tier authorities to help them work more closely to try and shift resources into social care and community settings. The fund was designed to allocate NHS resources to adult social care in order to support more people at home, reduce delays in discharges from hospital and to prevent avoidable hospital admissions. It requires Clinical Commissioning Groups (CCGs) and local authorities in every area to pool budgets and agree integrated spending plans on how they will use their BCF allocations.

The two new Unitary Authorities for Bournemouth, Christchurch and Poole and Dorset have agreed with the Dorset Clinical Commissioning Group (DCCG) to split the current pan Dorset Better Care Fund in two separate pooled budgets for the two new Health & Wellbeing Boards.

The 2019/20 allocations have not yet been finalised. However it is estimated that the BCP Better Care Fund will be in the region of £61m. The DCCG will contribute approximately £42m of which £11m being passed to the BCP Unitary Council to support the delivery of Adult Social Care Services.

The BCP Council contribution will be in the region of £18.9m which will include base budget (£2.7m), the Disabled Facilities Grant (£3.1m), the Improved Better Care Fund (£11.3m) and the Winter Pressures money for 2019/20 (£1.7m).

It is currently anticipated that the DCCG elements of the BCF will be subject to a 1.7% up-lift as a result of national guidance to CCGs, but this has yet to be confirmed. This is in a context where cost increases for many of the social care elements of the BCF are significantly above this level.

It has been agreed locally that the key themes for the BCF will continue from 2018/19 into 2019/20 and these are:

- Support for carers
- Maintaining independence
- Early supported hospital discharge
- Integrated health & social care locality teams
- Moving on from hospital living
- Strong & sustainable care markets

The Better Care Fund arrangements to date have included two pan-Dorset pooled budgets which have included all three current local authorities and the DCCG. The plans from April 2019 are that “The Moving On From Hospital Living” pooled budget (which covers the care and support costs for people with significant learning disabilities) will become two pooled budgets with each of the future Councils having

a pooled budget for their own residents with DCCG. For the BCP Council this pooled budget will be in the region of £9.6m. The Integrated Community Equipment Service pooled budget will remain a pan Dorset pooled budget with a total budget in the region of £8.1m. Negotiations are taking place to ensure that the financial contributions of both the DCCG and local authorities are equitable in the light of demand trends over recent years.

The national BCF policy and guidance for 2019/20 have not yet been published. The DCCG and Councils are working on the basis of the continuation of the BCF as one year only awaiting the Adult Social Care Green Paper plus the Comprehensive Spending Review for new policy and resources from 2020. The full plans and financial arrangements for the BCF for BCP will now be formally agreed post 1st April given the current timetable for national guidance. It is assumed that it will be possible to agree the detailed financial arrangements for the BCF with the DCCG within the financial framework set for Adult Social Care in the BCP 2019/20 budget as set out in this overall report.

g) Pay award

In September 2017 the Government announced its intention to move away from the 1% per annum public sector pay award policy but with a clear indication that any actual increases above this level are unlikely to be funded nationally. Negotiations via the National Employers for Local Government Services set a 2% flat rate increase in both 2018/19 and 2019/20. However, increases in the lower spinal column points to reflect the National Living Wage increase the local government pay bill by 2.7% in 2018/19 and 2.8% in 2019/20.

Within the proposed budget provision has been made for the 2% baseline increase, with further provision in certain services where they have a significant staff base on the lower spinal column points. Services are expected to manage the impact of any incremental drift in their pay base.

The actuary to the Dorset Local Government Pension Fund scheme has determined a 15.6% standard employers ongoing pension fund rate pus a backfunding cash sum of £9.465m for 2019/20 will apply to the new BCP Council.

h) Inflationary costs

Inflation is only provided for in service budgets where it can be demonstrated that it will be needed due to either market or contract conditions. Inflation as at December 2018 was 2.1% as measured by the Consumer Price Index (CPI).

i) Assumed Savings and Efficiencies

Figure 7 identifies that £29m of additional resources and savings have been identified in establishing a robust budget for 2019/20. Clearly council tax resources, additional government grants and resources identified from the disaggregation of the Dorset County Council 2018/19 budget make a significant contribution. However so does the contribution made by each of the four delivery boards in their implementation of the approved BCP financial strategy. This includes over £5m in savings from the consolidated staffing base of the new council, in savings in the cost

of democratic representation and in external audit fees. Additional savings have been generated from commercial opportunities already approved by the predecessor councils and from the implementation of common financial and operating policies and through a review of fees and charges.
The table below sets out an analysis of the £11.2m service based savings and efficiencies for 2019/20;

Figure 8: Analysis of service based savings

	2019/20 £m
Staffing and organisation	5.3
Democratic Representation	0.5
External Audit	0.2
Service Efficiencies	
- Adult Social Care	2.0
- Children Services	0.2
- Place Theme	0.7
- Corporate Services	0.7
Commercial Opportunities	0.7
Fees and Charge	0.9
Total	**11.2**

The savings in staffing and organisation are generally from reducing the cost of management, avoiding duplication through economies of scale in front line services own back office and support functions.

BCP Schools Forum

33. Schools Forum is a statutory body of the Council and must be consulted on all school funding budget allocations. It also has a range of decision-making powers regarding the level of budgets held centrally and whether any funding provided for mainstream schools can be transferred to other budget areas.

34. The BCP Shadow Schools Forum was constituted in October 2018 with a complement of twenty four members and with representation from all categories of schools across the existing three Council areas. A total of four meetings were held over the autumn and early January with recommendations and decisions made for the BCP budget regarding school funding through the ring-fenced Dedicated Schools Grant.

Dedicated Schools Grant (DSG)

35. The gross DSG of £260 million provides funding for mainstream schools for pre 16 pupils, private, voluntary and independent nursery providers, a small range of central school services (for example, school admissions) and specialist provision for children and young people with high needs. High needs budgets include funding for mainstream schools and specialist providers to support pupils with Education, Health and Care Plans

(EHCPs) aged 0-25, and those educated out of school, for example due to permanent exclusion or medical needs. Academies are funded from the gross DSG allocation but amounts are then recouped by the DfE to enable the budget share for pre 16 pupils to be paid directly by the Education & Skills Funding Agency (ESFA).

36. The DSG is allocated to the Council through four funding blocks, each with its own national formula methodology; Early Years, Mainstream Schools, High Needs and Central School Services. Distribution to Councils linked to historic allocations has now largely ended, with some funding protection mechanisms in place to reflect that expenditure patterns once well-established cannot be changed quickly.

Early Years Block

37. The Department for Education (DfE) introduced a national formula in 2017/18 to fund Local Authorities for the free education childcare entitlements for 2 and 3 & 4 year olds. This brought the funding rates of the three existing Councils up to the same level and provided a significant increase for each compared with the previous year. There has been no further uplift in funding which has been eroded in real terms and particularly by the national living wage increases which have a significant impact in this sector.

38. Although DfE funding rates have been the same each Council has retained different levels of funding to support the free entitlements with different formulae implemented to allocate funding to providers.

39. BCP is proposing to transfer £0.2m (1%) of the early years funding to support pupils with high needs. Unlike the Schools Block a funding transfer from Early Years is a Council decision with the transfer recommended by the Shadow Schools Forum at their January 2019 meeting.

40. The level of funding retained for central budgets relating to the free entitlements was agreed by the Shadow Schools Forum in November 2018. Together with the amount transferred to high needs the amount centrally retained is a total of 2%. Less than the 5% maximum allowed.

41. A new funding formula for providers has been developed with representatives from the sector. A consultation took place with all providers in late autumn and the outcome of this was considered by the Shadow Schools Forum in January. A separate paper on the meeting agenda for a Council decision includes the recommendation from this meeting that the consultation proposals should be adopted given the broad level of support within the sector.

Schools Block

42. The national funding formula (NFF) for mainstream schools funding provided a £4.6m (2.5%) increase for 2019/20 due to updated formula values and school data (October 2017 school census). A further £2.6m (1.2%) has been provided through growing pupil numbers from the October 2018 school census in final allocations.

43. Consultation was undertaken with all schools in late autumn regarding the mainstream schools formula to adopt for BCP to take into account varying levels of funding transfer to high needs. The Shadow Schools Forum received the outcome of this consultation in December 2018 which showed broad support from schools for the principles and general approach within the consultation. A separate paper on this meetings agenda relates to a request for a Shadow Authority decision to endorse the recommendation of the Shadow Schools Forum on how the mainstream school formula should be implemented for BCP to take into account the level of funding transfer from the School Block.

44. In 2019/20 a new national formula has been implemented by the DfE to fund pupil growth. This is lower than the aggregated funding received across BCP in 2018/19. An amount remains unused after the Shadow Schools Forum agreed the central budget needed to fund schools for anticipated growth from September 2019. This reduces the amount needed to be taken from the mainstream school NFF to achieve a level of funding transfer to high needs.

High Needs Block

45. The national formula for the High Needs Block provides funding protection for BCP's historic level of expenditure with an increase for 2019/20 to reflect demographic growth. This was initially allocated at £0.5m for BCP but was increased in December by £0.8m from a share of the £125m announced nationally.

46. The funding shortfall within high needs received significant publicity in the autumn with the latest position well-documented in a recent LGA report (Have we reached a 'tipping Point'? Trends in spending for children and young people with SEND in England). This authoritative report considers the causes of the growth in demand and what can be done to address budget pressures. However, it concludes that "**Local Authorities have all the responsibility for maintaining high needs expenditure within budget, and yet have almost no hard levers within which to effect this**"

47. Although the additional funding in December has been welcomed it is not sufficient to meet the growing demand with a £4.8m funding shortfall identified in 2019/20.

48. The DSG Regulations allow Schools Forum to approve a transfer of mainstream school funding of up to 0.5% in 2019/20. A higher level requires the approval of the DfE. A transfer to high needs of £2.2m (1.1%) was approved by Schools Forum in January 2019. This level of transfer is awaiting approval from the DfE.

49. This report recommends both the transfer 1% from DSG and early years funding of £0.2m to the high needs budget with the Council contributing £2.4m from its own resources (a specific earmarked reserve) as a one off contribution to the High Needs Block recognising that 2019/20 is an exceptional year.

50. There are forecast DSG deficits for the end of 2018/19 in the existing Councils of £4.5m. These relate to previous and forecast current year outturn positions for high needs budgets, being £3.4m for Bournemouth and £1.1m for the Christchurch share of Dorset

CC, although a decision could be made by Dorset that some or all of this will be written off by the Council and not transfer to BCP.

Central School Services Block

51. The funding is provided through a national formula for on-going functions with BCP receiving less funding than 2018/19 as funding is reducing by 2.5% per year. Historic commitments are funded at the level of the previous year budget with the DfE signalling these allocations will also start to reduce from 2020/21. Funding supports specific central services for all schools and the DSG system as a whole. The Shadow Schools Forum has agreed the budgets are set at the level of funding.

Maintained Schools

52. BCP will have 16 schools plus the Christchurch learning centre to maintain at April 2019. Funding to continue statutory services for maintained schools is to be provided from central retention of maintained school budget shares through agreement of maintained schools representatives at Schools Forum. This charge was not agreed at the January meeting with no central retention possible unless the DfE agree to override this decision.

Academies

53. Academies are independent organisations, their funding and expenditure is not contained within the Council's budget.

Education & Skills Funding Agency (ESFA)

54. Funding for mainstream post 16 pupils is provided by the ESFA and is passported directly to schools. This budget remains estimated as the ESFA will not provide the detail of allocations for maintained schools until the end of March.

Schools Pupil Premium

55. The schools pupil premium is provided by the DfE and is passported to schools. It is allocated according to the number of pupils eligible for free school meals (FSM) from low income criteria, Looked After Children (LAC) or adopted, and of forces personnel. The funding values have not increased since 2017/18.

Capital Strategy

56. As part of providing vital services to our local community, the Council is required to invest in, and maintain, a portfolio of land, property and other assets such as;

- Highway infrastructure such as roads, footways and bridges.
- Schools and Adult Education centres.
- Parks and Open Spaces including the seafront and coastline.
- Vehicles, Plant and Equipment.

- Administrative offices.
- Approximately 10,000 council homes.

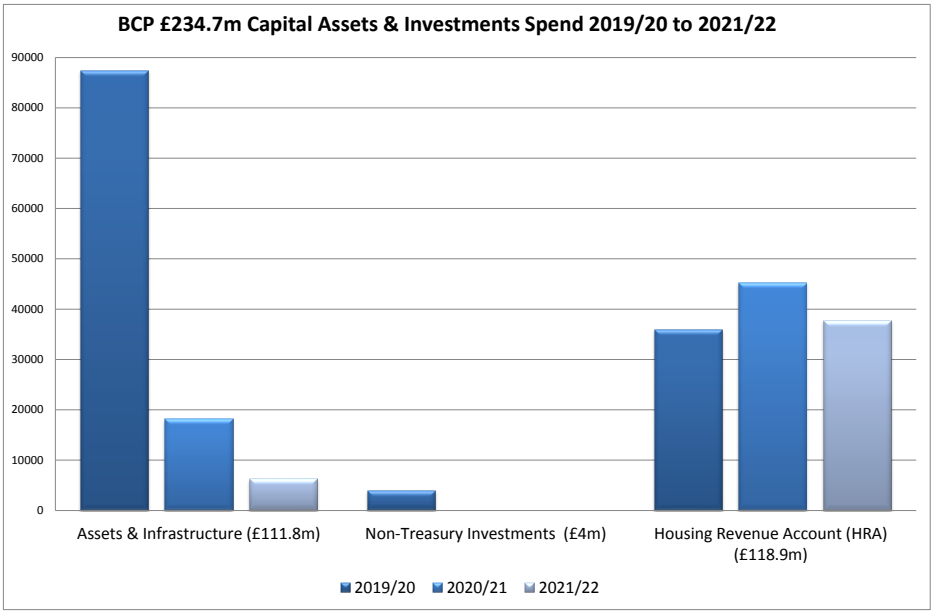
The Council's capital programme sets out the resources that it has agreed to spend on such assets and in doing so driving local economic growth and supporting the delivery of council services.

Combined capital budget portfolio: 2019/20 to 2021/22

57. BCP's portfolio of planned capital investment (2019/20 to 2021/22) currently consists of £111.8m investment in General Fund assets & infrastructure, £4.0m approved non-treasury asset investment, and £118.9m Housing Revenue Account (HRA) spend on local housing provision. This represents a combined capital investment of £234.7m over a three year period, as summarised in Figure 9.

58. It is, however, important to recognise that the £234.7m represents capital resource currently approved for investment in the discrete capital programmes of Bournemouth, Christchurch and Poole Councils, with capital resource estimates for the completion of capital projects inherited (from Dorset County Council (DCC)) for the Christchurch area.

Figure 9: BCP Total Capital Spend 2019/20 to 2021/22



59. **Assets & Infrastructure (£111.8m):** Appendix 4a-4c itemises by theme, scheme and locality, BCP wide £111.8m capital resource currently approved for Assets & Infrastructure investment. This consists of Bournemouth area £52.2m, Christchurch area £1.4m, Poole area £50.5m, Other schemes of £7.7m (including capital schemes inherited from DCC and a new BCP wide ICT investment plan).

60. Appendix 4a-4c is underpinned by separate BCP wide Strategies for Children's Services (Appendix 4d), ICT infrastructure, and Highways Maintenance (separate report on the

Shadow Executive Committee agenda). It is anticipated that additional BCP strategies (for example a new BCP wide fleet management strategy) will be brought forward for Member consideration as the BCP Unitary becomes more established.

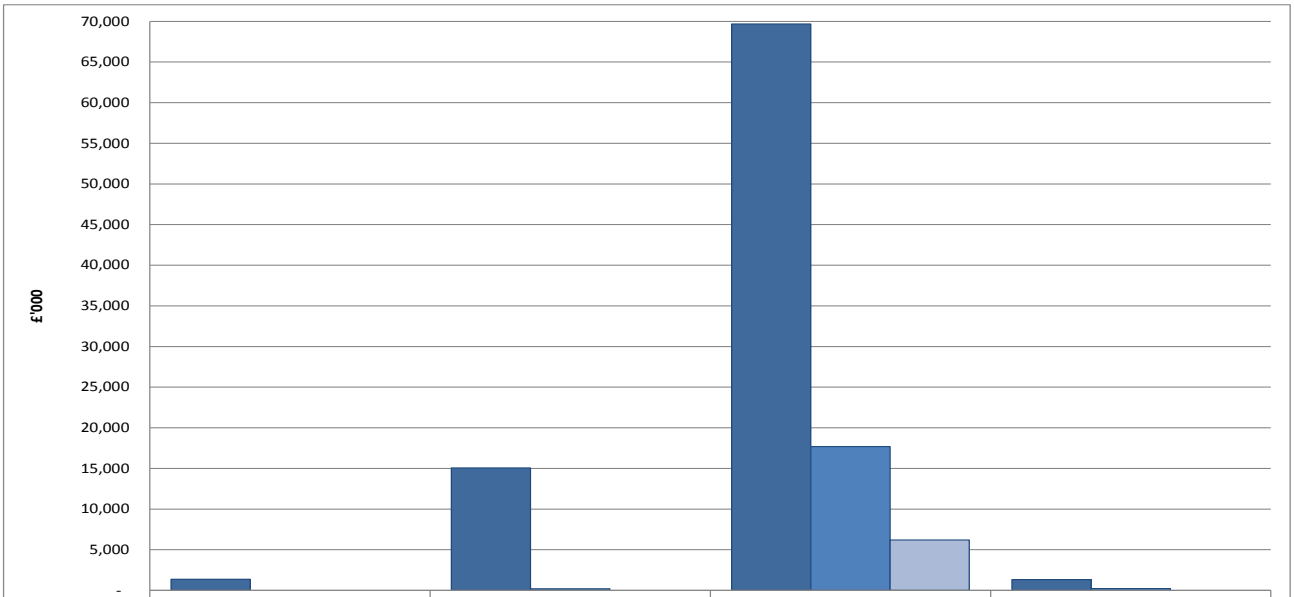
61. **Housing Revenue Account (HRA) (£118.9m):** Budgeted capital investment is detailed in a separate report on the Shadow Executive Committee agenda.

62. **Non-Treasury Asset Investments (£4m):** The Council's approach to non-treasury asset investment is outlined in the Asset Investment Strategy (Appendix 4e). The resources earmarked for 2019/20 reflect a predecessor council's decision to undertake a specific purchase which at this stage has not yet been progressed. Further proposals will be brought forward for consideration and scrutiny based on opportunities as and when they present themselves. Any proposals brought forward will be conditional and will be subject to the appropriate due diligence arrangements.

General Fund Assets & Infrastructure to 2021/22 (£111.8m)

63. Based on current 'predecessor authority' capital programme budgets, the new BCP Unitary will have set aside £111.8m capital resource (between 2019/20 and 2021/22) to invest in and maintain its asset & infrastructure base. This will ensure the continued delivery of services vital to our community across the conurbation. Appendix 4a-4c summarises capital projects currently approved over the MTFP. Accepting that this budget will likely change as the new BCP Unitary takes shape, figure 10 provides an outline overview of capital budget by Council theme.

Figure 10: BCP Capital Budget (Assets & Infrastructure) Spend 2019/20 to 2021/22



	Adults Services	Children's Sevices	Place	Resources
2019/20	1,379	15,071	69,675	1,331
2020/21	-	207	17,690	215
2021/22	-	-	6,206	-

64. Significant capital schemes currently approved include:

Adults Services

- Final phase of new Figbury Lodge care home construction

Children's Services

- Hillbourne School – remodelling of existing school site to provide a new school building and provision of over 100 new homes
- Expansion of Carter School to ensure sufficiency of secondary school places over the medium term
- Grant funded SEND capital schemes for children with special educational needs
- The BCP Children's Services Capital Strategy 2019/20 to 2021/22 (Appendix 4d) provides further detail on current and potential future capital projects.

Place

- Town Centre Regeneration including the Heart of Poole and Lansdowne Business District localities
- BCP wide Highways Infrastructure investment, in partnership with the Dorset Local Enterprise Partnership (DLEP), including A338 and Blackwater Junction improvement works and Port of Poole (Townside Access) improvements
- Investment in BCP's parks, open spaces and heritage assets (including Poole Park and Highcliffe Castle), in partnership with the Heritage Lottery Fund
- Protecting BCP's coastline and new seafront development programmes (including Canford Cliffs West, the subject of a separate report on the Shadow Executive Committee agenda)
- Investment in new temporary housing accommodation in Bournemouth to aid homelessness prevention
- New strategic waste facility and investment in BCP's frontline services' fleet operations

Resources

- Investment in BCP's ICT infrastructure plan

65. In addition to planned MTFP capital spend, unspent approved capital budget resource from the 2018/19 approved capital programmes for Bournemouth, Christchurch and Poole sovereign authorities will be added to BCP's 2019/20 capital programme.

66. Similarly unspent approved capital budget on DCC capital schemes for the Christchurch area at 31 March 2019 will transfer to BCP Unitary. It will become the responsibility of BCP Unitary to arrange for the completion and funding of remaining works on these schemes after 31 March 2019. Discussions are ongoing with representatives of the new Dorset Area Unitary for them to manage the completion of the works with BCP oversight. Due diligence is ongoing around the funding streams and the associated risks for these schemes – including with respect to potential new Prudential Borrowing BCP may need to undertake in order to complete these schemes (Appendix 4b). As part of this process it will also be necessary to take into account Dorset County Council's final capital spend at 31 March 2019, to ensure that unspent capital grants and potential borrowing requirements relating to transferred assets are properly understood and agreed.

67. Outside of its budgeted capital programme, the Council will also continue to encourage, support and enable strategically important private or public investments that benefit the conurbation including investments by the local universities, by Bournemouth and Poole College, by the Port of Poole, by Bournemouth Airport, by Academies and by local employers.

BCP Financial Regulations (for capital projects)

68. In line with BCP Council's new financial regulations, all projects in the capital programme (Appendix 4c) are categorised according to whether Council approval is '*unconditional*', '*conditional*' or whether '*subsequent approval*' will at some point be required. This is a new BCP Council requirement that seeks to provide greater transparency over decision making and facilitate greater Member scrutiny over capital projects as they are delivered.

69. '*Unconditional*' projects are those that are expected to be delivered without alteration to either the original project brief or funding strategy. In practice these will be comparatively 'low value low risk' projects that have already started or are part of an ongoing programme of works. Good examples will be kitchen or bathroom replacement programmes in the HRA which are undertaken to an agreed standard or the Local Transport Plan expenditure where the detail is agreed with members as part of a separate governance process. '*Conditional*' projects are schemes already approved by Members which will only require further approval in the event of a significant change or potential divergence from the approved project brief (for example, a change in the scope of the project or a change in funding source). The last category of project "requires subsequent approval" is for those schemes where further Member approval is mandatory. These may be projects where resources have been set aside (say after an initial business case) as part of the annual budget process but where Members are expected to approve the final scheme once a full business case has been developed.

Capital Grants Supporting Assets & Infrastructure Investment

70. As a core principle, external grant income is only included within the programme if it has been formally approved or secured. That said, the programme does include estimates of 2019/20 capital grants for Bournemouth and Poole, where supported by Government notifications of indicative allocations (e.g. Local Transport Plan, Basic Need Grant for school expansions, Disabled Facilities Grant). These amounts are expected to be formally confirmed by the end of the current financial year, and the capital programme adjusted if required. For Christchurch, Officers are working with Dorset County Council to ensure that an appropriate share of indicative capital grant 2019/20 for the Christchurch area is agreed and 'disaggregated' to the new BCP Unitary with effect from 1 April 2019.

71. In December 2018 Bournemouth, Christchurch and Poole Councils were also allocated additional capital grant funding for Highways Maintenance and Disabled Facilities Grants. Bournemouth and Poole's additional grant allocations have been accounted for within the BCP 2019/20 capital programme. Work is ongoing to ensure the 'Christchurch share' of additional capital grant (awarded in December 2018 to Dorset County Council)

is either utilised in the Christchurch area prior to 31 March 2019, and / or unspent capital grant balance is transferred to the new BCP Unitary on 1 April 2019.

72. Looking ahead the new BCP Unitary Authority will continue to pursue new external grant funding opportunities. Notable examples include the potential for significant new capital grant income from the Transforming Cities Fund and Homes England.

Assets & Infrastructure Sources of Funding to 2021/22 (£111.8m)

73. Figure 11 summarises BCP-wide capital resources currently earmarked to finance the capital programme. These include Government Grants, Capital Reserves, Community Infrastructure Levy (CIL) and other developer contributions, Capital Receipts and Prudential Borrowing. Broadly speaking, the draft BCP capital programme is 52% funded from external sources (Grants and Third Party Contributions) and 48% from BCP sources (Capital Reserves, Capital Receipts, Prudential Borrowing).

74. The vast majority of capital resource required for programme delivery has either already been received / secured or (in the case of Prudential Borrowing), the revenue cost has been factored into BCP's MTFP. Appropriate sensitivity analysis has been undertaken on future capital receipts, to assess and safeguard against the potential risk of a reduction in future value of capital receipt received.

Figure 11: Financing BCP Capital Assets & Infrastructure

BCP £111.8m Capital Budget (Assets & Infrastructure) Financing	2019/20 £000	2020/21 £000	2021/22 £000	MTFP £000
Funding Secured				
External Funding				
Capital Grant (includes indicative allocations)	37,555	8,320	2,740	48,615
Other contribution (inc s106 and CIL)	4,992	300	0	5,292
BCP Funding				
Capital Reserves	11,076	2,441	165	13,682
Capital Receipts	914	0	0	914
Prudential Borrowing	28,270	7,051	3,301	38,621
	82,806	**18,111**	**6,206**	**107,124**
Funding Forecast				
External Funding				
Capital Receipts Forecast	4,650	0	0	4,650
	4,650	**0**	**0**	**4,650**
Total Funding	**87,456**	**18,111**	**6,206**	**111,774**

% Capital Resource funded externally	**49%**	**48%**	**44%**	**48%**
% Capital Resource funded by BCP	**51%**	**52%**	**56%**	**52%**

Core Principles

75. In determining its capital strategy the Shadow Executive have previously endorsed the following principles;

    a) Use of additional borrowing to deliver schemes funded by previously issued Government supported borrowing permissions;

    b) Use of prudential borrowing when supported by a business case, and determined in conjunction with the setting of the Council's prudential indicators approved by the Council in accordance with the prudential code of practice;

    c) No scheme can commence which relies on Government Grant or external funding or capital receipts until such time as the Council has complete assurance the funding will be received or in the case of capital receipts that they have actually been received;

    d) Resources will not be earmarked to meet all the identified and lifecycle programme maintenance requirements of each individual Council owned or leased asset. Such requirements will be considerably more than the cash limited corporate maintenance resources identified as available

    e) Any capital resources that do become available will be prioritised towards;

    - the Council's commitments under its inherited flexible use of capital receipts strategies. This totals up to £2.8m per annum for the period up to and including 2020/21 to fund the transition and transformation costs associated with establishing the new Council;
    - schemes which require a local contribution to lever in capital grants or external capital contributions to the Borough;
    - schemes which enable the Council to deliver the savings assumed within the MTFP;
    - schemes which enable the Council to exploit its assets;
    - schemes which protect key infrastructure.

    f) To support any future ambitions or key infrastructure developments and to mitigate the underlying risks within its capital programme, the Council will consider new financial approaches which will undoubtedly require an acceptance of higher than standard levels of risk. Such risk will be carefully considered especially bearing in mind the scale of the Council's budget, the size of its revenue MTFP funding gap and the increasing use of prudential borrowing as a source of funding.

Shadow Authority Approval: 2019/20 Capital Budget

76. The new BCP Unitary Authority's constitution requires formal Council approval of each capital project before it can commence. In line with this, Shadow Authority endorsement is sought for the 2019/20 £111.8m capital programme budget, as attached in Appendix 4a-4c.

77. In endorsing this budget, Members should be aware that it is likely to change during 2019/20 as new schemes are approved, new funding sources identified and capital schemes are potentially revised in line with new BCP-wide priorities. Members are also reminded that, in line with new BCP financial regulations, there will be an opportunity for further Member scrutiny of significant capital schemes as they are developed.

78. Each of the schemes proposed within the capital programme has already received prior Member approval within its 'legacy authority', with the exception of the BCP wide ICT Investment Plan.

79. The proposed BCP ICT Investment Plan identifies additional investment required of £1,018k in 2019/20 and £200k in 2020/21 (total £1,218k) in BCP's ICT infrastructure. This investment is in addition to current approved ICT capital resource of £313k in 2019/20. The new investment consists of £870k on desktop device refreshes across Bournemouth, Christchurch and Poole estates and £348k on maintaining business critical storage and security ICT requirements. In line with the Core Principles outlined above, it is proposed that the additional investment is funded over both years from a 2019/20 in-year BCP Revenue Contribution to Capital (RCCO).

80. **Capital Contingency** – In recognition of the exposure to risks in the capital programme it is proposed that a capital contingency is maintained - i.e. a finite, unallocated capital resource that is available to fund future capital schemes. Risks the contingency is intended to cover include;

    a) The need to provide resources to fund any unforeseen demands including those of an urgent or unavoidable nature;

    b) Providing a potential source of funding for the Council's local share of Government supported schemes;

    c) Safeguarding against the risk associated with the final cost that will need to be borne to deliver the numerous schemes included in the capital programme with each individual scheme at different stages in their delivery and with different levels of specific project contingency;

    d) Providing a means of potential funding for any schemes which the Council would want to undertake to support its key ambitions and priorities;

    e) Potential dilapidation costs on buildings leased from third parties;

81. Allocations from the capital contingency will be made on the basis of approved business cases, which demonstrate a clear need for use of contingency funds. The likely level of capital contingency resources that will be made available to the new BCP Council on the 1st April 2019 is currently estimated to be around £2m. Potential schemes that may require an allocation include key infrastructure assets such as East Cliff.

82. The Council's capital contingency will be supported by the application of a BCP Corporate Asset Management plan. This will require a review of all assets to determine those which could be disposed of where they do not effectively contribute to the delivery of the Councils business; where they do not support the community; where they do not

assist the Council's regeneration objectives or where they do not provide value for money.

Reserves

83. In setting the budget the s151 officer is required under section 25 of the Local Government Act 2003 to report on **the robustness of the budget** and the **adequacy of reserves** supporting the budget. The requirement on the s151 officer is to ensure that the **budget recommended to Council is balanced** (i.e. expenditure matches income), is robust and therefore deliverable and has an adequate level of reserves. The s151 officer is required to ensure that the Council's approved budget addresses these three issues. The level of reserves needed will vary year on year according to circumstances and the adequate level of reserves should be informed by a robust risk assessment process. This detail is provided in Appendix 3 to this report.

84. Councils generally hold two main forms of reserves;

    a) **Unearmarked Reserves:** are set aside to help manage the risk to the Council's financial standing in the event of extraordinary or otherwise unforeseen events and to mitigate the underlying operational risk associated with the operation of the Council and the management of service expenditure, income and the Council's funding.

    b) **Earmarked Reserves:** are set aside for specific purposes including those held in support of various partnerships, reserves designed to help deliver the challenges in the Council's Medium Term Financial Plan, key major projects of the Council and a number of reserves the Council is required to hold in line with statute or its own governance requirements.

85. The Council should also remain mindful that relatively minor changes or shifts in key planning assumptions may have a significant impact on the Council's financial position as highlighted in Figure 12 below;

Figure 12: Council sensitivity to potential changes in assumptions

	Impact on level of net expenditure or council tax requirement **£000's**
Looked after Child (high cost - residential) – per child	250
Looked after Child (medium cost – independent fostering) –per child	66
Intensive homecare package for a disabled person	113
Vulnerable Adults (learning disability – residential < 65)	160
Older person's supported residential care	26 *average* 38 *higher end*

	Impact on level of net expenditure or council tax requirement £000's
Increase in the £7.4m cost of the Concessionary Fare Scheme to the Council	£74k per 1% increase in journey numbers

86. The interim Chief Financial Officer, in providing advice to Council on the level of reserves required to support the budgeted position, has been mindful of both the need to safeguard the organisation against the risk of future economic exposure and financial shocks whilst also ensuring monies are not held up unnecessarily in reserves.

87. It may be worth emphasising that reserves should not be seen in a short term context. They should be placed in the context of the long term funding cuts, service pressures and service delivery problems that the Council may face. It is, however, legitimate for the Council to call on reserves to mitigate short term pressures, smooth out the impact of extraordinary one- off demands such as Government Grant reductions, to meet the cost of unforeseen events and to enable any necessary structural budget adjustments to be implemented in a measured and planned way.

88. The Chartered Institute of Public Finance and Accountancy (CIPFA) have carried out some benchmarking on the level of reserves held by unitary authorities and identified that they tend to maintain unearmarked reserves between 5% and 10% of net revenue expenditure. For BCP this would mean maintaining such reserves at between £13.7m and £27.4m.

89. Having considered all matters and the known business requirements of the new BCP Council in 2019/20, the interim Chief Financial Officer is of the view **that it is appropriate to set the level of Unearmarked Reserves at £15.4m for the 2019/20 budget** which is approximately 5.6% of the proposed net budget requirement for the year**.** This approach accords with the Financial Strategy approved by the Joint Committee in May 2018 which proposed maintaining the absolute value of the unearmarked reserves passed across from Bournemouth, Christchurch and Poole councils.

90. The position will be kept under review throughout the remainder of 2018/19 to ensure the in-year position responds and reflects any new or changing risks as they emerge during the residual element of the current financial year.

91. With regard to Earmarked Reserves, it is estimated that their level as at 31 March 2019 will be £35m. It should though be highlighted that much will depend on the decisions of each of the four sovereign councils in the period prior to vesting day.

92. In developing a financial strategy to support the delivery of a balanced budget for 2019/20, the s151 Officer to the BCP Shadow Authority undertook a review of all

reserves in December 2018. The purpose of this activity was to determine the extent to which the reserves might be best applied to;

a) Transition, Transformation and one-off costs associated with creating the new council.

   A one-off total amount of £9.1m has already been approved and committed to the BCP LGR programme funded from a combination of reserves and the flexible use of capital receipts. This funding is currently profiled as £7.9m in 2018/19 met by the four predecessor councils and £1.2m in 2019/20 funded by the new BCP council. Appendix 3b highlights this amount as available within a specific BCP earmarked reserve for this purpose. Any resources which slip from 2018/19 will be added to this reserve.

b) Specific challenges faced by the new Council in creating a new single tier local government entity. An example of this is around the deficits on the High Needs element of its Dedicated Schools Grant.

   As referenced earlier in this report £2.4m has been set aside in a specific earmarked reserve to fund the council's contribution to enable a balanced 2019/20 High Needs Budget as part of the Dedicated Schools Grant. Work with Government and the BCP Schools Forum will be needed to establish both a sustainable budget position for 2020/21 onwards and to agree a plan for dealing with the legacy deficit brought forward.

c) Supplementing the amount currently available for Welfare Reform which acts as a Hardship Fund.

   Any amount not used from the £146,000 2019/20 revenue base budget for welfare reform / hardship fund will be used to supplement the value of this reserve for future purposes.

The review also set out the approach to categorising earmarked reserves into ten broad headings, namely;

- Financial resilience reserves
  Most notably an overall MTFP financial planning reserve a well as a financial resilience reserve for the Adults, Children, and Place Delivery Boards.
- Transition and transformation reserves
  Includes resources set aside to provide the 2019/20 contribution to the High Needs Budget on the Dedicated Schools Grant.
- Asset investment strategy, rent, risk and repairs reserve
- Insurance reserve
- Reserves held in partnership for external organisations
  Such organisations include Schools, Dorset Adult Learning, Stour Valley and Poole Partnership, Bournemouth International Centre, Dorset Youth Offending Service, Aspire Adoption and Bournemouth 2026.
- Reserves required by statue or legislation
  Includes resource for Business Rates appeals, Building Regulation Control Account and the Bournemouth Library Private Finance Initiative.
- Planning related reserves

- Government grants held in reserves due to the timing of expenditure
- Maintenance reserves
- ICT development and improvement reserves
- Reserves held to support corporate priorities and service improvements

93. In setting out the reserves available to the new Council, and as a matter of prudence, no assumption has been made in regards to the value of reserves that will be transferred from Dorset County Council (DCC). BCP will inherit a fair and reasonable share of these based on the balance sheet position of DCC as at the 31 March 2019. The proposal is that any reserves transferred not required for a specific purpose will be used to supplement the resources set aside by BCP for its Transition and Transformation.

94. In proposing the Reserves Strategy as set out in Appendix 3, the interim Chief Financial Officer has been mindful of the need to;

    a) Balance both the requirement to safeguard the organisation against the risk of future financial exposure whilst also ensuring resources are not held unnecessarily in reserves and;

    b) Identify opportunities for the Council to re-direct available resources to support phase three of the process for establishing the new Council.

Treasury Management Strategy

95. The proposed Treasury Management Strategy has been prepared by the Finance Task and Finish Group and was previously reviewed by the Shadow Executive as part of its consideration of the December 2018 Consolidated MTFP Update Report. The Council is required to set its prudential indicators in the context of the overall Strategy on an annual basis. The Treasury Strategy, Practices and Prudential Indicators for 2019/209 are set out in Appendix 5 for approval by the Shadow Authority.

96. A significant element of the Strategy is the Council's approach to balancing the risks associated with its need to borrow, namely;

    a) *Credit Risk:* Which is the risk associated with an institution failing and the Council's investment being reduced due to new bank bail-in arrangements. An approach to managing this risk is to use internal balances before undertaking external borrowing which will also provide a better return for the Council as the cost of borrowing exceeds any value the Council could earn on these internal balances.

    b) *Interest Rate Risk:* This is the exposure to interest rate movements on its borrowing and investments. The Council is susceptible to upward movements in long term rates given the amount of borrowing still required over the next 5 to 10 years. At this stage the Council anticipates long term interest rates remaining low for the foreseeable future but has structured a number of trigger points which would require reconsideration of such borrowing.

c) *Re-financing Risk:* Focuses on managing the exposure to replacing current financial instruments (borrowings) as and when they mature.

d) *Liquidity Risk:* This aims to ensure the Council has sufficient cash available as and when needed.

97. The strategy is significantly influenced by the requirements of the devolved system of council housing (Housing Revenue Account) finance. This includes the operation of a two pool approach to debt management with the debt of the HRA *(council house tenant account)* and that of the General Fund *(council taxpayers account)* separated. All external debt will be taken out by reference to the relevant pool although it should be noted that there will still be flexibility to transfer debt between the two if required.

98. The strategy is also required to set out the Council's approach to the repayment of debt referred to as the minimum revenue provision (MRP). In this regard the Council's approached is

- a 2% straight line method for all supported borrowing capital expenditure incurred prior to 2016/17.
- the Asset Life method for all unsupported borrowing capital expenditure incurred prior to 2016/17. An average 25 year life will be used.
- a realignment of MRP charged to the accounts to recognise excess sums made between 2004 and 2016. Total MRP after applying the realignment will not be less than zero in any financial year.
- A 4% written down balance method on capital expenditure incurred from 2016/17 onwards.

99. The budget as set out incorporates the assets and liabilities of Bournemouth, Christchurch and Poole as well as a proportion of those held by Dorset County Council on behalf of the residents of Christchurch. For example only an analysis of the historic debt positions of three areas could be set out as follows;

Figure 13: Historic debt positions of the predecessor councils

	Bournemouth and Poole 31/03/2018 £'000	**Christchurch element of Dorset County Council* 31/03/2018 £'000**
Total Capital Financing Requirement (CFR)	392,723	35,774
Less Housing Revenue Account CFR	(144,731)	0
Net General Fund CFR	**247,992**	**35,774**
Resident population estimates 2017	346.1	49.6
£ per no of resident	**£716.53**	**£721.26**

**The disaggregation of Dorset County Council element of Christchurch debt is still to be finalised. The figures above represent the approach that the Dorset Area Unitary representatives are seeking to take.*

Also included is any borrowing to finance specific commerical asset investments which generate a financial return for the council.

Housing Revenue Account (HRA)

100. A report on the HRA and rent setting is included as a separate item on the agenda for this meeting, and should be considered alongside this report to Members in setting the Budget for 2019/20.

Chief Officers' Pay Policy Statement

101. Further to the provisions of the Localism Act 2011, the Council is required to publish its local Chief Officers' Pay Policy on an annual basis for consideration by Council before 31 March each year.

102. The Council's Pay Policy has been duly prepared by the Human Resources and Organisational Development service and is attached as Appendix 7 to this report to ensure the Council is able to consider it this year in accordance with the statutory timetable as prescribed by Government.

Scheme of Members' Allowances

103. The Council is required to adopt an annual scheme of Members' Allowances as specified under the Local Authorities (Members' Allowances) (England) Regulations 2003. This references the following in respect of annual updating "The Scheme will be updated each year on 1 April, in line with any amendment to the Employees' National Salary Award."

104. A report is presented as a separate item on the Shadow Authorities agenda to consider the recommendations of the independent remuneration panel in regards to the BCP Scheme of Member Allowances. The budget makes provision for a total cost of £1.034m which is a £500k saving on the consolidated budgets for the four predecessor councils.

Schedule of key financial decisions made by the sovereign councils

105. The interim Chief Financial Officers of each of the sovereign Councils has a key role in ensuring the Shadow Authority are made aware of any significant financial matters which will impact on the future resilience and sustainability of the proposed new Unitary Authority.

106. A four part protocol is in operation which requires;

    1) The Chief Financial Officer of each sovereign Council to ensure the relevant service Portfolio Holders and the Resources Portfolio Holders for each of the sovereign councils are made aware of any proposals before they are presented to the relevant decisions making body for approval.

    2) That each Consolidated MTFP Update report to the BCP Shadow Executive includes a schedule of the key financial decisions made since the previous such report.

3) That any key financial decision which is a Cabinet decision of the each sovereign Council's will need to include a section in the report on consultation with the Shadow Executive. The expectation is the report author will consult with the relevant members of the Shadow Executive and detail who they consulted with and their response.

4) That any report which is a Council decision of each of the sovereign Councils, and also contains a key financial decision, will be presented by the report author to the Shadow Executive for their formal consideration as part of the consultation process. The sovereign council will therefore be able to reflect on the feedback from the Shadow Executive when they consider their decision.

107. The Consolidated MTFP Update report to the BCP Shadow Executive on the 12 December 2018 presented the key decisions that had taken place since the 17 October 2018. Appendix 8 sets out the key financial decisions since the December Shadow Executive meeting.

Previous Reports

108. Previous Consolidated MTFP Update Reports to this Shadow Executive have provided information on;

- Financial Strategy.
- Budget Timetable.
- Aggregate Budget Information.
- Fair Funding Review.
- 75% Business Rates Retention Model.
- Negative Revenue Support Grant (RSG).
- Response submitted to the Ministry of Housing, Communities and Local Government to the technical consultation on the 2019/20 Local Government Finance Settlement.
- Details of the CIPFA financial resilience index.
- The Government's Budget 2018.
- Treasury Management Strategy document
- Capital Programme, the Capital Financing Requirement and External Loans.
- Reserves.
- Council Tax Harmonisation
- Consolidated Housing Revenue Account.
- Key financial decisions made by each of the four sovereign councils.

Consultation

109. Under Section 65 of the Local Government Finance Act 1992, Councils have a statutory duty to consult with representatives of business rate payers on its proposed expenditure for the following year. Business leaders across Bournemouth, Christchurch and Poole were invited to attend a presentation held on the 18 January 2019 on the BCP Budget for 2019/20 and Medium Term Financial Plan from the BCP Interim Chief Financial Officer and members of the Finance Task and Finish Group.

110. The necessary additional resources, savings and efficiencies required to balance the budget over the next four years will each need to be reviewed to determine the extent to which they may require consultation. Consideration will also need to be given to the relevant period, stakeholder groups and method of consultation.

Summary of finance and resourcing implications

111. As set out in the report.

Summary of legal implications

112. It is the responsibility of Members of the Shadow Authority to ensure the Council sets a balanced budget for the forthcoming year. In setting such a budget Members and Officers of the Council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both *current* and *future* taxpayers in discharging these responsibilities. In essence this is a direct reference to ensure that Council sets a financially sustainable budget which is mindful of the long term consequences of any short term decisions.

113. As part of this final budget paper the interim Chief Financial Officer is required to make a report to the authority which deals with the robustness of the estimates and the adequacy (or otherwise) of the Council's reserves.

Summary of human resources implications

114. There are no direct human resource implications of this report. However, the 2019/20 Budget and MTFP will have a direct impact on the level of services delivered by the Council, the mechanisms by which those services are delivered and the associated staffing establishment.

Summary of environmental impact

115. None specifically related to this report.

Summary of equalities and diversity impact

116. An EINA has been undertaken in respect of the Budget as proposed to identify the overall equality impacts in respect of the nine protected characteristics:

a) age;

b) disability;

c) gender reassignment;

d) marriage / civil partnership;

e) pregnancy/maternity;

f) race;

g) religion & belief;

h) sex;

i) sexual orientation.

117. The full EINA is included as Appendix 6 to this report.

Summary of risk assessment

118. A key thread of the Future Dorset submission was the opportunity to best protect public services as the government continues to reduce the funding it provides to local councils.

119. A separate report on this agenda addresses the programme update and its key risks.

Background papers

120. Previous Consolidated Medium Term Financial Plan reports to the Shadow Executive or Joint Committee can be found at https://bcpshadowauthority.wordpress.com/meetings/

- 15 December 2017
- 20 March 2018
- 23 May 2018
- 24 July 2018
- 17 October 2018
- 12 December 2018

121. In addition the matter of Council Tax Harmonisation has been developed and considered through the following reports;

- 17 October 2017
- 21 November 2017
- 15 December 2017
- 30 January 2018
- 20 March 2018

- 16 April 2018
- 7 November 2018 (Parliamentary Order Update)
- 12 December 2018 (MTFP Update Report)

122. All these reports were subject to the Overview and Scrutiny arrangements established to support consideration of all the reports presented to either the Joint Committee or Shadow Executive.

Appendices

123. Appendix 1a Council Tax harmonisation strategy

Appendix 1b Schedule of Council Tax by area

Appendix 2a Budget summaries

Appendix 2b Schedule of savings and efficiencies

Appendix 3 Reserves Strategy

Appendix 4 Capital Programme (a to c – summary and detail)

Appendix 4d Children's Services Capital Programme

Appendix 4e Non Treasury Asset Investment Strategy

Appendix 5 Treasury Management Strategy

Appendix 6 Equalities Impact Needs Assessment (EINA)

Appendix 7 Chief Officers' Pay Policy Statement

Appendix 8 Schedule of Key Financial Decision since 12 December 2018 Shadow Executive

This page is intentionally left blank

BCP Council - Council Tax Harmonisation Modelling

	CTax 2018/19 £	Increase 19/20 %	CTax 2019/20 £	CTax 2020/21 £	CTax 2021/22 £	CTax 2022/23 £	CTax 2023/24 £	CTax 2024/25 £	CTax 2025/26 £
Christchurch Borough Council	£200.82		£191.96						
Dorset County Council	£1,406.34		£1,406.34						
Christchurch Total	£1,607.16		**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,620.29**
Adjustment for Christchurch Town and Highcliffe & Walkford*	-£8.86								
Christchurch Calculated ANA	**£1,598.30**	0.00%	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,598.30**	**£1,620.29**
Christchurch Town Council Precept inc Mayoralty*	£9.69	-	**£27.89**	£28.44	£29.01	£29.59	£30.18	£30.78	£31.39
Burton Parish*	£13.08	-0.83%	**£12.97**	£13.23	£13.49	£13.76	£14.04	£14.31	£14.60
Hurn Parish*	£27.93	1.96%	**£28.48**	£29.04	£29.62	£30.21	£30.81	£31.42	£32.05
Highcliffe and Walkford *(New)**	£9.89	-	**£27.59**	£28.14	£28.70	£29.27	£29.85	£30.45	£31.05
Bournemouth (Other)	£1,438.92		£1,473.40	£1,497.03	£1,519.03	£1,543.62	£1,568.69	£1,594.26	£1,620.29
Adjustment for Bournemouth Chartered Trustee*	£0.00			-£2.10					
Bournemouth Total	**£1,438.92**	2.40%	**£1,473.40**	**£1,494.93**	**£1,519.03**	**£1,543.62**	**£1,568.69**	**£1,594.26**	**£1,620.29**
Bournemouth Chartered Trustee *(New)**	£0.00	-	**£0.00**	£2.10	£2.14	£2.19	£2.23	£2.28	£2.32
Holdenhurst Parish*	£0.00	-	**£0.00**	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Bournemouth (Holdenhurst area)	£1,438.92		£1,471.30	£1,494.93	£1,519.03	£1,543.62	£1,568.69	£1,594.26	£1,620.29
Adjustment for Bournemouth Chartered Trustee*	£0.00								
Bournemouth Total	**£1,438.92**	2.25%	**£1,471.30**	**£1,494.93**	**£1,519.03**	**£1,543.62**	**£1,568.69**	**£1,594.26**	**£1,620.29**
Bournemouth Chartered Trustee *(New)**	£0.00	-	**£0.00**	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Holdenhurst Parish*	£0.00	-	**£0.00**	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Poole	£1,399.68		£1,441.53	£1,470.22	£1,497.32	£1,527.16	£1,557.59	£1,588.63	£1,620.29
Adjustment for Poole Chartered Trustee*	£0.00			-£2.15					
Poole Total	**£1,399.68**	2.99%	**£1,441.53**	**£1,468.06**	**£1,497.32**	**£1,527.16**	**£1,557.59**	**£1,588.63**	**£1,620.29**
Poole Chartered Trustee *(New)**	£0.00	-	**£0.00**	£2.15	£2.20	£2.24	£2.29	£2.33	£2.38

**1.99% applied to all preceptors in future years*

To note - approx. 21 properties in Christchurch fall in an unparished area and will only be subject to the Christchurch Unitary charge.

APPENDIX 1A

This page is intentionally left blank

BCP Schedule of Council Tax Charges 2019/20

	CTax 2018/19 £	Increase 19/20 %	CTax 2019/20 £
Christchurch			
Christchurch Town Council			
BCP Unitary Charge	£1,505.13	-0.59%	£1,496.27
Adult Social Care Precept	£102.03	0.00%	£102.03
Christchurch Town Council	£0.00		£27.89
Total Christchurch Town	**£1,607.16**		**£1,626.19**
Burton Parish			
BCP Unitary Charge	£1,505.13	-0.59%	£1,496.27
Adult Social Care Precept	£102.03	0.00%	£102.03
Burton Parish Precept	£13.08	-0.83%	£12.97
Total Burton Parish	**£1,620.24**		**£1,611.28**
Hurn Parish			
BCP Unitary Charge	£1,505.13	-0.59%	£1,496.27
Adult Social Care Precept	£102.03	0.00%	£102.03
Hurn Parish Precept	£27.93	1.96%	£28.48
Total Hurn Parish	**£1,635.09**		**£1,626.78**
Highcliffe and Walkford			
BCP Unitary Charge	£1,505.13	-0.59%	£1,496.27
Adult Social Care Precept	£102.03	0.00%	£102.03
Highcliffe and Walkford Neighbourhood Council	£0.00		£27.59
Total Highcliffe and Walkford	**£1,607.16**		**£1,625.90**
Christchurch Unparished			
BCP Unitary Charge	£1,505.13	-0.59%	£1,496.27
Adult Social Care Precept	£102.03	0.00%	£102.03
Total Christchurch Unparished	**£1,607.16**		**£1,598.30**
Bournemouth			
Bournemouth (exc Holdenhurst)			
BCP Unitary Charge	£1,334.52	2.58%	£1,369.00
Adult Social Care Precept	£104.40	0.00%	£104.40
Bournemouth Chartered Trustee	£0.00		£0.00
Bournemouth Total	**£1,438.92**		**£1,473.40**
Bournemouth (Holdenhurst Parish Area)			
BCP Unitary Charge	£1,334.52	2.43%	£1,366.89
Adult Social Care Precept	£104.40	0.00%	£104.40
Bournemouth Total	**£1,438.92**		**£1,471.30**
Poole			
BCP Unitary Charge	£1,298.14	3.22%	£1,339.99
Adult Social Care Precept	£101.54	0.00%	£101.54
Poole Chartered Trustee	£0.00		£0.00
Poole Total	**£1,399.68**		**£1,441.53**

This page is intentionally left blank

GENERAL FUND BUDGET SUMMARY 2019/20

	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Theme Areas			
Children's Services	163,671	(102,729)	60,942
Adult Social Care	164,473	(56,099)	108,374
Public Health	19,353	(19,353)	0
Places / Environment & Economy	158,274	(108,482)	49,792
Corporate	201,647	(168,301)	33,346
Coroners court service	292	0	292
Apprenticeship Levy	565	0	565
Net cost of services	708,275	(454,964)	253,311
Pensions	9,465	0	9,465
Contingency	2,700	0	2,700
Levies			
Fisheries	69	0	69
Environment Agency	499	0	499
Corporate income and expenditure			
Interest on borrowings	3,117	0	3,117
Interest on cash investments	0	(185)	(185)
Investment property income	0	(5,914)	(5,914)
Revenue expenditure on surplus assets	171	0	171
Dividend income	0	(100)	(100)
Net Operating Expenditure	724,296	(461,163)	*263,133*
Other financial items impacting on the general fund			
Revenue contribution to capital - general	1,726		1,726
Provision for repayment (MRP)	8,317		8,317
Chartered Trustees	276		276
Parish Precepts / Town Councils / Neighbourhood Councils	545		545
Movement to and (from) reserves	149		149
	11,013	0	11,013
Net Budget Requirement	735,309	(461,163)	274,146
Other funding before Council Tax Requirement			
New Homes Bonus Grant		(3,788)	(3,788)
Collection Fund Surplus Distribution (council tax)		(200)	(200)
Net Income from Business Rates		(47,407)	(47,407)
Grant - compensation for national business rate initiatives (net)		(9,637)	(9,637)
Revenue support grant (from Government)		(2,957)	(2,957)
Parish Precepts / Town Councils / Neighbourhood Councils		(545)	(545)
	0	(64,534)	(64,534)
Total Council Tax Requirement	**735,309**	**(525,697)**	**209,612**

Appendix 2A

This page is intentionally left blank

Adult Social Care & Public Health Budget Summary 2019/20

Statement of Service Description	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Physical support	47,650	(13,513)	34,137
Sensory support	321	(68)	253
Support with memory and cognition	19,662	(5,403)	14,259
Learning disability support	40,265	(6,341)	33,924
Mental health support	8,261	(789)	7,472
Substance misuse support	1,744	(1,728)	16
Support for carer	1,628	(102)	1,526
Social Isolation	87	(17)	70
Assistive equipment and technology	1,534	(774)	760
Tricuro	16,653	(3,370)	13,283
Social care activities	18,749	(414)	18,335
Information and early intervention	1,491	(189)	1,302
Commissioning and service delivery	6,259	(190)	6,069
Improved Better Care Fund	0	(11,296)	(11,296)
Winter Pressures Funding	1,748	(1,748)	0
Better Care Fund	0	(10,721)	(10,721)
Social Care Support Grant	0	(1,093)	(1,093)
Other	107	(29)	78
Substance misuse support funded from Public Health below	*(1,686)*	*1,686*	*0*
Total for Adult Social Care	**164,473**	**(56,099)**	**108,374**

Statement of Service Description	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Public Health	19,353	(19,353)	0
Total for Public Health	**19,353**	**(19,353)**	**0**

This page is intentionally left blank

Children's Budget Summary 2019/20

Statement of Service Description	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Social Care	41,892	(3,808)	38,084
Commissioning & Education Services	17,115	(4,080)	13,035
High Needs Block	31,673	(31,673)	0
Funding for Early Years Providers and Schools	55,216	(55,216)	0
Early years, early help and SEN team costs	18,625	(6,059)	12,566
Programmed Savings	(850)	(1,893)	(2,743)
Total for Children's Services	**163,671**	**(102,729)**	**60,942**

This page is intentionally left blank

Places / Environment & Economy Budget Summary 2019/20

Statement of Service Description	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Parks, Open Space & Leisure	22,585	(19,268)	3,317
Communities	3,137	(564)	2,573
Seafront, Tourism & Culture	21,648	(16,929)	4,719
Regulatory Services	3,925	(1,161)	2,764
Cleansing & Waste	35,807	(12,436)	23,371
Housing	23,115	(15,715)	7,400
Planning & Economy	10,812	(5,664)	5,148
Parking, ITS, Traffic & Network Management	14,909	(26,503)	(11,594)
Asset Management, Highways Maintenance, Engineering, Coastal & Flooding	7,487	(3,897)	3,590
Sustainable Transport	14,430	(4,520)	9,910
Trading Accounts (unallocated)	418	(1,824)	(1,406)
Total for Places	**158,273**	**(108,481)**	**49,792**

This page is intentionally left blank

Corporate Budget Summary 2019/20

Statement of Service Description	Gross Expenditure 2019/20 £000's	Gross Income 2019/20 £000's	Net Budget 2019/20 £000's
Financial Services	8,151	(2,181)	5,970
Corporate Estates	5,297	(2,082)	3,215
HR & Organisational Development	2,809	(1,017)	1,792
Legal & Governance Services	2,782	(141)	2,641
Democratic Services & Mayoralty	2,669	(865)	1,804
ICT, GIS & Web	9,406	(484)	8,922
Customer Services	1,827	(132)	1,695
Communications & Marketing	982	(174)	808
Policy & Research	942	(108)	834
Registrars	669	(1,123)	(454)
Elections & Land Charges	1,375	(965)	410
Corporate Management	1,479	(170)	1,309
Revenues & Benefits Services	5,996	(4,190)	1,806
Projects	10	(7)	3
Housing Benefits	153,304	(154,047)	(743)
SVPP	865	(110)	755
Non distributed costs	875	0	875
Insurance provisions & reserve contributions	2,209	(507)	1,702
Total for Corporate	**201,647**	**(168,303)**	**33,345**

This page is intentionally left blank

BCP Unitary Council - Budget 2019/20 and MTFP - Assumed Savings

Ref:	Theme	Name of Proposal	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total to 2022 £000's
1	Corporate Services	Staffing and organisational savings following Local Government Review	Combination of the disaggregated 2018/19 employee budgets of Dorset County Council not utilised as part of the staff requirements of the new BCP Council with efficiencies from combining the Bournemouth, Christchurch and Poole Teams.	(1,611)			**(1,611)**
2	Corporate Services	Rationalise Democratic Representation costs	Reduced Member Expenses as a consequence of the reduction in the number of Members from 125 to 76.	(500)			**(500)**
3	Corporate Services	Staffing and organisational savings within the Revenue and Benefits Service	Service efficiencies following further joint working between the Stour Valley and Poole Partnership (SVPP) which currently delivers Revenue and Benefits services to Christchurch, East Dorset, North Dorset and Poole with the service that provides services to Bournemouth residents	(190)	(218)		**(408)**
4	Corporate Services	Transfer of Functions	Reduced costs to the BCP Unitary Council associated with the mayoral functions being transferred to either the Chartered Trustees (Bournemouth and Poole) or Christchurch Town Council.	(290)			**(290)**
5	Corporate Services	External Audit Fee efficiencies	A reduction in the number of Authorities results in a reduced number of entities requiring External Audit. Also included is a reduced fee level following a successful procurement process undertaken by Public Sector Audit Appointments Ltd (PSAA)	(181)			**(181)**
6	Corporate Services	Base Budget Review	Further savings from the 2018/19 fundamental review of the base budget of ICT Services which extended into 2019/20	(82)			**(82)**
7	Corporate Services	Asset Investment Strategy Purchase	Parkway House specific asset purchase as agreed by Bournemouth Cabinet on the 18 July 2018	(35)			**(35)**
8	Corporate Services	Organisational saving following Local Government Review	One off contribution from the Dorset Area Unitary in recognition of their use of the Civic Offices in Christchurch for a twelve month period	(150)	150		**0**
		Savings Corporate Services		**(3,039)**	**(68)**	**0**	**(3,107)**

Ref:	Theme	Name of Proposal	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total to 2022 £000's
9	Children's Services	Staffing and organisational savings following Local Government Review	Combination of the disaggregated 2018/19 employee budgets of Dorset County Council not utilised as part of the staff requirements of the new BCP Council with efficiencies from combining the Bournemouth, Christchurch and Poole Teams.	(850)	(250)		**(1,100)**
10	Children's Services	Children in Care	Efficiencies from reducing the number of children requiring residential placements as set out in the Poole Budget for 2018/19 and Medium Term Financial Plan.	(600)			**(600)**
11	Children's Services	Early Help Review	Stage Two of the Early Help Review savings implemented by Bournemouth Council as part of their approved budget for 2018/19 and accompanying Medium Term Financial Plan.	(150)			**(150)**
12	Children's Services	Reduction in subsidies for school transport	Poole Cabinet agreed revised arrangements for Grammar school transport in June 2016. This was implemented in 2017/18 but due to the phased implementation plan and the difference between the financial year and school year a small element of the saving falls in 2019/20	(18)			**(18)**
		Savings Children's Services		**(1,618)**	**(250)**	**0**	**(1,868)**
13	Adult Social Care	Adult Social Care Provision	Working to ensure that all packages of care are taylored to specific needs of the Service User and achieving best value in delivering care and support	(900)			**(900)**
14	Adult Social Care	Staffing and organisational savings following Local Government Review	Combination of the disaggregated 2018/19 employee budgets of Dorset County Council not utilised as part of the staff requirements of the new BCP Council with efficiencies from combining the Bournemouth, Christchurch and Poole Teams.	(401)			**(401)**
15	Adult Social Care	Commercial Opportunity - new council designed and built care home	Savings in the cost of commissioned services to support the borrowing costs for the new Figbury Lodge facility.		(377)		**(377)**
16	Adult Social Care	Domiciliary Care costs	Review of the cost of domiciliary care contract.	(300)			**(300)**
17	Adult Social Care	Domiciliary Care costs	Review of domiciliary care contract to transition new services users from Christchurch to the Bournemouth and Poole Framework contract	(80)	(80)	(80)	**(240)**

Ref:	Theme	Name of Proposal	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total to 2022 £000's
18	Adult Social Care	Rebase Income Levels	Rebase the income budget for client contributions to reflect a combination of both actual performance with an inflationary increase.	(220)			**(220)**
19	Adult Social Care	Service Efficiencies - General	Includes efficiencies in the commissioning of contracts and an improvement in debt recovery levels.	(120)			**(120)**
20	Adult Social Care	Commercial Opportunity - Tricuro	Reduction in the price of care services charged to the Council by Tricuro which is a local authority trading company formed by Bournemouth Council, Poole Council and Dorset County Council.	(102)			**(102)**
21	Adult Social Care	Housing Related Support	Efficiencies following the reprovisioning of Housing Related Support services following their transfer from East Borough Housing to Poole Council.	(100)			**(100)**
		Savings Adult Social Care		**(2,223)**	**(457)**	**(80)**	**(2,760)**
22	Place Theme	Staffing and organisational savings following Local Government Review	Combination of the disaggregated 2018/19 employee budgets of Dorset County Council not utilised as part of the staff requirements of the new BCP Council with efficiencies from combining the Bournemouth, Christchurch and Poole Teams.	(1,660)	(30)		**(1,690)**
23	Place Theme	Service Efficiencies - General	Includes the rebase of a number of budget headings in line with historic trends. Includes income, efficiencies in markets, expenditure rebases and the Sainsbury Poole car park management fee.	(752)	(12)		**(764)**
24	Place Theme	Concessionary Fares	Rebase budget to reflect trend analysis which shows a 4% drop.	(343)			**(343)**
25	Place Theme	Commercial Opportunity - Adventure Golf	Adventure Golf facility on Bournemouth Seafront. Assumed contribution to the Council from the service provider. Agreed via Bournemouth's Executive Gateway Board in May 2018.	(120)	(130)		**(250)**
26	Place Theme	Fees and Charges	Beach Hut Income. Includes the final year of the Poole previously agreed increase strategy, with tariff harmonisation and price adjustments in other areas.	(256)	115	(89)	**(230)**

Ref:	Theme	Name of Proposal	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total to 2022 £000's
27	Place Theme	Car parking permits	Rebase budget to reflect increased sales of parking permits in line with current year performance. Includes the removal of previous parking permit scheme.	(191)			**(191)**
28	Place Theme	Commercial Opportunity - Beach Lodges	Provision of nine additional overnight Beach Lodges at Manor Steps agreed via Bournemouth's Executive Gateway Board in November 2017. Net additional income after borrowing costs	(185)			**(185)**
29	Place Theme	Fees and Charges	Rebase car parking income in line with historical actual performance	(177)			**(177)**
30	Place Theme	Fees and Charges	Price uplift and harmonisation of bin capacity in the Trade Waste service	(160)			**(160)**
31	Place Theme	Fees and Charges	Seafront and garage income price adjustment in line with an annual inflationary uplift.	(120)			**(120)**
32	Place Theme	Fees and Charges	Adjustment to Garden Waste fee income inline with bills already issued for 2019/20.	(101)			**(101)**
33	Place Theme	Commercial Opportunity - Highcliffe Castle	Assumed additional income generated from increased visitor numbers and the improved offer after completion of capital works.	(57)	(12)		**(69)**
34	Place Theme	Service Efficiencies - General	Residual Waste Tonnages reduction	(57)			**(57)**
35	Place Theme	Staffing and Organisational Saving Vehicle Management	Reduced operational costs as a consequence of an investment into fleet management software across the new council area.	(44)			**(44)**
36	Place Theme	Fees and Charges	Traffic Management Fees Harmonisation with the normal Building Control annual inflationary fee uplift	(35)	(5)		**(40)**
37	Place Theme	Service efficiencies Recreation & Sports	Lower contract price for the operation of the Leisure Centres in Poole managed by SLM Ltd and phased over 2018/19 and 2019/20	(36)			**(36)**
38	Place Theme	Fees and Charges	Numerous small price increases across numerous services in Christchurch	(24)			**(24)**

Ref:	Theme	Name of Proposal	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total to 2022 £000's
		Savings Place Theme		(4,318)	(74)	(89)	**(4,481)**
		Overall Total		(11,198)	(849)	(169)	**(12,216)**

Please Note:

A number of the above savings have been assumed for financial planning purposes only and it should be highlighted that they remain subject to both informal and statutory public consultation procedures and subsequent Member approval. If as a result the decision to proceed is not confirmed then the Council's s151 Officer (working with Members and other Officers) will need to ensure alternative resources are applied to the MTFP. The risk associated with such proposals is recognised as part of the risk assessment which underpins the annual Budget.

This page is intentionally left blank

Bournemouth, Christchurch and Poole

Shadow Executive

12 February 2019

MEDIUM TERM FINANCIAL PLAN 2019 to 2022

RESERVES & BALANCES

Background

A local authority must decide the level of general reserves it wishes to maintain before it can decide the level of the council tax it sets. The purpose of general reserves is to manage the risk to the council's financial standing from the impact of excesses to the budget provision and unforeseen events.

In setting the budget the S151 officer is required under S25 of the Local Government Act 2003 to report on **the robustness of the budget** and the **adequacy of reserves** supporting the budget. The requirement on the S151 officer is to ensure that the **budget recommended to Council is balanced** (i.e. expenditure matches income), is robust and therefore deliverable and has an adequate level of reserves. The S151 officer is required to ensure that the Council's approved budget addresses these three issues.

Ultimately, Council will determine the level of reserves and balances formally in setting the annual budget. The advice of the Chief Finance Officer must be formally recorded.

Guidelines

There is no set formula for deciding what level of reserves is adequate. Councils are free to determine the reserves they hold. Elected members are responsible for ensuring that their reserves are appropriate to local circumstances, and are accountable to taxpayers for the decisions they make.

It should be stressed that there is **no theoretically "correct" level** of reserves because the issues that affect an authority's need for reserves will vary over time and between authorities. **Reserves should not be seen in a short term context**. They should be placed in the context of the long term grant cuts, service pressures and service delivery problems that the Council is exposed to. It is however legitimate for the Council to call on reserves to mitigate short term pressures, smooth out the impact of extraordinary one-off demands and/or otherwise meet the costs of unforeseen events.

Comparative Information

The Chartered Institute of Public Finance and Accountancy (CIPFA) have carried out some benchmarking on the level of reserves held by most unitary authorities and identified that they tend to maintain unearmarked reserves between 5% and 10% of net revenue expenditure. For BCP this would mean maintaining such reserves at between £13.7m and £27.4m.

APPENDIX 3

Attached at Appendix 3a is comparative information on **unearmarked reserves** against our statistical nearest neighbours based on published financial information. The appendix highlights that our position, based on 1 April 2018 reported positions, should be robust and within the CIPFA range.

Interim Chief Financial Officer Advice

Reserves are an essential part of good financial management. They help councils to cope with unpredictable financial pressures and plan for their future spending commitments. The level, purpose and planned use of reserves are important factors for elected members and council officers to consider in developing medium term financial plans and setting annual budgets. Having the right level of reserves is incredibly important. Where councils hold very low reserves there may be little resilience to financial shocks and sustained financial challenges, where reserves are high then councils may be holding more than they need.

As part of the Financial Strategy, approved at its meeting on the 24 May 2018, the BCP Joint Committee proposed maintaining the absolute value of the unearmarked reserves passed across from Bournemouth, Christchurch and Poole councils in recognition of the risks related to the change process and the associated uncertainty. This approach recognised that the establishment of a new Unitary Council drawn from two existing Unitary Councils, a district council and part of a county council has never undertaken before. It also acknowledges that the budget has been drawn based on four existing council budgets, four financial systems using three finance teams, one of which only merged in April 2018.

This organisation and change risk also needs to be seen in the context of local authorities continuing to face some of the most significant financial challenges for a generation. These include the almost the complete removal of government's unringfenced funding to the relevant Councils, constrained council tax increases, a decline in other sources of income, rising costs and growing demand for many services that will test the council's financial management and resilience.

In advising members on the appropriate level of reserves there is also a need to take into account the potential financial impact of all strategic, operational and financial risks facing the authority, together with the current overall financial standing of the new Council including any third party assessments of this position. The management of reserves will be fundamental to ensuring BCP has a sound financial base on which to build going forward.

In developing a financial strategy to support the delivery of a balanced budget for 2019/20 the interim Chief Financial Officer undertook a review of all reserves as reported to the Shadow Executive in December. This review was particularly focused on the extent to which resources might be best applied to;

a) Transition, transformation and one-off costs associated with creating the new council.

b) Specific challenges faced by the new Council in creating a new single tier local government entity. An example of this is around setting a balanced budget on the High Needs element of its Dedicated Schools Grant.

c) Supplementing the amount currently available for Welfare Reform which acts as a Hardship Fund.

The review also set out the approach to categorising earmarked reserves into ten broad headings, namely;

- Financial resilience reserves
- Transition and transformation reserves
- Asset investment strategy, rent, risk and repairs reserve
- Insurance reserve
- Reserves held in partnership for external organisations
- Reserves required by statue or legislation
- Planning related reserves
- Government grants held in reserves
- Maintenance reserves
- ICT development and improvement reserves
- Reserves held to support corporate priorities and service improvements

Details of the reserves held by the Council are included at Appendix 3b to this report. This also includes a schedule of the Earmarked Reserves that the Council is now forecast to hold on the 1 April 2019.

A summary of the Council's reserve policy is proposed as follows;

a) An annual risk assessment should be undertaken to support the overall level of reserves, as set out within Appendix 3c.

b) In the medium term reserves should be maintained to; -

- support the Council's aims and objectives.
- create a working balance to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- mitigate the underlying operational risk associated with the operation of a Council and the management of service expenditure, income and other financing items.
- mitigate the risk posed to the Council in terms of the current economic climate.
- Smooth out the impact of Government Grant reductions and enable the necessary structural budget adjustments, as underpinned by the required business transformations, to be implemented in a measured and planned for way.

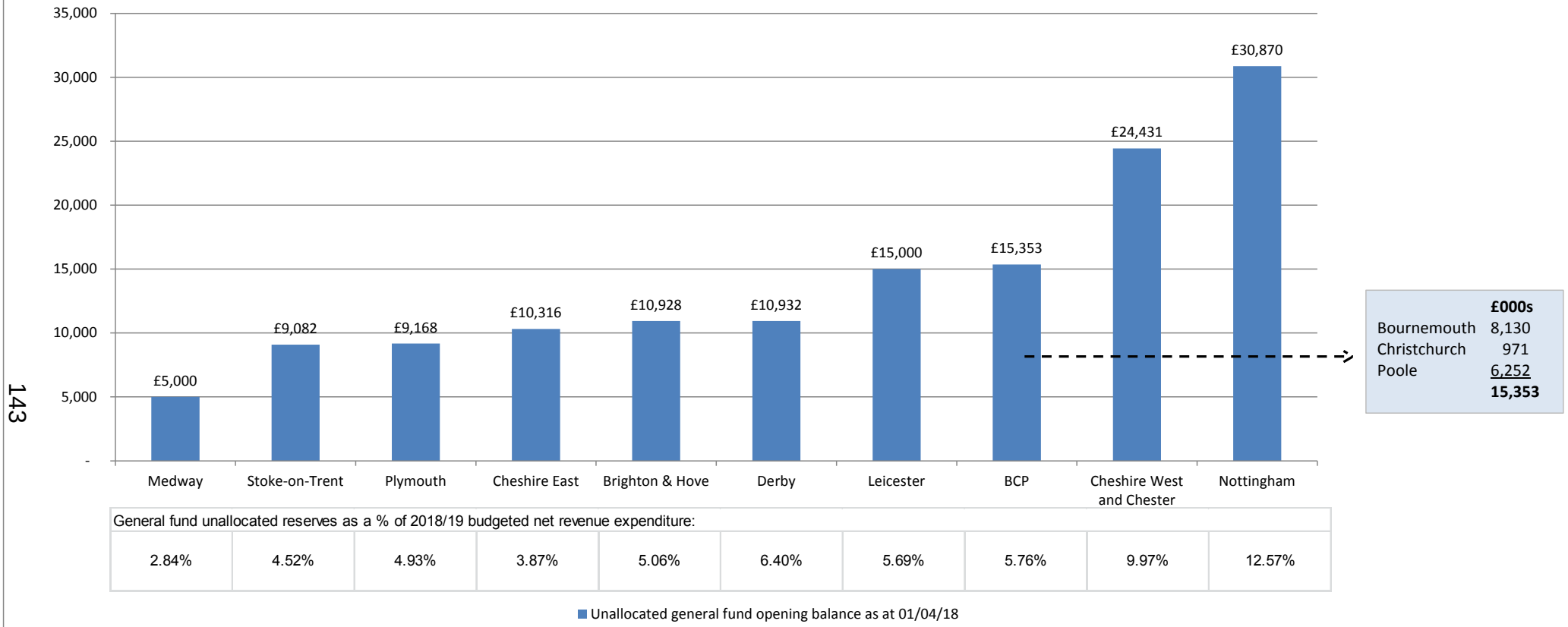
c) For operational purposes unearmarked reserves should be around **£15.4m**. This represents around 5.6% of the estimated net revenue budget of the council.

d) No assumption is made in regards to the value of reserves that will be transferred from Dorset County Council (DCC). BCP will inherit a fair and reasonable share of these based on the balance sheet position of DCC as at the 31 March 2019. Any such transferred reserves, not required for a specific purpose will be used to supplement the resources set aside by BCP for its Transition and Transformation.

e) As part of the Council Budget Monitoring process, the level of reserves and balances will be reviewed annually to ensure that these are at an appropriate level and in accordance with the policy objectives.

The interim Chief Financial Officer (CFO) considers the level of reserves as proposed to be adequate for the purposes of the 2019/20 Budget. The CFO also considers that in respect of the estimates used to prepare the budget that they provide a robust and reasonable basis upon which to derive such estimates.

Unallocated general fund balances - 01/04/18 position of statistical near neighbours vs BCP current forecast



General fund unallocated reserves as a % of 2018/19 budgeted net revenue expenditure:									
2.84%	4.52%	4.93%	3.87%	5.06%	6.40%	5.69%	5.76%	9.97%	12.57%

	£000s
Bournemouth	8,130
Christchurch	971
Poole	6,252
	15,353

Note: BCP will receive a fair and reasonable share of the general balance of Dorset County Council. These will be treated as a contribution towards transition and transformation costs

Appendix 3a

This page is intentionally left blank

BCP AUTHORITY - Forecast Earmarked Reserves

Detail	01/04/19 Estimated Balances £000's
(A) - Financial Resilience Reserves	**(10,328)**
(B) - Transition and Transformation Reserves	**(3,578)**
(C) - Asset Investment Strategy Rent, Renewals and Repairs	**(2,500)**
(D) - Insurance Reserve	**(3,500)**
(E) - Held in Partnership for External Organisations	**(3,103)**
(F) - Required by Statute or Legislation	**(2,621)**
(G) - Planning Related	**(347)**
(H) - Government Grants	**(5,204)**
(I) - Maintenance	**(1,401)**
(J) - ICT Development & Improvement	**(807)**
(K) - Corporate Priorities & Improvements	**(2,346)**
Forecast Earmarked Reserve Balance - 31 March	**(35,735)**
(L) - General Fund Capital Reserves	(14,570)
(M) - Schools Balances - held in delegation	901
Total Forecast Earmarked Reserve Balance - 31 March	**(49,404)**

APPENDIX 3b

(A) - Financial Resilience Reserves

	01/04/19 Estimate £000's
Purpose: Designed to provide each Theme with the ability to manage any in-year emerging issues as they strive to deliver the seamless transfer of services to the new council and manage the financial consequences of any unforeseen issues. The Financial Planning Reserve will enable any future structural budget adjustments to be implemented in a measured and planned for way.	
Financial Planning Reserve	(4,000)
Adult Social Care Resilience Reserve	(3,400)
Children's Services Resilience Reserve	(1,600)
Place Theme Resilience Reserve	(1,000)
Other Financial Resilience Reserves	(328)
Financial Resilience Reserves	**(10,328)**

(B) - Transition and Transformation Reserves

	01/04/19 Estimate £000's
Purpose: Resources set aside to support the one-off change costs of creating the new council including the phase three transformation programme. Includes the council's contribution to support the deficit on the Dedicated Schools Grant (DSG) high needs budget which is a one-off contribution for 2019/20 only.	
BCP Programme Resources (approved for 2019/20)	(1,178)
High Needs Block - Dedicated Schools Grant - 2019/20	(2,400)
Transition and Transformation Reserves	**(3,578)**

(C) - Asset Investment Strategy Rent, Renewals and Repairs

	01/04/19 Estimate £000's
Purpose: Resources set a side as part of the process of managing annual fluctuations in the rent, landlord repairs and costs associated with the councils commercial property acquisitions as set out in the Non Treasury Asset Investment Strategy.	
Asset Investment Strategy Rent, Renewals and Repairs	**(2,500)**

(D) - Insurance Reserve

	01/04/19 Estimate £000's
Purpose: Reserve to enable the annual fluctuations in the amounts of excesses payable to be funded without creating an in-year pressures on the services. Subject to ongoing review by an independent third party.	
Insurance Reserve	**(3,500)**

(E) - Held in Partnership for External Organisations

	01/04/19 Estimate £000's
Purpose: Amounts held in trust on behalf of partners or external third party organisations.	
Schools Block Reserve	(322)
Dorset Adult Learning Service	(466)
Stour Valley and Poole Partnership (SVPP)	(647)
Post 16 Service	(3)
Flippers Nursery	(35)
Public Health	(418)
Pavilion BIC - Repair and Renewal Fund	(101)
Dorset Youth Offending Service Partnership	(249)
Music and Arts Education Partnership	(442)
Bournemouth 2026	(372)
Aspire Adoption CSC	(48)
Held in Partnership for External Organisations	**(3,103)**

(F) - Required by Statute or Legislation

	01/04/19 Estimate £000's
Purpose: Amounts which the council is required to hold as a reserve in line with current accounting practice or legislative requirements.	
Building Regulation Account	(37)
Bournemouth Library Private Finance Initiative (PFI)	(344)
Carbon trust	110
Business Rates Appeals	(1,596)
Levy Account Surplus Allocations 2018/19	(754)
Required by Statute or Legislation	**(2,621)**

(G) - Planning Related

	01/04/19 Estimate £000's
Purpose: Reserves designed to support planning processes and associated planning activity where expenditure does is not incurred on an even annual basis.	
Local Development Plan Reserve	(107)
Other Planning Related Reserves	(240)
Planning Related	**(347)**

(H) - Government Grants

	01/04/19 Estimate £000's
Purpose: Amounts which the council is required to hold as a reserve in line with specific grant conditions.	
Total Unspent Grants	(5,204)
Government Grants	**(5,204)**

(I) - Maintenance

	01/04/19 Estimate £000's
Purpose: Reserves and sinking funds designed to support maintenance investments in specific services or assets.	
Corporate Maintenance Fund	(265)
Facilities Management Revenue Reserve	(263)
Other Maintenance Related Reserves	(873)
Maintenance	**(1,401)**

(J) - ICT Development & Improvement

	01/04/19 Estimate £000's
Purpose: Resources set aside to meet various ICT improvement projects	
ICT Development & Improvement	**(807)**

(K) -Corporate Priorities & Improvements

	01/04/19 Estimate £000's
Purpose: Amounts set a side to deliver various priorities, some of which will be of a historical natured inherited from the predecessor authorities.	
Welfare Reform Reserve / Hardship Fund	(100)
Other Corporate Priorities & Improvements	(2,246)
Corporate Priorities & Improvements	**(2,346)**

Please note:
(A): These earmarked reserves are estimates and should be treated with a degree of caution. It should be highlight that much will depend on the decisions of the predecessor councils prior to vesting day.
(B): Any reserves transferred from Dorset County Council, not needed for a specific purpose will be added to the transformation and transition earmarked reserve.

APPENDIX 3b

This page is intentionally left blank

BOURNEMOUTH, CHRISTCHURCH AND POOLE

General Unearmarked Reserves - Risk Assessment 2019/20

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Final Local Government Finance Settlement not due until early February. Risk that final resources allocated by Government will be more severe than the provisional settlement.	Participation in Government teleconference and monitoring announcements.	Continue to monitor developments. Impact based on benefit of negative revenue support grant.	4	1	4	£3,048,000	25%	£762,000
Significant assumptions included in the 2019/20 base budget of the Council related to Council Tax income including the adjustments associated with the harmonisation process.	Structured process to robustly monitor the budget	Establish monitoring arrangements including quarterly reports to Cabinet. *Impact recognises 1% variation on total budgeted council tax income.*	3	2	6	£2,102,000	50%	£1,051,000
Instability to the Council's core funding streams due to the potential for variation in the £144m+ of business rates collected annually and the risk associated with the passported appeals system. This includes prescribed timing difference around when items can be credited to the accounts. These risks will increase as the Government move towards a 75% Business Rates retention model.	Monitoring process and tracking of business closures and start ups	Establish monitoring arrangements as supported by Audit and Governance Committee on a periodic basis. *Impact recognises 1% variation in the total collected.*	3	2	6	£1,440,000	50%	£720,000
Significant assumptions included in the 2019/20 base budget in respect of the baseline costs of the new Council.	Structured process to robust budget monitoring	Establish monitoring arrangements including quarterly reports to Cabinet. *Impact based on a 1% variation on the net budget of the Council*	4	2	8	£2,739,150	75%	£2,054,363

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Instability to the Council's Council Tax Base due to variations in the number of the Local Council Tax Support (benefits) scheme claimants and the ability of the Government to change welfare policy impacting on the amount that can be claimed.	Monitoring of tax base position an claimant numbers	Establish monitoring arrangements. Based on risk of a 5% increase in caseload.	3	2	6	£1,320,350	50%	£660,175
General operational risk of a reductions in fees, charges and rents Income. *Risk also reflects the new Council not developing and implementing appropriate arrangements for their collection and from the decline in individuals personal wealth.*	Monitoring of the key areas of fees & charges income	Development of monitoring arrangements. *Impact assumes a 3% variation in the estimated amount.*	3	2	6	£2,355,360	50%	£1,177,680
Unforecast increase in service demand for Adult Social Care. *This includes the significant threat to demand for Adult Social care from the 75% to 80% of clients locally who are self funders and do not require financial assistance from the Council and the unstable market conditions for such services as residential care for older people.*	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. *Impact recognises a 5% service cost pressure based on local government experience.*	4	2	8	£5,400,000	75%	£4,050,000
Significant assumptions included in the 2019/20 base budget of the Council related to specific Government grants including the Improved Better Care Fund and other specific grants awarded to support Adults and Children's Services.	Structured process to robust budget monitoring	Establish monitoring arrangements including quarterly reports to Cabinet. *Impact based on 10% variation in grants assumed to support social care as part of the budget* process.	4	2	8	£2,663,000	75%	£1,997,250
Unforecast increase in service demand for Childrens Services.	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. *Impact recognises a 5% service cost pressure based on local government experience.*	4	2	8	£3,100,000	75%	£2,325,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
High Needs budget element of the Dedicated Schools Grant (DSG). Assessment of annual ongoing deficit is £4.8m based on 2019/20 position. Limited Government recognition of unfunded burden for 19 to 25 Education Health and Care Plans (EHCPs) they passed to local authorities in increasing age range. Need to identify ongoing sustainable solution.	Robust monitoring of the financial position and regular review by the BCP Schools Forum.	Ongoing dialogue/lobbying of Government and consideration of the matter with the BCP Schools Forum	4	2	8	£4,800,000	75%	£3,600,000
Insufficient resources to address any unresolved issues associated with the disaggregation of costs previously incurred by Dorset County Council. A good example is the costs in respect of Christchurch adults and children supported by the council where the understanding of the care packages is still being refined.	Delivery Boards work in developing their budget proposals.	Ongoing dialogue, understanding of client group and refinement of their costs.	3	2	6	£1,500,000	50%	£750,000
Council Change Programme includes the implementation of new systems such as the MOSAIC Adult Social Care System in respect of Bournemouth service users	Adult Delivery Board ongoing review of the progress with the programmes delivery.	Continue to review progress and monitor implications	2	3	6	£1,000,000	50%	£500,000
Impact of wider Welfare Reform agenda. Includes those associated with ongoing demand for Discretionary Housing Payments (DHP) further to the benefit cap arrangements and the roll out of Universal Credit.	Monitoring of activity by the Revenue & Benefits and Housing Teams	Concern around the impact and consequences for the most vulnerable in our community. Concern in respect of the impact on the Council's housing services if landlords are unable to obtain payment.	2	2	4	£1,000,000	25%	£250,000
Government unfunded requirements or changes that lead to cost increases or income reductions to the Council. *A good example would be from the implications of the Resources and Waste Strategy.*	Ongoing review of Government policy proposals. New burdens doctrine.	Monitoring of Government policy proposals.	3	2	6	£1,500,000	50%	£750,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Inflation risk. Provision has only been made f*or inflation where "clear evidence that it will be required due to either market conditions or due to contractual terms and conditions".*	Generally outside of local control. December 2018 - CPI 2.1%	Monitoring of relevant developments and indicators. Consider extent to which the Council can influence local market pressures. *Based on an estimate of premises, transport, contract payments, agency payments, supplies & services costs and a 2% variation.*	4	1	4	£4,592,480	25%	£1,148,120
Increasing Government regulation underpinned by the principle of fines for none compliance. An example would be the Finance Bill 2017 Off Payroll Workers Regulations or financial penalties if the new Council has failed to handle individuals personal data correctly.	Statutory and regulatory controls, internal governance procedures, professional advisers. Programme management arrangements for data transferring to new Council.	Monitor any such claims and seek approaches which limit exposure/claims.	1	1	1	£500,000	10%	£50,000
Increasing number of partner and Public Sector organisations employing no win no fee advocacy to try and improve their financial position to the detriment of the Council.	Statutory and regulatory controls, internal governance procedures, professional advisers.	Monitor any such claims and seek approaches which limit claims especially those in respect of their backdating.	1	1	1	£500,000	10%	£50,000
Increasing number of Public Sector organisations recharging for services that were previous provided at no cost. An example would be the Health & Safety Executive	Statutory and regulatory controls, internal governance procedures, professional advisers.	Consideration, review and challenge of claims for payment from any such organisations.	1	1	1	£500,000	10%	£50,000
Insufficient resources to resolve Legal claims against the Council. *Examples include potential claims brought against the council due to contractual terms and arrangements, and claims as a consequence of the Councils stake in third party organisations and companies.*	Statutory and regulatory controls, internal governance procedures, professional advisers.	Monitor any such claims and seek approaches which limit claims especially those in respect of their backdating.	3	2	6	£1,500,000	50%	£750,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Risk associated with the transfer of staff from four separate councils into Bournemouth, Christchurch and Poole with variations in their legacy terms and conditions of service.	Mitigation prior to vesting day to create a level of consistency and work with Korn Ferry to establish a harmonised pay and grading structure.	Delivery of a harmonised pay and grading structure as soon as is feasible in the life of the new Unitary Authority. *Impact based on a 2% variation to the pay bill.*	4	2	8	£2,982,900	75%	£2,237,175
Insufficient resources to support necessary capital infrastructure developments. Council currently has limited capital resources and an allocated revenue contribution to capital in 2019/20.	Schemes will only be approved once necessary resources are in place	Establish capital allocation processes.	3	2	6	£2,500,000	50%	£1,250,000
Additional resources required to support or complete schemes already within the capital programme.	Robust monitoring arrangements or individual schemes	Continue capital monitoring arrangements	3	2	6	£2,500,000	50%	£1,250,000
Key projects of the Council where the procurement process has / or is about commence require additional resources over and above those set out in their approved financial strategy to meet the original specification or vision for the scheme.	Commissioned works limited to identified financial resources	Gateway review on key projects post procurement and before final commissioning of works	4	2	8	£5,000,000	75%	£3,750,000
Organisational capability and capacity to deliver change programme	Established programme management team and the level of BCP corporate programme resources already set side.	Regular programme management update reports to Shadow Executive and future Cabinet	2	2	4	£1,000,000	25%	£250,000
Pension Fund Deficit. Tri-annual valuations undertaken. Next one due in April 2019 for implementation of impact from 2020/21 onwards. Potential for significant increase due to (a) further tightening of Government regulation around extent of deficit a pension fund can hold (b) market volatility.	Ongoing dialogue with representatives of the Dorset County Pension Fund (DCPF)	Regular monitoring discussions with the DCPF administrator and the actuary. *Impact based on further 1% impact on pay bill.*	3	2	6	£1,491,450	50%	£745,725

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Reduction in income from the investment of the Council's day to day cash balances and reserves	Established quarterly financial monitoring arrangements in place at Executive level and quarterly review by the Audit & Governance Committee	Establish monitoring arrangements. *Based on a potential 0.25% reduction in interest rates (what the markets refer to as downside risk).*	1	3	3	£95,000	10%	£9,500
Savings, efficiencies and additional resources assumed within the 2019/20 base budget of £11.2m will not be delivered.	Structured monitoring via the budget process	Continual monitoring of the budget. *Based on an assumed risk associated with 25% of the savings recognised in the base budget.*	4	1	4	£2,800,000	25%	£700,000
The £27.3m of savings and efficiencies an additional resources required to balance years 2 to 4 of the MTFP will become increasingly challenging to deliver. Particularly as they are after Council Tax increases in each year and they are after the £11.2m identified in order to balance the 2019/20 budget.	Robust Medium Term Financial Planning process	Continue monitoring and development of the process. Years 2 to 4 savings. *Risk recognises 25% of the savings target*	4	1	4	£6,825,000	25%	£1,706,250
Failure of a Major Contractor	Robust procurement and contract management procedures. Including performance bonds and parent company guarantees	Regular review of contract performance and contractor financial standing.	3	2	6	£1,500,000	50%	£750,000
Impact on operational capability due to technological or cyber risk	Security, protocols, encryption, and constant review of threats	Continue current control framework	2	2	4	£500,000	25%	£125,000
Major Incident	Operational procedures and planning.	Consider potential to obtain national funding under the Bellwin scheme.	2	2	4	£1,000,000	25%	£250,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Implications of the United Kingdoms process for exiting the European Union. On the 28 January 2019 MHCLG announced some grant resources for Brexit preparation.	Predecessor Council and Shadow Executive regular consideration of the evolving issue.	BCP engagement with Dorset Local Resilience Forum and port authorities	3	2	6	£1,500,000	50%	£750,000
Environmental Issues (Flood Plain) and potential costs if sea defences fail	Funding only approved once necessary resources are in place	Part of Coastal defence strategy	3	1	3	£2,000,000	10%	£200,000
TOTAL PROPOSED MINIMUM LEVEL OF BALANCES						**£73,254,690**		**£36,669,238**

In addition to the assessment of the identified individuals risks the Council also assess the risk against the overall total. A risk weighting of between 40% and 80% would assess the range to be around **£14.7m as a minimum** and around **£29.3m at the maximum**.

CIPFA benchmarking would indicate un-earmarked reserves for a unitary council should be maintained between £13.7m (5%) £27.4m (10%)

The proposal is that un-earmarked reserves for BCP are maintained at £15.4m (5.6%) which is at the lower end of the range.

Maintaining reserves at the lower end of the spectrum can only be supported due to the inclusion of a base budget revenue contingency alongside the financial resilience reserves for each of the service areas (Adults / Childrens / Place / Corporate) and the capital contingency.

APPENDIX 3c

This page is intentionally left blank

RESERVES RISK ASSESSMENT

SCORING MATRIX

LIKELIHOOD

IMPACT		**1**	**2**	**3**	**4**
Severe / Catastrophic **Over £2.5m**	**4**	4 *(25%)*	8 *(75%)*	12 *(100%)*	16 *(100%)*
Major **£1m to £2.5m**	**3**	3 *(10%)*	6 *(50%)*	9 *(100%)*	12 *(100%)*
Moderate **£500k to £1m**	**2**	2 *(10%)*	4 *(25%)*	6 *(50%)*	8 *(75%)*
Minor **Below £500k**	**1**	1 *(10%)*	2 *(10%)*	3 *(10%)*	4 *(25%)*
		Unlikely	**Possible**	**Likely**	**Very Likely**
		• May occur in time but very infrequent, perhaps once in a lifetime • Odds of 100-1 to 1000-1	• May occur occasionally, perhaps once every few years • Odds of 10-1 to 99-1	• Likely to occur imminently or within the next few months to a year • Odds of 10-1 to Evens	• Will occur or does occur regularly • Odds of Evens or Absolute Certainty

% relates to the weighting which will be given to the potential impact to determine the reserve provision required.

APPENDIX 3d

This page is intentionally left blank

Appendix 4a

BCP Capital Programme 2019/20 to 2021/22 by Local Area

	Bournemouth				Poole				Christchurch				Additional Items (inc ex DCC re Xchurch)				BCP			
	Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme	Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme	Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme	Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme	Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adults and Children																				
Adult Social Care	400	-		**400**	979	-		**979**				-				-	1,379	-	-	**1,379**
Children & Young People	-	-		-	14,767	207		**14,974**				-	304	-		**304**	15,071	207	-	**15,278**
	400	**-**	**-**	**400**	**15,746**	**207**	**-**	**15,953**	**-**	**-**	**-**	**-**	**304**	**-**	**-**	**304**	**16,450**	**207**	**-**	**16,657**
Resources																				
ICT Investment	-	-		-	276	15		**291**	37			**37**	1,018	200		**1,218**	1,331	215	-	**1,546**
	-	**-**	**-**	**-**	**276**	**15**	**-**	**291**	**37**	**-**	**-**	**37**	**1,018**	**200**	**-**	**1,218**	**1,331**	**215**	**-**	**1,546**
Place (Environment, Community, Regeneration)																				
Open Spaces	-	-		-	3,634	557		**4,191**	141	133		**274**				-	3,775	690	-	**4,465**
Housing & Community	16,346	5,709	2,062	**24,117**	2,206			**2,206**	479			**479**	534			**534**	19,565	5,709	2,062	**27,336**
Lansdowne Business District	3,100	4,450	2,740	**10,290**				-				-				-	3,100	4,450	2,740	**10,290**
Fleet Management	943			**943**	3,519	1,342	1,239	**6,100**				-				-	4,462	1,342	1,239	**7,042**
Waste Management	6,092	3,500		**9,592**	124	124	124	**372**				-				-	6,216	3,624	124	**9,964**
Highways & Transportation	3,147			**3,147**	11,310	750		**12,060**				-	5,604			**5,604**	20,061	750	-	**20,811**
Coastal Protection (including flood defence)	1,664	-		**1,664**	876	-		**876**	176			**176**				-	2,716	-	-	**2,716**
Seafront Development	27			**27**	8,450	-		**8,450**				-				-	8,477	-	-	**8,477**
Civic Estate (inc DDA)	997	997		**1,994**	-	-		-				-				-	997	997	-	**1,994**
Leisure (inc BH Live)	-	-		-				-				-				-	-	-	-	-
Culture, Arts, Libraries & Museums				-				-	306	128	41	**475**				-	306	128	41	**475**
	32,316	**14,656**	**4,802**	**51,774**	**30,119**	**2,773**	**1,363**	**34,255**	**1,102**	**261**	**41**	**1,404**	**6,138**	**-**	**-**	**6,138**	**69,675**	**17,690**	**6,206**	**93,570**
Total General fund	**32,716**	**14,656**	**4,802**	**52,174**	**46,141**	**2,995**	**1,363**	**50,499**	**1,139**	**261**	**41**	**1,441**	**7,460**	**200**	**-**	**7,660**	**87,456**	**18,112**	**6,206**	**111,773**
Funding Identified																				
Capital receipt	914			**914**	4,650	-		**4,650**				-				-	5,564	-	-	**5,564**
BCP Corporate Revenue Contribution to Capital	997			**997**	26	-		**26**				-	1,018	200		**1,218**	2,041	200	-	**2,241**
Corporate Capital Reserve (inc SU RCCO)		997		**997**	7,000	1,132	124	**8,256**				-				-	7,000	2,129	124	**9,253**
Corporate Earmarked Reserves		-		-	1,230	0		**1,230**	833	133	41	**1,007**				-	2,063	133	41	**2,236**
Prudential Borrowing	14,050	5,709	2,062	**21,821**	12,800	1,342	1,239	**15,381**				-	1,420			**1,420**	28,270	7,051	3,301	**38,621**
Capital Grant	14,856	7,650	2,740	**25,246**	17,843	521		**18,364**	306	128		**434**	4,522			**4,522**	37,527	8,299	2,740	**48,566**
Other contribution (inc s106 and CIL)	1,900	300		**2,200**	2,592	-		**2,592**				-	500			**500**	4,992	300	-	**5,292**
Total Funding Identified	**32,716**	**14,656**	**4,802**	**52,174**	**46,141**	**2,995**	**1,363**	**50,499**	**1,139**	**261**	**41**	**1,441**	**7,460**	**200**	**-**	**7,660**	**87,456**	**18,112**	**6,206**	**111,773**

Includes <u>estimated</u> 2019/20 disaggregated capital grant from Dorset County Council in relation to the Christchurch area - this is still to be confirmed

Appendix 4b

BCP Capital Programme 2019/20 to 2021/22 with Priority Projects Listed and Funding Source

BCP General Fund Planned Capital Expenditure (2018/19 to 2020/21)				Planned Programme 2019/20	Planned Programme 2020/21	Planned Programme 2021/22	Total Programme	Project Funding										
	LA	Scheme	Project Status	£000	£000	£000	£000	LA								External	External	Total
								Capital Fund (including service revenue)	Earmarked Reserves	Capital Receipts	CIL	Reserves, s106, Developers	Supported Borrowing	Prudential Borrowing	General Borrowing	3rd Party	Grants	
Adults and Children		**Scheme**																
Adult Social Care	Poole	Figbury Lodge (completion)	final phase	839	-		839	-	-	-	-	-	-	839	-	-	-	839
Adult Social Care	Bournemouth	Mosaic Children & Adults Care Mgt System (completion)	final phase	400	-		400	-	-	400	-	-	-	-	-	-	-	400
Adult Social Care	Poole	Dorset Care Record Partnership	final phase	140	-		140	60	-	-	-	-	-	-	-	40	40	140
Children & Young People	Poole	Carter School	construction	4,568	-		4,568	-	-	-	-	-	3,237	-	-	-	1,331	4,568
Children & Young People	Poole	Hillbourne New School Building	pre-construction	9,600			9,600	678	-	4,650	200	725	1,510	-	-	-	1,837	9,600
Children & Young People	ex Dorset	Twynham Primary School	final phase	304	-		304	-	-	-	-	-	-	-	304	-	-	304
Children & Young People	Poole	Government Grant Allocation (SEN)	strategy in development	207	207		414	-	-	-	-	-	-	-	-	-	414	414
Children & Young People	Poole	Various (including grant funded contingency)	contingency	392	-		392	-	-	-	-	-	-	-	-	-	392	392
Children & Young People	ex Dorset	Education Government Grant (disaggregated)	Govt grant **(indicative)**	**TBC**	-		-	-	-	-	-	-	-	-	-	-	-	-
				16,450	207	-	16,657	738		5,050	200	725	4,747	839	304	40	4,014	16,657
Resources		**Scheme**																
ICT Investment	BCP	ICT infrastructure modernisation	**to be approved**	1,055	200		1,255	1,218	37	-	-	-	-	-	-	-	-	1,255
ICT Investment	Poole	ICT infrastructure , LAN, WAN and Microsoft 365	final phase	276	15		291	291	-	-	-	-	-	-	-	-	-	291
				1,331	215	-	1,546	1,509	37	-	-	-	-	-	-	-	-	1,546
Place		**Scheme**																
Culture, Arts, Libraries, Museums	Christchurch	Highcliffe Castle	started	306	128	41	475	-	41	-	-	-	-	-	-	-	434	475
Open Spaces	Poole	Poole Park Development	started	2,407	405		2,812	314	-	-	-	259	-	-	-	41	2,197	2,812
Open Spaces	Christchurch	Legacy play areas	started	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Open Spaces	Christchurch	Priory Walls	started	113	112		225	-	225	-	-	-	-	-	-	-	-	225
Open Spaces	Poole	Other (inc Poole UCP, Mini Rail, Dolphin, SANG)	started	1,255	173	-	1,428	281	49	-	137	518	-	281	-	79	83	1,428
Housing & Community	Bournemouth	Homeless Housing Acquisition Programme					-	-	-	-	-	-	-	-	-	-	-	-
Housing & Community	BCP	Disabled Facilities Grant & Community Equipment Store	Govt grant **(indicative)**	3,165			3,165	-	-	-	-	-	-	-	-	-	3,165	3,165
Housing & Community	Poole	Community Land Trust (affordable housing)	started	670			670	-	-	-	-	-	-	-	-	-	670	670
Housing & Community	Christchurch	Regent Centre	final phase	450			450	-	450	-	-	-	-	-	-	-	-	450
Housing & Community	Bournemouth	New Temporary Accommodation Portfolio	started	14,979	5,709	2,062	22,750	-	-	-	-	-	-	20,850	-	1,900	-	22,750
Housing & Community	BCP	Other schemes (inc private sector renewal)	rolling programme	301	-	-	301	102	29	-	-	-	-	-	-	170	-	301
Lansdowne Business District	Bournemouth	Lansdowne Business District		3,100	4,450	2,740	10,290	-	-	-	300	-	-	-	-	-	9,990	10,290
Fleet Management	Poole & Bournemouth	Fleet replacement scheme	rolling programme	4,462	1,342	1,239	7,042	-	-	-	-	-	-	7,042	-	-	-	7,042
Waste Management	Bournemouth	Materials Recycling Facility	pre-construction	6,092	3,500	-	9,592	-	-	-	-	-	-	-	-	-	9,592	9,592
Waste Management	Poole	Waste Bin Replacement Scheme	rolling programme	124	124	124	372	372	-	-	-	-	-	-	-	-	-	372
Civic Estate	Bournemouth	Backlog Maintenance	rolling programme	997	997		1,994	1,994	-	-	-	-	-	-	-	-	-	1,994
Civic Estate (inc DDA)	BCP	Various smaller schemes		-	-		-	-	-	-	-	-	-	-	-	-	-	-
Leisure (inc BH Live)	B'mouth & C'Church	Principally BH Live		-	-		-	-	-	-	-	-	-	-	-	-	-	-
Highways & Transportation	Poole	Port of Poole Programme (DLEP)	started	4,976	-		4,976	-	-	-	-	-	-	-	-	-	4,976	4,976
Highways & Transportation	Poole	Heart of Poole - development partner procurement	approved (BOP)	1,230			1,230	-	1,230	-	-	-	-	-	-	-	-	1,230
Highways & Transportation	Poole	Heart of Poole - approved funding for delivery phase	pre-construction	750	750		1,500	1,500	-	-	-	-	-	-	-	-	-	1,500
Highways & Transportation	Ex Dorset	Blackwater Interchange		3,230	-		3,230	-	-	-	-	-	-	-	566	-	2,664	3,230
Highways & Transportation	Ex Dorset	A338 Widening Scheme		1,500			1,500	-	-	-	-	500	-	-	550	-	450	1,500
Highways & Transportation	Bournemouth	A338 Wessex Fields Link	requires approval				-	-	-	-	-	-	-	-	-	-	-	-
Highways & Transportation	Poole	Street Lighting Investment	final phase	500			500	-	-	-	-	-	-	500	-	-	-	500
Highways & Transportation	BCP	Indicative Integrated Transport Block (ITB) allocations	New Govt grant	3,078			3,078	-	-	-	-	-	-	-	-	-	3,078	3,078
Highways & Transportation	BCP	Indicative highways maintenance (LTP)	New Govt grant	3,725			3,725	-	-	-	-	-	-	-	-	-	3,725	3,725
Highways & Transportation	Poole	highways maintenance (2018/19 LTP + £200k DCC)	Prior Year LTP	746			746	-	-	-	-	-	-	-	-	200	546	746
Highways & Transportation	Poole	Pothole Grant (indicative allocation)	New Govt grant	124			124	-	-	-	-	-	-	-	-	-	124	124
Highways & Transportation	Poole	Other smaller schemes	commenced	202	-		202	65	-	-	-	133	-	-	-	-	4	202
Coastal Protection	Poole	Majority EA funded flood defence works	started	876			876	135	-	-	-	-	-	-	-	-	741	876
Coastal Protection	B'mouth & C'Church	Beach Management	started	1,840	-		1,840	-	176	514	-	-	-	-	-	-	1,149	1,840
Seafront Development	Poole	Canford Cliffs Beach Hut Development (inc CCF)	approved	4,185			4,185	937	-	-	-	-	-	2,915	-	-	333	4,185
Seafront Development	Poole	Canford Cliffs Stabilisation Works	approved	3,170			3,170	3,170	-	-	-	-	-	-	-	-	-	3,170
Seafront Development	Poole	Other Beach Hut Development (Shore Road)	started	341			341	341	-	-	-	-	-	-	-	-	-	341
Seafront Development	Poole	Public Realm (Coastal Commnities Fund)	started	755			755	35	-	-	-	90	-	-	-	-	630	755
Seafront Development	Bournemouth	Waterfront Site - Adventure Golf	final phase	27			27	-	-	-	-	-	-	27	-	-	-	27
				69,675	17,690	6,206	93,570	9,246	2,200	514	437	1,500	-	31,615	1,116	2,390	44,552	93,571
BCP General Fund <u>approved</u> capital spend				87,456	18,112	6,206	111,773	11,493	2,237	5,564	637	2,225	4,747	32,454	1,420	2,430	48,566	111,773

Includes <u>estimated</u> 2019/20 disaggregated capital grant from Dorset County Council in relation to the Christchurch

Appendix 4c: BCP Capital Programme 2019/20 to 2021/22 by scheme and Council Approval Category

		Planned Programme 2019/20 £'000	Planned Programme 2020/21 £'000	Planned Programme 2021/22 £'000	MTFP Total 2019 to 2022 £'000	Council Approval Category		
						No further approval	Conditional Approval	Approval required
	Adult Social Care							
Bournemouth	Care Management System (Mosiac) - Implementation	400	0	0	**400**	400		
Poole	Figbury Lodge Care Workstream - including FFE/ICT	839	0	0	**839**	839		
Poole	Dorset Care Record - Partnering Agreement	140	0	0	**140**	140		
	Total Adult Social Care	**1,379**	**-**	**-**	**1,379**	**1,379**	**-**	**-**
	Children's Services							
Ex Dorset	Indicative Education Capital Grant (disaggregated)	TBC	0	0	**0**		0	
Ex Dorset	Twynham Primary School	304	0	0	**304**		304	
Poole	Basic Need Contingency	12	0	0	**12**	12		
Poole	Contingency for Capital Maintenance	350	0	0	**350**		350	
Poole	Winchelsea School Improvement Works	30	0	0	**30**	30		
Poole	SEND provision	207	207	0	**413**			413
Poole	Carter Community College	4,568	0	0	**4,568**		4,568	
Poole	Hillbourne - New School	9,600	0	0	**9,600**		9,600	
	Total Children's Services	**15,071**	**207**	**-**	**15,277**	**42**	**14,822**	**413**
	Place							
C'church	Highcliffe Castle, Phoenix Flies Project	306	128	41	**476**		476	
C'church	Regent Centre, Auditorium Repairs	450	0	0	**450**		450	
C'church	Regent Centre, Gutter and Fascia Replacement	10	0	0	**10**	10		
C'church	Regent Centre, Render Repairs	20	0	0	**20**	20		
Bournemouth	DDA Works	997	997	0	**1,994**			1,994
Bournemouth	Fleet procurement	715	0	0	**715**			715
Bournemouth	Plant & Machinery - 2yr programme	228	0	0	**228**			228
Poole	Fleet Replacement Strategy (place 12)	3,519	1,342	1,239	**6,100**			6,100
Poole	Bridge Maintenance	400	0	0	**400**		400	
Poole	Delph Bridge Waterproofing	200	0	0	**200**	200		
Poole	Principal Inspection Programme	65	0	0	**65**	65		
Bournemouth	Planning & Transport Programme - LTP Schemes	3,147			**3,147**	3,147		
Ex Dorset	Indicative LTP Capital Grant allocations (disaggregated)*	874	0	0	**874**		874	
Poole	Cabot Lane/Broadstone Way Junction capacity and accessibility improvements	85	0		**85**	85		
Poole	Carriageway sealing (Preventative maintenance - 21,000m2)	25	0		**25**	25		

		Planned Programme 2019/20 £'000	Planned Programme 2020/21 £'000	Planned Programme 2021/22 £'000	MTFP Total 2019 to 2022 £'000	Council Approval Category		
						No further approval	Conditional Approval	Approval required
Poole	Client Fees	80	0	0	80	80		
Poole	Cycling and Walking	264	0	0	264	264		
Poole	Dropped Crossings	24	0	0	24	24		
Poole	Footpath resurfacing	40	0	0	40	40		
Poole	ITS programme	30	0		30	30		
Poole	Micro asphalt programme (Preventative maintenance - 25000m2 micro asphalt)	140	0		140	140		
Poole	Minor transportation schemes	30	0		30	30		
Poole	Pedestrian Crossings Signalised	173	0	0	173	173		
Poole	Rights of Way Improvement	15	0	0	15	15		
Poole	Road Safety - Safety Improvements	20	0	0	20	20		
Poole	Road Safety Schemes (20mph zones)	20	0	0	20	20		
Poole	School schemes	150	0	0	150	150		
Poole	Skid resistance improvement programme	20	0		20	20		
Poole	Special Drainage	35	0		35	35		
Poole	Structural Maintenance Design Fees	40	0	0	40	40		
Poole	Surface dressing (Preventative maintenance - 23,000m2 surface dressing)	100	0		100	100		
Poole	Surveys & software	50	0	0	50	50		
Poole	Wimborne Rd (three phases)	116	0	0	116	116		
Poole	Dunyeats Road	340	0	0	340	340		
Poole	Parkstone Road (phase 2)	120	0	0	120	120		
Poole	Planned Patching	179	0	0	179	179		
Poole	Poole park / Whitecliff Road resurfacing	100	0	0	100	100		
Poole	Pothole Funding Allocation 2018/19	124	0	0	124	124		
Poole	Richmond Road	82			82	82		
Poole	Ringwood Road - walking & cycling imporovements	50	0	0	50	50		
Poole	Ringwood road junction - accessible crossing	15	0	0	15	15		
Poole	Advanced Design for Future LTP Schemes	120	0	0	120	120		
Poole	SED Traffic model	25	0	0	25	25		
Ex Dorset	A338 Widening Scheme	1,500	0	0	1,500		1,500	
Ex Dorset	Blackwater Interchange	3,230	0	0	3,230		3,230	
Poole	Town side Access to the Port of Poole	4,976	0	0	4,976		4,976	
Poole	Dolphin Centre Multi Storey Car Park	65	0	0	65	65		
Poole	Street Lighting 2018/19 onwards (post investment project)	250	0	0	250	250		
Poole	Street Lighting investment project	500	0	0	500	500		
Poole	Bus Facilities - shelters	54	0	0	54	54		

		Planned Programme 2019/20 £'000	Planned Programme 2020/21 £'000	Planned Programme 2021/22 £'000	MTFP Total 2019 to 2022 £'000	Council Approval Category		
						No further approval	Conditional Approval	Approval required
Poole	SW Pass Inf. (Traveline)	9	0	0	**9**	9		
C'church	Christchurch Priory, Wall Repairs	113	113	0	**225**	225		
C'church	Countryside Stewardship	28	21	0	**48**	48		
Poole	Hamworthy Tennis and Netball Facilities	15	0	0	**15**	15		
Poole	Poole Park Miniature Railway	281	0	0	**281**		281	
Poole	Upton Country Park - Heritage Lottery Bid Phase 1 (Welcome Centre)	92	152	0	**244**		244	
Poole	Alexandra Park Play and Open Space improvements	70	0	0	**70**	70		
Poole	Branksome East Open Spaces improvements	10	0	0	**10**	10		
Poole	Branksome Rec Improvements	50	0	0	**50**	50		
Poole	Newtown - Turners Nursery	70	0	0	**70**	70		
Poole	Poole Park - delivery phase	2,407	405	0	**2,812**		2,812	
Poole	Dolphin Swimming Pool	120	0	0	**120**		120	
Poole	Upton Country Park New Play Attraction	175	0	0	**175**		175	
Poole	Suitable Alternative Natural Greenspace (SANG) - Future phases (place 9)	185	0	0	**185**			185
Poole	Suitable Alternative Natural Greenspace (SANG) - Settlement (place 10)	158	0	0	**158**			158
Bournemouth	Lansdowne Business District	3,100	4,450	2,740	**10,290**			10,290
Poole	Heart of Poole (TCN) Delivery Team	130	0	0	**130**		130	
Poole	Heart of Poole (TCN) Dev Partner Procurement	1,100	0	0	**1,100**		1,100	
Poole	Town Centre North - Delivery Phase	750	750	0	**1,500**			1,500
Poole	Town Centre Regeneration	200	0	0	**200**		200	
Bournemouth	Bournemouth Beach Management	1,664	0	0	**1,664**		1,664	
C'church	Coast Protection Work	176	0	0	**176**		176	
Poole	Coastal Protection - Central Poole Flood Defence Business Case	280	0	0	**280**			280
Poole	Coastal Protection - Partnership funding for future schemes	192	0	0	**192**			192
Poole	Coastal Protection - Poole & Christchurch Bays SMP wide Beach Management Plan	124	0	0	**124**			124
Poole	Coastal Protection - Turlin Moor and Falconer Drive Hamworthy Business case	280	0	0	**280**			280
Bournemouth	Waterfront site - adventure golf	27	0	0	**27**	27		
Poole	Beach huts - Shore road Blk 8	341	0	0	**341**		341	
Poole	Branksome Chine (CCF funded)	130	0	0	**130**	130		
Poole	Cliff stabilisation - main works	3,130	0	0	**3,130**			3,130
Poole	Cliff stabilisation - Preliminaries	40	0	0	**40**	40		
Poole	Connectivity (CCF funded)	70	0	0	**70**	70		
Poole	Flaghead (CCF funded)	0	0	0	**0**			
Poole	New Beach Huts - Phase 2 (including CCF funding)	4,185	0	0	**4,185**			4,185
Poole	Shore Road (CCF funded)	555	0	0	**555**	555		

		Planned Programme 2019/20 £'000	Planned Programme 2020/21 £'000	Planned Programme 2021/22 £'000	MTFP Total 2019 to 2022 £'000	Council Approval Category		
						No further approval	Conditional Approval	Approval required
Bournemouth	Strategic Waste Facility Project	6,092	3,500		9,592		9,592	
Poole	Waste Infrastructure - purchase of bins (place 12)	124	124	124	372			372
Bournemouth	Disabled Facilities Grant	1,368	0	0	1,368			1,368
Ex Dorset	Indicative Disabled Facilities Grant (disaggregated)	534	0	0	534			534
Poole	Disabled Facilities Grants	941	0	0	941			941
Poole	Integrated Community Equipment Store	323	0	0	323			323
Bournemouth	New Temporary Accommodation Portfolio	14,979	5,709	2,062	22,750		22,750	
Poole	Community Land Trust Project (Affordable housing)	670	0	0	670		670	
Poole	Lodges refurbishment	27	0	0	27	27		
Poole	Private Sector Renewal-warmth & well-being	215	0	0	215		215	
Poole	Social Housing Grants - Bespoke Purchase Programme	30	0	0	30	30		
	Total Place	**69,675**	**17,690**	**6,206**	**93,571**	**8,297**	**52,375**	**32,899**
	Resources							
C'church	ICT Infrastructure Refresh	37	0	0	37	37		
Poole	Corporate ICT Investment Plan (excluding desktop)	15	15		30	30		
Poole	Corporate Services Microsoft Enterprise	261	0		261	261		
BCP	ICT Investment Plan	1,018	200		1,218	1,218		
	Total Resources	**1,331**	**215**	**-**	**1,546**	**1,546**	**-**	**-**
	BCP Capital Programme	**87,455**	**18,112**	**6,206**	**111,773**	**11,264**	**67,197**	**33,312**

Appendix 4d

BCP CHILDREN'S SERVICES CAPITAL STRATEGY 2019/20 to 2021/22

EXECUTIVE SUMMARY

This strategy covers the Medium Term Financial Plan period 2019/20 to 2021/22.

1 Strategic Priorities As in previous years, the main priorities for 2019/20-2021/22 are:

Local Authority (LA) Statutory Priorities

- **Basic Need** - meeting the statutory duty to secure enough school places
- **Sufficiency** - meeting the statutory duty to ensure the sufficiency of childcare places.
- **Condition** - Capital maintenance of maintained school and children's centre premises – ensuring the health and safety of school and children's centre premises.
- **Adaptations** to meet the individual needs of disabled pupils.

Local Priorities

- Providing appropriate accommodation to meet the needs of pupils in our special schools and alternative provision.

Government Priorities

- Meeting the duty to secure free early education for eligible two year olds.
- Developing local provision for pupils with Special Educational Needs and Disabilities (SEND)

2 Capital Programme 2019/20 to 2021/22

The Council's Medium Term Financial Plan (MTFP) includes planned capital project spend across Children's Services 2019/20 to 2021/22. It is important to recognise that that capital projects included within the Capital Programme (the Programme) are only those that have **already received Member approval** by each predecessor authority. The Programme is therefore expected to be revised during 2019/20 as new capital schemes (in line with the needs outlined in this Strategy) are brought forward for Member approval.

As it stands, £15.3m capital resource has currently been approved to fund capital schemes across Bournemouth, Christchurch and Poole. Figure 1 itemises this spend by scheme, locality (geographical area of BCP), Strategic Priority and funding source. Members are asked to note that this represents capital spend within the Council's control – this means it excludes smaller grant funding that is 'passported' to local schools to spend.

The Programme is funded from a variety of funding streams including £4m Government Grants (£2.7m (67%) of which is historic prior year unspent grant allocations), £4.7m Supported Borrowing (the annual costs of which have been factored into BCP's MTFP), £4.7m forecast capital receipts (arising from land currently used for educational

purposes), £0.9m from s106 developer contributions and Community Infrastructure Levy (CIL) receipts, £0.7m Council Reserves and £0.3m **new borrowing** (in relation to Twynham School capital project inherited from Dorset County Council (DCC). Members are asked to note that the potential BCP borrowing requirement in respect of Twynham School is still to be agreed with DCC Officers).

All planned capital grant utilisation in the Programme is in accordance with Department for Education (DfE) grant conditions.

3 Future Grant Funding Outlook

BCP is forecast to have residual unspent Education Capital Grant of £2.8m at 1 April 2019. In addition new Education Capital Grant is expected over the MTFP period.

The DfE is due to confirm schools capital funding allocations of basic need, school condition and devolved formula capital funding in March 2019. In the absence of formal confirmation, this report provides **preliminary estimates** of future capital grant funding, based on early indicative Government funding announcements and internal estimates (based on prior year allocations).

Members are asked to note that **no estimates of future grant have been included in respect of the Christchurch area** share of Education Grant allocated to Dorset County Council (DCC) at this time. This includes both residual unspent capital grant at the end of 2018/19 and share of 2019/20 Education Capital Grant allocations. Officers are working with DCC to agree an appropriate grant disaggregation mechanism.

Figure 2 provides preliminary estimates of potential future capital grant funding over the MTFP. The new Unitary will potentially receive (at least) £7.2m new Education Grant funding between 2019/20 and 2020/21. This excludes grant funding attributable to the Christchurch area (currently allocated to DCC). Grant conditions require grant funding to be spent on specific purposes (e.g. Basic Need, School Condition, SEND). Of the £7.2m new Grant Funding anticipated, £1.2m (Poole 2020/21 £0.8m Basic Need Grant funding and Poole 2019/20 to 2020/21 £0.4m SEND funding) is already allocated within the current Children's Capital Programme. This leaves **£6m new and unallocated Education Capital Grant to support new capital projects** (in addition to the £15.3m already approved) in the Children's Capital Programme.

That said, in order to deliver its ambitions over 2019/20 to 2021-22, it is highly likely the Council will have to secure alternative, non-grant funded income sources. Prudential Borrowing potential can only be undertaken within strict parameters as defined by the "CIPFA Prudential Code for Capital Finance in Local Authorities" (2017 edition), which stipulates that borrowing must be affordable (i.e. repayable) over the life of the asset. It is therefore likely that future capital schemes will have greater reliance on other sources, for example CIL or s106 contributions.

Appendix A deals the future pressures anticipated through increased housing across the authority area. As outlined above, it is highly likely these pressures will require the authority so seek alternative sources of funding in line with the additional developments.

Appendix 4d

This is a preliminary strategy only – in that it highlights potential needs and funding pressures over the MTFP. A fuller Children's Services Capital Strategy will be prepared with the new BCP Director of Children's Services.

1 PURPOSE

1.1 The purpose of this report is to provide background information on and strategic context to the current Children's Services Capital Programme 2019/20 to 2021/22 (the Programme).

2 BACKGROUND

2.1 The sections below set out background information on the priorities, key drivers, and sources of funding for the proposed Children's Services Capital Strategy 2019/20 to 2021/22.

2.2 Figure 1 sets out the approved Capital Programme budgets 2019/20 to 2021/22 analysed by Statutory Priority: **School Condition, Basic Need** (school places), and **Other** (adaptations for disabled pupils, Local Priorities and Government Priorities) across the BCP area. Figure 2 provides further information on potential additional Education Capital Grant funding anticipated over the MTFP.

2.3 Appendix A discusses in more detail the potential pressures in school places in the Basic Need Category through the work streams of pupil place planning and future housing developments.

2.4 In line with this, new reports expected to be brought forward for Member consideration in 2019/20 include:

Bournemouth: Consideration in more detail of the sufficiency and capacity of existing specialist and alternative provision providers with a view to expand capacity or create new provision where it would meet need outlined in the developing SEND strategy for BCP.

Bournemouth: To consider how to meet the need for additional secondary places in 2022/23 through expansion of existing schools

Bournemouth: Assessment of the sufficiency and capacity of Linwood Special School with a consideration of how the building condition and environment can be improved to better meet pupil needs.

Poole: Assessment of further works needed at Winchelsea Special School to improve the standard and suitability of the accommodation

2.5 Significant additional capacity has recently been created by Dorset for the Christchurch area with no additional places currently identified over the period of the MTFP. However, the condition and suitability of the maintained school estate across the 8 Primary Schools and Christchurch Learning Centre will need to be assessed during the year and this may lead to additions to the Programme.

Appendix 4d

3 CAPITAL PROGRAMME (IN LINE WITH STRATEGIC PRIORITIES)

3.1 The Capital Strategy set out priorities to be used by the Authority and schools to make decisions about spending on school premises. These are grouped under three headings: Statutory Priorities, Local Priorities and Government Priorities as detailed below:

Local Authority (LA) Statutory Priorities

- **Basic Need** - meeting the statutory duty to secure enough school places
- **Sufficiency** - meeting the statutory duty to ensure the sufficiency of childcare places.
- **Condition** - Capital maintenance of maintained school and children's centre premises – ensuring the health and safety of school and children's centre premises.
- **Adaptations** to meet the individual needs of disabled pupils.

Local Priorities

- Providing appropriate accommodation to meet the needs of pupils accessing specialist provision in our special schools.

Government Priorities

- Meeting the duty to secure free early education for eligible two year olds.
- Developing local provision for pupils with Special Educational Needs and Disabilities (SEND)

3.2 The Statutory and Local Priorities for 2019/20 to 2021/22 remain unchanged from those previously adopted. The extended entitlement of 30 hours free childcare to support working families which came into effect in September 2017 is included within Statutory Priorities Sufficiency.

3.3 Figure 1 summarises planned capital spend by scheme and Statutory Priority 2019/20 to 2021/22.

Appendix 4d

Figure 1 Children's Capital Programme 2019/20 – 2021/22

		Planned Programme 2019/20 £'000	Planned Programme 2020/21 £'000	Planned Programme 2021/22 £'000	Medium Term Financial Plan Total 2019 to 2022 £'000
	Basic Need - Pupil Place Requirements				
Christchurch	Twynham School	304			**304**
Poole	Basic Need Contingency	12	0	0	**12**
Poole	Carter Community College	4569	0	0	**4,569**
	School Improvement				
Poole	Contingency for Capital Maintenance	350	0	0	**350**
Poole	Hillbourne - New School	9,600	0	0	**9,600**
Poole	Winchelsea School Improvement Works	30	0	0	**30**
	Meeting Needs of Disabled Pupils				
Bournemouth	SEND provision	0	0	0	**0**
Poole	SEND provision	207	207	0	**413**
	Total Children's Capital Programme	**15,072**	**207**	**0**	**15,278**
Poole	Capital Grants	3,767	207	0	**3,974**
Poole	Council Reserves	678	0	0	**678**
Poole	Capital Receipts	4,650	0	0	**4,650**
Poole	CIL & s106 contributions	925	0	0	**925**
Poole	Supported Borrowing	4,747	0	0	**4,747**
Christchurch	General Borrowing	304	0	0	**304**
	Total Funding Sources	**15,072**	**207**	**0**	**15,278**

3.4 The current Programme will be added to as new capital schemes across the conurbation are approved. Of interest is the funding profile currently required to fund the current £15.3m Programme. There is already significant reliance on 'non-Education Capita Grant' sources of funding (for example Supported Borrowing, Capital Receipts, Community Infrastructure Levy (CIL) and s106 developer contributions).

3.5 The Programme already utilises Supported Borrowing in respect of Poole area projects, the costs of which have been factored into the Council's MTFP.

3.6 Members are asked to note that Officers are working with DCC to finalise arrangements for completing Children's Capital Projects in the Christchurch area inherited from DCC. This will include funding arrangements for £304k 2019/20 Twynham School capital budget (currently shown as General Borrowing).

4 SOURCES OF FUNDING

4.1 Historically the majority of the Children's Capital Programme has been financed from Department for Education (DfE) grant funding, with some contributions from third parties (e.g. schools) for specific schemes. There has been a marked

reduction in Government grant funding in recent years principally as a result of schools converting to Academy status.

4.2 In March 2019 the Education & Skills Funding Agency (ESFA), an executive agency of the DfE, is expected to confirm capital funding allocations for 2019/20. For the purposes of setting its Children's Services Capital Programme, the Council has adopted a prudent approach to availability of future grant funding. Indicative Government funding estimates have been used, where known, for 2019/20 to 2020/21. Additionally cautious indicative estimates for 2019/20 have been calculated where indicative announcements are not available.

4.3 Further work is required to agree the share of Dorset County Council (DCC) Education capital grants that relate to the Christchurch area. This includes both unspent capital grant at the end of 2018/19 and indicative DfE allocation for 2019/20 (DCC 2019/20 Basic Need Grant allocation of £1,637k and School Condition Grant of £3,500k). As this work is ongoing, no new grant funding has been included for the Christchurch area at this time.

All the funding is allocated as grant. Basic Need, School Condition and SEND grants are directly allocated to the Council for investment.

4.4 Figure 2 outlines potential new grant income of £7.2m anticipated between 2019/20 and 2021/22. In addition to this, the Poole area benefits from unapplied historic grant funding (basic need grant and school condition grant) of £2.7m, that is forecast to remain unused at 31 March 2019. The £2.7m has been allocated to approved school capital schemes in the Poole area in the 2019/20 to 2021/22 capital programme.

4.5 **Basic Need Grant** allocations (announced in April 2017) cover the period to 2021. Based on this, Bournemouth and Poole anticipate receiving no new Basic Grant funding until 2021/21. DCC, however, expect to receive £1,637k new Basic Need Grant in 2019/20. Officers are meeting with DCC to establish how much of new grant potentially relates to the Christchurch area.

4.6 With regard to Basic Need funding post 2020/21, Officers across the conurbation are working with the DfE to undertake an immediate interim review on the number of Planning Areas required in the new BCP Unitary. It is hoped this will maximise future Basic Need funding allocations for the new Authority.

4.7 The use of Basic Need funding is monitored by the DfE through the annual Capital Spend Data Collection as part of the School Capacity (SCAP) survey.

4.8 **School Condition Grant** indicative 2019/20 allocations (which include funding for the maintenance of Children's Centres) have been included for 2019/20. These have been estimated internally, based on 2018/19 funding allocations received. DfE confirmed in January 2019 that they will provide new 2019/20 School Condition Grant allocations for Bournemouth, Christchurch and Poole areas. Final award notifications are expected by May 2019.

4.9 **SEND Grant** DfE original 3 year funding allocations (2018/19 to 2020/21) received 'top-up' funding in January 2019. This additional funding is to be paid in 2019/20. As a result, in 2019/20 Bournemouth area will receive an additional £444k, Poole an extra £234k, and Dorset area an extra £472k SEND grant funding. The DfE has indicated there is flexibility on the areas in which this funding is spent (for example, it could all be spent in the Christchurch area if

agreed). Officers will include share of DCC top-up SEND grant funding in its grant disaggregation meetings with DCC.

Figure 2: Indicative Education Grant to support the Children's Capital Programme 2019/20 to 2021/22

	secured 2018/19	indicative 2019/20	indicative 2020/21	indicative 2021/22	total secured	total indicative	total MTFP
	£000	£000	£000	£000	£000	£000	£000
School Condition Grant							
Bournemouth	0	84	0	0	0	84	**84**
Christchurch	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**0**
Poole	2,190	458	0	0	2,190	458	**2,648**
sub-total School Condition Grant	**2,190**	**542**	**0**	**0**	**2,190**	**542**	**2,732**
Basic Need Grant							
Bournemouth	54	0	3,931	0	54	3,931	**3,985**
Christchurch	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**0**
Poole	496	0	835	0	496	835	**1,330**
sub-total Basic Need Grant	**550**	**0**	**4,765**	**0**	**550**	**4,765**	**5,315**
SEND							
Bournemouth	0	835	392	0	0	1,227	**1,227**
Christchurch	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**0**
Poole	0	440	207	0	0	647	**647**
sub-total SEND Grant	**0**	**1,276**	**598**	**0**	**0**	**1,874**	**1,874**
Other (smaller historic grants)							
Bournemouth	0	0	0	0	0	0	**0**
Christchurch	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**0**
Poole	39	0	0	0	39	0	**39**
sub-total Other Grant	**39**	**0**	**0**	**0**	**39**	**0**	**39**
Total Education Capital Grant							
Bournemouth	54	919	4,323	0	54	5,242	**5,296**
Christchurch	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**	**0**
Poole	2,725	898	1,041	0	2,725	1,939	**4,664**
Total Education Capital Grant	**2,779**	**1,818**	**5,364**	**0**	**2,779**	**7,181**	**9,960**

4.10 Of the total Education Capital Grant funding of £10.0m currently estimated over the MTFP, £4m has already been approved as funding for capital schemes within the £15.3m Children's Capital Programme 2019/20 to 2021/22. This **leaves £6m** (£0.5m estimated 2019/20 School Condition Grant, £4m Bournemouth area Basic Need Grant, £1.5m SEND grant 2019/20 to 2020/210) **available to fund new school projects** over the MTFP. In addition, Members are reminded that further grant funding in relation to the Christchurch area is yet to be agreed with DCC/DfE.

4.11 **Other Schools Capital Spend** - In addition to grant funding identified above, the DfE will provide additional capital grant funding either to the Council to passport to schools (Devolved Formula Capital funding) or to schools directly (LCVAP funding). As the Council will have no discretion over which schools this funding is allocated to, the funding is excluded from Capital Programme figures above. In September 2018 the DfE announced changes to LCVAP capital funding. From 2020 onwards, Voluntary-Aided (VA) schools will receive capital funding from the

Department for Education directly. Local authorities will therefore no longer be required to co-ordinate LCVAP discussions or any associated processes.

Vicky Wales
Head of Children, Young People and Learning

Neil Goddard
Service Director, Community Learning and Commissioning

Appendix A: Basic Need Forecasting – Pupil Place Planning and Housing Developments

Contact officers:

Helen Rice
Principal Asset Planning and Development Manager
Children, Young People and Learning
01202 633691
h.rice@poole.gov.uk

Felicity Draper
Service Manager Access and School Commissioning
Community Learning and Commissioning
01202 456193
felicity.draper@bournemouth.gov.uk

Shirley Haider
Management Accountant
Financial Services
01202 633528
s.haider@poole.gov.uk

Appendix 4d

APPENDIX A

Basic Need Forecasting – Pupil Place Planning and Future Housing Developments

Context

Forecasting and pupil place planning for Bournemouth, Christchurch and Poole has been carried out to date on the basis of existing Local Authority structures. Regular liaison and cooperation has taken place over many years. Forecasting and pupil place planning processes will be carried out across the single BCP area when the new Local Authority structure is in place.

In order to facilitate an overview understanding of likely pinch-points and pressures across the BCP area, this report includes supporting information pertaining to Bournemouth and Christchurch, in addition to that pertaining to Poole.

Bournemouth Primary Phase

- In Bournemouth, overall primary pupil numbers continue to rise, although reception numbers have been gradually declining since their peak in 2015/16. Overall primary numbers plateau in 2020/21 and 2021/22, after which forecasts show a slight reduction.

- A sharp increase in reception pupils peaked in September 2015. Since this peak reception numbers have generally been declining, with a forecast 7% reduction from Sep 2015 to Sep 2021.

- In September 2017, Reception pupil numbers dropped by 3% in Bournemouth. This was driven largely by the fall in the number of births from 2012/13.

- For September 2018 to 2020 Reception pupil numbers are likely to remain relatively stable at this lower level, as birth and GP data for 0 year olds suggest a continuation of the lower births for this three year period. Reception numbers are forecast to reduce by 1% from Sep 2017 in Sep 2020.

- Year 3 pupil numbers experienced a sharp rise in Sep 2018 that is forecast to subsequently reduce by 1% in each subsequent year to Sep 2020.

- Between September 2018 to 2021, Reception pupil numbers are expected to sit close to the Sep 2013 pupil number level of 1919.

- The total Reception PAN within the South East Planning Zone is expected to reduce by 30 as Avonbourne College reduce their reception PAN back down to 60 for Sep 2020. Conversely, reception PAN is expected to increase permanently by 60 from Sep 2020 in the Central Planning Zone due to the current planned opening of Livingstone Free School. The net change across Bournemouth reception is therefore an increase of 30. The

level of surplus reception places across Bournemouth is likely to sit at 4% in 2019/20 and 7% in 2020/21.

- Regarding surplus places, a similar situation prevails in Bournemouth to that of Poole, with considerable surplus sitting within school in the West Zone of the borough.

- Therefore, based on current forecasts it is anticipated that no additional Primary phase places will be needed up 2020/21 across Bournemouth.

Bournemouth Secondary Phase

- In Bournemouth, the Pupil Place Planning Board recommended the following place planning policy for Secondary provision:
- Recognition that although Livingstone Free School School was initially intended to deliver a year 7 PAN of 150 from Sep 2019, the delivery of this school may well be delayed and as such a contingency needed to be established. The board therefore supported proposals from 4 schools to expand on either a temporary or permanent bases. These expansions were as follows:
- Permanent addition of 150 places at Bournemouth School (30 per year group) and 70 places (14 per year group) at Bournemouth School for Girls. Temporary expansions at Harewood and Avonbourne College to increase the PAN respectively by 60 and 90 places in Sep 2019 and Sep 2020. Each of the expansion projects have been allocated £200,000 per form of entry towards the costs of delivering each additional Form of Entry. Bournemouth School and Bournemouth School for Girls have been able to supplement this funding through successful funding bids to the Selective School Expansion Fund.
- A further bulge class may be required in 2022/23. Should Livingstone be delivered by Sep 2021 there is no forecast requirement for any additional PAN/ new schools across Bournemouth when planning for a 3% spare capacity at year 7.

Housing developments

- The Bournemouth Core Strategy is to deliver 14,600 net dwellings between 2006-2026. Between 2006 and 2011 991 dwellings were delivered per year, such that 4,955 homes were delivered. As at April 2011 total net dwellings constructed and outstanding commitments was 19,820 dwellings. Over the remaining 15 years from 2011-26, an average 643 dwelling per annum are required to deliver the additional 9,645 net dwelling to meet the 14,600 target.
- Since 2009/10, the average dwelling completion rates reduced significantly. The Bournemouth housing strategy relevant to schools place planning focuses on increasing affordable housing, promoting independence and inclusion, ensuring sustainable communities, and deliver cost- effective housing services. The majority of developments in the Borough is in-fill due

to the geographical constraints of the town. As a result, most development is factored into pupil transfer rates, and pupil numbers in the system gradually build up, such that periodically levels are reached such that additional school places are required. Current pupil forecast therefore take account of in-fill housing developments across the Borough within the various planning areas at a level similar to that currently experienced. Significant developments such as the Winter Gardens development will deliver significant housing in a particular area (352 one, two and three bedroom, properties for this particular scheme); this scheme is only expected to deliver up to 6-9 pupils per year – group, although this figure is likely to be lower due to the size and nature of the dwellings proposed. This, along with other town centre developments, are likely to generate pupils for which additional capacity will be available at Livingstone Free Schools' 2 form entry Primary phase and 5 form entry Secondary phase planned for opening in Sep 2020. There is forecast space capacity distributed in schools across the Borough that could accommodate the current levels of pupils expected to be generated from other general in-fill developments.

Poole Primary Phase

- The growing demand for overall Primary places in Poole, (Reception to Year 6), has continued (since 2009/10) to 2018/19 as the larger cohorts of pupils, resulting from the rise in births and migration, have moved through the Primary school system. Thereafter, to 2021/22 current forecasts suggest overall Primary pupil numbers will begin to drop slightly.
- There was a sharp increase in the number of Reception pupils in September 2014, by 172, (11%). The Reception intake remained at this higher level for September 2015 and 2016.
- In September 2017, Reception pupil numbers dropped by 9%. This was driven largely by the fall in the number of births in 2012/13. Reception numbers remained at this level in September 2018.
- For September 2019 to 2021 Reception pupil numbers are likely to remain relatively stable at this lower level, as birth data suggest a continuation of the lower births for this three year period.
- This lower number of pupils will flow through the year groups, with Junior school entry in Year 3 experiencing a similar fall in the number of pupils in September 2020.
- In September 2018, the number of pupils in Reception was at a similar level to 2013/14. For September 2019 to 2021, the number of Reception pupils is likely to sit between the levels of 2011/12 and 2013/14. In September 2018, there were higher numbers of Reception places available than there were for 2011/12 to 2013/14. Therefore, there will be higher levels of surplus when pupil numbers fall.
- However, the total number of Reception places across Poole is likely to reduce, as schools anticipate the reduced number of pupils. Old Town Infant School and Nursery has indicated its intention to reduce its Published Admission Number (PAN) from 90 to 60 for 2019/20. Sylvan Infant School has indicated its intention to reduce its PAN from 120 to 90 for 2019/20.

The level of surplus Reception places is likely to increase to between 10%-12% for 2019/20 to 2021/22; this equates to around 200 surplus Reception places across Poole for these years.

- Surplus places are needed to ensure that there are school places for people moving into and within Poole and the local area. The accommodation of parental preference also requires surplus capacity. Currently surplus places are concentrated in a small number of schools and, as a result these under-subscribed schools can face challenges in planning their budget and staffing.
- In addition, Branksome Heath Junior School has indicated its intention to reduce its Y3 PAN from 150 to 120 for 2020/21. This reduction was planned to follow the reduction of PAN at Sylvan Infant School from 150 to120 for 2017/18.
- Therefore, based on current forecasts it is anticipated that no additional Primary phase places will be needed up 2021/22. Forecasts will be reviewed annually in order to monitor the period beyond this.

Poole Secondary Phase

- In February 2016 Cabinet and Council approved the strategy that had been proposed by the Secondary Schools Steering Group in their earlier round of work. There is no change to the strategy. Therefore, the following approach stands:
- The additional Secondary school places needed over the period 2019 to 2025 are to be secured through the expansion of existing schools;
- A new Secondary school is therefore not required up to September 2027 at least;
- Work is underway to expand Carter Community School by two forms of entry (60 places).
- The Secondary Schools Steering Group was reconvened in March 2018 to consider how best to secure the further additional school places forecast to be needed from 2021 to 2023.
- Steering Group members were briefed by officers on the updated forecast levels of need. Steering Group members agreed that the additional places should be secured through the following measures.
  - The addition of a Year 7 Point of Entry at Broadstone Middle School, with a Published Admission Number (PAN) of 17, from September 2020. All other schools will remain at existing PAN;
  - If a point is reached where all Secondary schools are full at Year 7 for 2021, 2022 and/or 2023, schools will provide additional places on a contingency basis, through admissions over PAN;
  - The Local Authority will continue to monitor the need for additional places on an ongoing basis;
  - The Steering Group will reconvene in January 2020.

Appendix 4d

Poole Housing developments

- In November 2018 the Borough of Poole adopted an updated Poole Local Plan. The updated Plan sets out guidance on development and on how the needs up to 2033 will be met. This includes sites for the 14,200 new homes that are needed in Poole by 2033.
- In total, planned new housing could generate a need for between five and eight additional forms of entry in all year groups, that is, 150 to 240 additional places in each of the 12 year groups, between 1,800 and 2,880 pupil places. These are made up of the following:
  - North Poole (Merley and Bearwood): 2 to 3 forms of entry, (720 to 1,080 pupil places);
  - Hamworthy: 1 to 2 forms of entry, (360 to 720 pupil places);
  - Rest of Poole: 2 to 3 forms of entry, (720 to 1,080 pupil places).
- As the planned housing developments in the Merley and Bearwood area are located on the border between Poole, Dorset and Bournemouth, BoP officers continue to work with Bournemouth Borough Council and Dorset County Council to consider the impact on the need for school places in this area in order to make strategic plans for securing any additional places required and to secure contributions from developers for the costs of these places. This work is ongoing.
- The information gathered through high level feasibility assessments to consider the capacity to expand Bearwood Primary School and Merley First School, continues to be used to develop the strategic plans for securing the additional school places in North Poole. (Dorset County Council also commissioned studies for its Primary phase schools in this area.)
- The fall in births in 2012/13 resulted in significant numbers of surplus places in Year R in 2017; as children move through the education system, the same fall in births will result in significant surplus in Year 3 in September 2020 and Year 7 in September 2024. Birth data for 2013/14 to 2016/17 suggest a continuation of the lower births for these years. If births remain at this level in future years, and assuming that schools retain their existing capacity, it is possible that there would be capacity in the Primary phase to accommodate children arising from housing developments in some parts of the town without the need for additional places. However, a small number of schools have already indicated interest in reducing the number of places they provide.
- The strategy for securing Secondary school places from 2021 is based on the need for additional school places in the future to accommodate pupils who are already in the education system. The strategy does not include places that will be needed as a result of housing development. This is because it not possible to predict with certainty the phasing of development or the age of the children that will occupy new homes.
- The three major developments that are planned to come forward in North Poole are likely to generate additional pupil pressures during the period 2019 onwards. There is no surplus capacity in the local Primary phase

schools, Bearwood Primary School and Nursery, and Merley First School. High level studies have indicated that expansion at both schools is feasible. Expansion at the First School would mean that expansion is also required at Middle School level. No funding has been identified for expansion projects. Work is currently taking place with Bournemouth Borough Council and Dorset County Council to consider Secondary capacity in connection with the North Poole developments.

Bournemouth, Christchurch and Poole Capital Investment Strategy (Non – Treasury) 2019 – 2022

DRAFT



DRAFT

CONTENTS

1. Introduction
2. Purpose
3. Section 1 – Property Investment
4. Section 2 – Property Development
5. Section 3 – Links to Other Strategies
6. Section 4 – Governance
7. Appendix 1 – Summary of Investment portfolio
8. Appendix 2 – Criteria for Investment Property Acquisition – Commercial
9. Appendix 3 – Criteria for Investment Property Acquisition – Residential
10. Appendix 4 – Commentary on Investment Property risks and returns
11. Appendix 5 – Financial Overview and Indicators





1. Introduction

1.1 There are two sections to the Council's Capital Investment Strategy (non – Treasury) known as the CIS.

Section 1 – Investment Property - will deal with:-

- Commercial property, investment acquisition and disposal.
- Acquisition of a portfolio of private rented sector residential properties.

Section 2 – Development Property - will deal with

- Commercial development opportunities

1.2 Section 1 deals with commercial and residential property investment as an integral part of the Council's Corporate Property Strategy. This Strategy is aligned with the medium term financial planning of the Council and requires the Council to diversify the revenue base by securing alternative sources of income to better support the budget position. Financial objectives are only part of the rationale for acquiring commercial property assets as an acquisition should also support other key objectives such as economic development or regeneration.

1.3 Section 1 also deals with the drive to support the early delivery of the Council's strategic housing ambitions through the acquisition of a portfolio of private rented sector residential properties. The Strategy will only apply to the Council's General Fund.

1.4 The Capital Investment Strategy should be viewed in the context of the Council's existing fixed asset base, which had a combined value of £793.1 million in 2017/8. Within this figure, property investment assets were valued at £120.9 million. It builds on the effective public sector asset management arrangements that have been embedded by the predecessor Council's through the adoption of their Corporate Property Strategies, and follows the guidance provided by both Chartered Institute of Public Finance and Accountancy (CIPFA) and the Royal Institution of Chartered Surveyors (RICS).

1.5 Section 2 considers the scenario where the Council purchases commercial development opportunities which give the Council ownership of land or buildings in support of the delivery of the Council's strategic aims and objectives. An example of this would be the recent acquisition of Wessex Fields in Bournemouth.

1.6 Both sections of the CIS share a commonality of purpose but the principles and risk profile under which they each operate are different and will be explored separately under each section.

2. Purpose of the Strategy

2.1 The Council wishes to assemble a portfolio of property investment assets that will meet all or some of the following criteria:

- promote the financial health of the organisation by generating a target return across the portfolio.
- make a positive contribution to the current or future delivery of services, in terms of scope, quality or cost;

- deliver socio-economic benefits to the town; and/or
- enhance future strategic regeneration or redevelopment opportunities in pursuit of the Council's strategic aims and priorities.

2.2. In both residential and commercial investment acquisitions, low Public Works Loan Board and market rates permits the Council to fund acquisitions at interest rates which are more favourable than generally available in the market and this gives the new Council an opportunity to meet the criteria set out in 2.1. above.

SECTION 1 – PROPERTY INVESTMENT – commercial and residential

3. Investment Assets: Principles and Approach – Commercial Investments

The Council will take the following approach to acquisition, holding and disposing of commercial investment assets by adopting the following principles:

i. Investment will be in assets with a net revenue stream from tenants of good covenant strength (Multi – let investments may have an overall good covenant profile but individual tenants may fall below this standard), capable of contributing a positive sum to the MTFP for a sustained period, but for a minimum of 5 years. Investments will show good prospects for capital growth over an initial ten year period.

ii. The Council will aim to invest in a diverse portfolio across the traditional commercial sectors of offices, industrial, retail and leisure. The opportunity to diversify into hotels and hospitality, medical facilities, care homes, and car parks will not be ruled out. It is the aim of the Council to limit the investment in any particular sector to no more than 25% by value. This may not be possible to achieve until such time that the Council has acquired a larger portfolio of properties. The current spread by sector of the investments held by the Council is shown at Appendix 1.

iii. The Council will be well advised in the acquisition, disposal and performance management of investment assets, not only from its own in - house team of property professionals but from the external advice that it deploys. External advisors will be skilled in commercial investment property acquisition and will provide assurance to the Council that they are acting in accordance with the governance and code of conduct of their respective professional bodies.

iv. Investments located in the Bournemouth, Christchurch and Poole conurbation will be considered and investing outside of this geographic area will only take place in exceptional circumstances with a formal Council Decision.

v. Where appropriate the Council will move to a common procurement of its commercial managing agency services in order that it might take advantage of economies of scale.

vi. The principle of investment in all types of property assets is to ensure it is done prudently at all times. Annual investment budgets will be set as part of the process for agreeing the Medium Term Financial Plan (MTFP) or alternatively the funding strategy for an acquisition can be considered on a case by case basis.

vii. The Investment Panel (established to consider investment and development opportunities) will recommend an acquisition or disposal based on consideration of these principles including:-
- Knowledge of the expected income, costs and resulting contributions to the MTFP
- The debt profile (including costs of interest and understanding the payback period)
- Risk profile

viii. All decisions to acquire or dispose of investments will be made in accordance with the Financial Regulations of the Council and the financial thresholds it contains in determining whether delegated officer or Member Decisions are required.

4. Investment Assets: Principles and Approach – Residential Investment

The Council will take the following approach to acquisition, holding and disposing of residential investment assets by adopting the following principles:

i. The Council will consider strategic acquisitions where the reason for purchase is to contribute to Council objectives through the acquisition of a portfolio of private rented sector residential properties with the aim of supporting the Council's statutory housing functions and improving choice in the housing market.

ii. As with commercial property investment, the principle of investment in residential assets is to ensure that it is undertaken prudently at all times. Annual acquisition and development budgets will be set as part of the process for agreeing the Medium Term Financial Plan and Capital Programme.

iii. The Council will aim to utilise its wholly owned trading subsidiary organisation for letting and management of the residential investments that it holds.

iv. Residential development and refurbishment works may be undertaken when works will result in enhanced incomes or market homes for sale.

5. Acquisition of Property Investment Assets – Commercial Investment

5.1. For commercial acquisitions, detailed investment criteria are attached at Appendix 2. There are some circumstances when all the criteria will not be met but the acquisition should still be progressed. The rationale for departing from the adopted criteria will be captured in the business case for acquisition.

5.2. Each investment acquisition will be assessed on both its own merits and also in the context of the wider portfolio's financial position. Assessed on a case by case basis; it will be subject to rigorous financial appraisal which will identify:-

i. Income from the investment
ii. Costs of purchase
iii. Costs of servicing the debt and managing the investment

DRAFT

iv. Resultant contribution to the MTFP

5.3. In making an investment decision, the Council will take a balanced portfolio approach. This means that it may acquire or develop assets that deliver lower financial returns, or even make a loss, if the overall benefits of individual investments, including the socio-economic factors, justify this approach. Such acquisitions will be subject to sufficient uncommitted financial cover being available within the portfolio. Alternatively, the Council may acquire high-risk, high-reward investments provided that the blended risk across the whole portfolio is considered prudent.

5.4. Some assets, such as care homes, are traded by selling the shares or in the use of Special Purchase Vehicles (SPV). They are typically sold as a "going concern" and will transfer the goodwill of the business, staff and other assets. However, they also transfer with the debts and liabilities of the company and therefore require additional due diligence.

5.5. The business case for the purchase of existing SPVs or "going concerns" will need to consider whether the purchase is made by the Council in its name, or whether there is a more advantageous ownership structure for which specialist advice will be sought.

6. Acquisition of Property Investment Assets – Residential Investment

6.1. All of the same acquisition principles of acquiring commercial investment properties apply to the acquisition of residential property acquisition for investment purposes. The detailed guidelines and criteria are attached at Appendix 3.

6.2. The Council has via a predecessor council established Seascape Homes and Property Limited (SHP) as a wholly-owned subsidiary of Seascape Group Limited (SGL). Unlike the Council, SHP can grant Assured Shorthold Tenancies which is the most appropriate form of tenure for the private rented sector market.

6.3. The establishment of SHP has the added benefit of improving the quality of the offer in the private rented sector and improving the range of housing choices of people who would not qualify for traditional Council housing.

7. Disposal of BOTH Commercial and Residential Investment Assets

7.1. Although the Council aspires to take a long-term view to its investment and development assets, it will consider the disposal of assets:

- to achieve a balanced portfolio;
- to proactively manage risk
- to refocus investment activity on different market sectors and where they are under-performing against the criteria identified in Appendix 2 or for residential property Appendix 3
- to generate capital receipts to reduce debt exposure (gearing) or for reinvestment in Council priorities

7.2. Any disposals will be undertaken in accordance with the Council's Financial Regulations.

8. Financing and Funding of BOTH Commercial and Residential Property Investment Assets

8.1. It is intended that a new investment will be funded primarily through prudential borrowing.

8.2. Wherever possible (and prudent to do so) the Council will undertake to make an early repayment of the principal sum which will assist in reducing the debt to value ratio. In any event, loans from the Public Works Loan Board are conditional on a payback policy being implemented which is known as the Minimum Repayment Policy or MRP.

8.3. The Council may be in a position to make acquisitions without the need for borrowing. The opportunity cost of such purchasing and funding decisions needs to be fully understood in advance of a purchase.

8.4. In all purchases, the "exit strategy" should be considered as part of the business case for the acquisition. Whether this is higher alternative use, owner occupation or sale.

8.5. The Council will act prudently and its investment activity will be affordable for future administrations. This means that the Council will be taking a progressive approach to investment and new borrowing will only be undertaken if the resultant investment portfolio is forecast to generate positive financial returns. The Financial Overview and Indicators in Appendix 5 expand on these principles.

9. Holding BOTH Commercial and Residential Investment Assets

9.1 Investment assets will be held if:-

- they continue to meet the Investment Criteria attached at Appendix 2 or Appendix 3 for residential investments.
- they continue to enhance the performance of the strategic aims and objectives of the Council.

9.2. Actions to be taken in support of the management of the existing portfolio will include:-

- undertaking an annual valuation (RICS Valuation and Professional Standards or "Red Book")
- the assessment of performance of the investment portfolio will be undertaken at least on an annual basis.
- reporting annually to the democratic entity with responsibility for oversight (e.g. an overview and scrutiny committee) with advice from internal or external investment advisors on:
  - the mix of assets within the portfolio
  - the rate of return on individual properties and across the whole portfolio
  - the risk profile and whether there is a heavy reliance on income that is derived from a single tenant or market sector
  - proposed acquisition and disposal plan to achieve a balanced portfolio
  - the adequacy of the provision for voids and bad debts, held as a reserve against future liabilities

SECTION 2 – DEVELOPMENT PROPERTY

10. Purpose of the Strategy

10.1 The Development Property Strategy identifies opportunities for the Council to assemble a portfolio of developable assets which meet the fundamental criteria of:

- delivering socio-economic benefits to the conurbation.
- enhancing future strategic regeneration or redevelopment opportunities in pursuit of the council's strategic aims and priorities.
- and/or contributing to cost avoidance in relation to the provision of services.

11. Development Property: Principles and Approach

11.1. All decisions to acquire or dispose of development opportunities will be undertaken in accordance with the Financial Regulations of the Council and the financial thresholds it contains in determining whether delegated or Member Decisions are required.

11.2. The Council will engage in construction activity on existing or newly acquired development assets only when fully supported by a viable business case.

12. Acquisition and Disposal of Development Property

12.1 Strategic developable properties lend themselves to a detailed, "one – off" business case analysis and set criteria cannot be identified for both the acquisition and future disposal or strategic hold.

13. Financing and Funding of Development Property Assets -

13.1 As a rule, assets purchased for development do not produce an income with which to service debt therefore it is more usual for the Council to find alternative means of funding in lieu of debt financing from the Public Works Loan Board.

SECTION 3 - LINKS TO OTHER EXISTING STRATEGIES

14. There are other Strategies and Plans with which this Capital Investment Strategy are aligned. These are:-

I. The Corporate Property Strategy and Plan – this is the overarching Strategy for all corporate property and asset management decisions and monitoring of which this Strategy forms part.

II. Medium Term Financial Plan - the Council is responding to the reduction in central government funding for local authorities by strengthening its funding base. The acquisition and management of investment portfolios to provide a commercial return will give the Council greater flexibility in its medium-term financial planning. This portfolio will provide additional revenue and capital income to underpin service provision, so long as the returns continue to exceed the cost of borrowing.

DRAFT

14.1. In addition the CIS is linked to the new Council's emerging:

- Treasury Management Strategy.
- Economic Development Strategy
- Housing Strategy
- Community Asset Transfer Strategy

SECTION 4 - GOVERNANCE

15. An Investment Panel chaired by the Council's Chief Executive and comprising the Leader of the Council, the Deputy Leader of the Council, the Cabinet Member with responsibility for Corporate Estates, Section 151 Officer, Monitoring Officer, the Corporate Property Officer and the Director for Regeneration, or their nominated substitutes, will oversee the implementation of this Strategy. Other officers, including the Director for Environment & Economy, may attend at the invitation of the Chair.

15.1 The Investment Panel will

- be guided by the terms of this Strategy and any changes will need to be referred to a committee with democratic powers of oversight before being approved by Cabinet and Council. The Members of the Investment Panel will first draft and agree the Action Plan for Investment for 2019 – 2020 and subsequent years.

- continue to review the Action Plan and develop subsequent Action Plans on an annual basis. will meet at not less than quarterly intervals to consider new opportunities, monitor progress on the delivery of approved projects/investments, and review performance of the whole portfolio in accordance with this Strategy
  .
- consider recommendations for disposal of existing assets and consider the effectiveness of its property management arrangements. Appendices 2 and 3 of this Strategy contain detailed investment criteria to guide the Investment Panel in assembling and managing an investment property portfolio.

- review acquisitions purchased for development, as they arise, on a case by case basis.

15.2 Appendix 4 of this Strategy sets out the risks that the Panel should consider when recommending decisions to acquire, hold or dispose of non - treasury investments or development assets.

15.3 Any properties considered suitable for purchase by the Council will be considered first by the Investment Panel. The Investment Panel will determine whether an offer should be submitted. Any offers will be submitted by the Corporate Property Officer on a conditional basis. Offers will be subject to contract and:-

- all necessary surveys
- an assessment of necessary capital works
- a formal "Red Book" valuation
- benchmarking with comparable transactions
- an agreed "exit strategy"
- legal due diligence
- financial due diligence including credit information for all tenants

- the requisite Council approvals

15.4 This means that the Council will not be legally committed to proceeding with the transaction by submitting an offer however, to be at pace with the market, the Council should use its best endeavours to complete necessary due diligence following acceptance of an offer and before proceeding to completion of a contract.

15.5. The Investment Panel will make recommendations on any amounts to be set aside as a provision for voids and bad debts, which will be a first call on the income after the Council, has met its borrowing costs. In making its recommendations, the Panel will review the monies set aside from previous years and, if appropriate, recommend the release of any over-provision. These monies will then be available for distribution via the MTFP and reported in annual performance management of the strategy by the relevant committee with democratic powers of oversight.

15.6 All decisions to acquire or dispose of property assets are recommended by the Investment Panel but they are to be taken in accordance with the Council Financial Regulations.

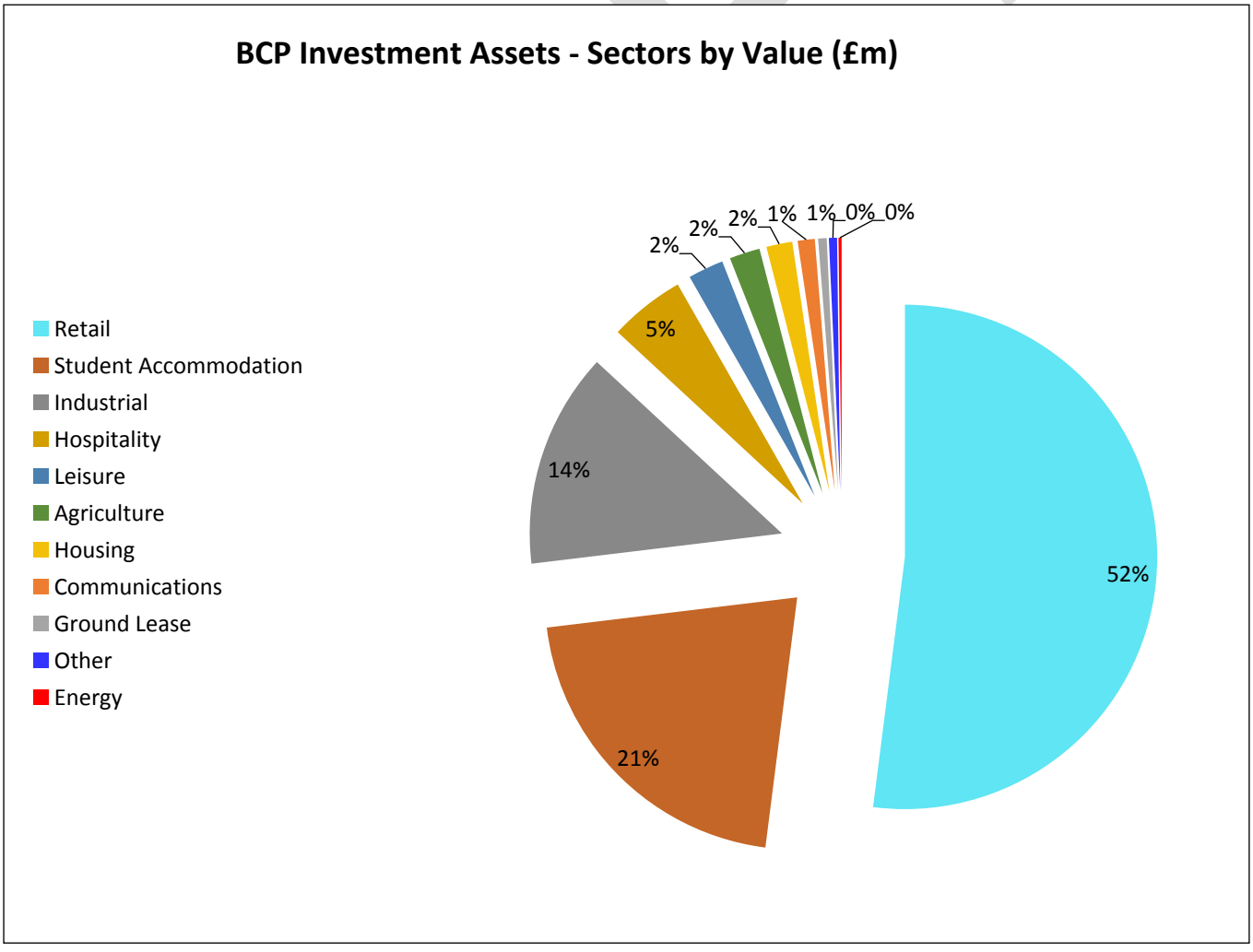
DRAFT



Appendix 1

Analysis of current Investment
Asset portfolio of Bournemouth, Christchurch and Poole Council (2018)

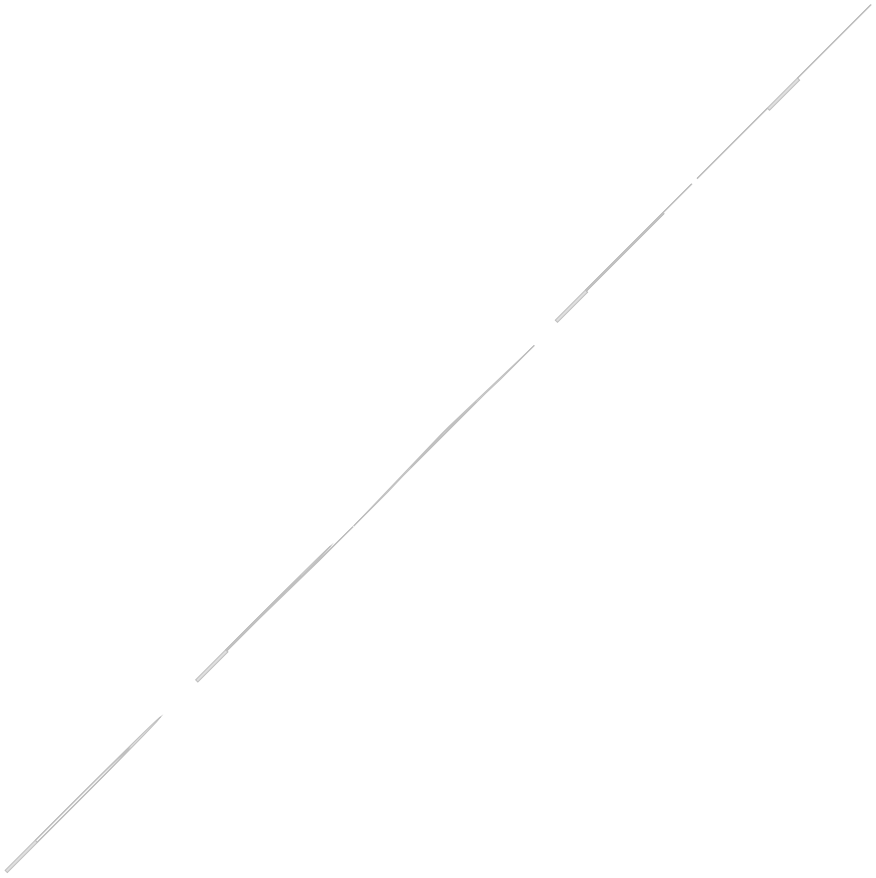
Sectors	Value by Sector (£m)
Retail	62.9
Student Accommodation	25.5
Industrial	16.7
Hospitality	5.9
Leisure	2.8
Agriculture	2.4
Housing	2.0
Communications	1.3
Ground Lease	0.7
Other	0.6
Energy	0.2
Total	**120.9**



Appendix 2

GUIDELINE INVESTMENT CRITERIA FOR COMMERCIAL PROPERTY PORTFOLIO	
Annual Investment Budgets	• Annual investment budgets will be set as part of the process for agreeing the Medium Term Financial Plan.
Performance	• To achieve a NET return on assets of circa 1.5% or more per annum (net of the costs of borrowing) in the first five-year period of ownership.
Income yield	• Maintain the portfolio income NET yield of at least 1.5% per annum over the costs of borrowing in the first five years of ownership. • To focus on maintaining a low void rate and a resilient income yield. • Ensure held properties / new acquisitions have reasonable capital growth prospects.
Property type	• Target core property holdings in primary or good secondary sectors with a balanced proportion of exposure to properties that will allow active management to generate improved performance.
Geographic allocation	• Within the Bournemouth, Christchurch and Poole council any deviation from this can only be done with a decision substantiated with a business case.
Sector allocation	• To spread investment across a range of commercial sectors. • No more than 25% by value will be held in any one sector, once the investment portfolio has been assembled.
Investment size	• Ideally, no single asset will comprise more than 20% of the value of the investment portfolio. However, it recognised that this will not be the case whilst the portfolio is being assembled.
Tenants	• In a mature portfolio, to ensure that the rent from any single tenant is 10% or less of rental exposure at point of decision. It is acknowledged that in assembling an investment portfolio, this will be exceeded temporarily. • The Council will endeavour to target assets where the cost of borrowing is covered by tenants with a minimum financial/credit rating of “good” dependant utilising the Council’s financial credit rating tool and risk analysis as well as an analysis of the tenant company’s financial statements.
Lease length portfolio	• Target new assets where the lease expiry profile fits with the existing profile of the investment portfolio. • Seek to maintain lease expiries in any one year below 10% of the fund’s lease income.
Development to enhance income	• Development may be undertaken where the major risks can be mitigated and the risk/reward profile is sufficient to justify it.
Debt	• Up to100% debt funded. • This will improve year on year as repayments reduce the underlying debt (see MRP policy Appendix 5). • Other sources of funding may be utilised, where possible. E.g. Income strips. • Structure of debt to be based on Bournemouth, Christchurch and Poole Council’s Treasury Management strategy.

Economic, Environmental and Social Governance	• Assets with wider economic benefits will be targeted, either in terms of capacity to deliver new jobs or to drive redevelopment, either now or in the future. • The Council will seek to promote energy efficiency and sustainability in its portfolio. In particular, it will invest to improve Energy Performance Certificate ratings where it is financially viable.



Appendix 3

GUIDELINE INVESTMENT CRITERIA FOR RESIDENTIAL PROPERTY PORTFOLIO	
Annual Investment Budgets	• Annual investment budgets will be set as part of the process for agreeing the Medium Term Financial Plan.
Performance	• To achieve a return on assets that fully covers the costs of borrowing in the first five-year period of ownership. Income growth at greater that inflation.
Income yield	• To focus on maintaining a low void rate and a resilient income yield. • Ensure held properties / new acquisitions have strong capital growth prospects
Property type	• Target core property holdings in sustainable locations • To prioritise acquisition of freehold and long leasehold studio, 1, 2 and 3 bedroom flats; 2, 3 4 and 5 bedroom houses and HMO's/hostels
Geographic allocation	• Within the Bournemouth, Christchurch and Poole council any deviation from this can only be done with a decision substantiated with a business case.
Sector allocation	• N/A
Investment size	• Target a maximum of 20% of budget in any single asset.
Tenants	• Mix of tenant types proposed, from tenants reliant on housing benefit to private rental sector which is unsupported. • Homeless clients will be accommodated within properties acquired specifically for the Homeless Housing programme in order to assist the Council to discharge its statutory homeless duty; this is separate to this investment strategy for the residential portfolio.
Lease length portfolio	• New leases/subleases to be granted to Seascape Homes and Property Limited, typically for periods of 25 years. • SHP to grant Assured Shorthold Tenancies.
Development to enhance income	• Development may be undertaken where the major risks can be mitigated and the risk/reward profile is sufficient to justify it.
Debt	• Up to 100% debt funded • This will improve year on year as repayments reduce the underlying debt (see MRP policy in Appendix 5) • Other sources of funding will be utilised, where possible • Structure of debt based on Bournemouth, Christchurch and Poole Council's Treasury Management strategy

Economic, Environmental and Social Governance	• Assets with wider economic benefits will be targeted, particularly where the acquisition will assist with improvements in a deprived area. • The Council will seek to promote energy efficiency and sustainability in its portfolio. In particular, it will invest to improve Energy Performance Certificate ratings where it is financially viable.

Appendix 4

Commentary of commercial Property as an Investment Vehicle
Risk and Returns

1. At its simplest, property is an investment in a piece of land or a building giving the investor a return as rental income and/or capital value growth. Capital growth may come through time either by holding the asset and/or be driven by asset management initiatives and development.

2. Risks and returns in property investment come both at a market level and from individual asset choice. The choice of location and the choice of property sector influence the risks and returns associated with the investment. At an individual asset level, there are asset specific risks and opportunities. The owner has the opportunity to add value through initiatives to improve buildings and manage the tenant roster. Asset specific events, such as the loss of an important tenant, illustrate the risks at an asset level.

3. The rental income returns from property have, historically, shown little volatility. Over the last 25 years the rental growth has never exceeded 10% in any one year nor has fallen by more than 5%. (Source: IPD1 UK monthly index)

4. However, this is the position at the macro level and this can mask a degree of volatility at a local level. In a rising economy, most market sectors tend to perform well with rent increases matching or outpacing inflation. However, in recession the adverse effects are most keenly felt in secondary locations. As leases come to an end, either by effluxion of time or as a result of tenant business failure, liability for business rates and other costs associated with empty property drives landlords of investments with little tenant demand to re-let them at whatever price they can achieve in order to defray these costs. This not only drives down rental income but also has an adverse effect on the investment yields used to capitalise these rental flows.

5. It is this link between rents and yields, the latter being driven by market confidence and returns available elsewhere that mean the capital growth component of property returns is variable. Real property prices do not show the rapid price fluctuations of quoted equities but on a longer time scale, price movements can be just as significant. Long term UK capital growth component hides years of significant fluctuations, both up and down, and a policy of a long-term hold should mean that the investments will be less affected by fluctuations in the general property market as the assets can be held to meet a rising market.

6. Effective asset management can help smooth out these peaks and troughs. However, they cannot be eradicated completely and any property investment involves an acceptance of the risks attached to such activities.

7. Capital values of commercial property are very dependent upon the covenant strength of the tenant and the unexpired term of the lease. An asset with a financially secure tenant occupying under a significant unexpired term with no

break options will command strong values, even in a difficult market. However, poorer quality tenants and/or shorter leases will detrimentally affect the asset value.

8. The value of an investment can fall as much as 30% if a tenant decides not to renew a lease. Correspondingly, it will rise again if a new long-term tenant is signed up. An effective business model aim should be to deliver short-term capital growth. An established private equity property strategy is to seek out buildings that are vacant or with short leases, to refurbish some parts, re-let and re-gear the leases, then sell realising the capital appreciation arising from the new longer leases. However, a typical first-time investor would seek to acquire more stability than this with strong covenants and long leases in place.

9. In practice, property investment can be structured to create a range of different risk/reward profiles from stable annual income performance to volatile, high risk/reward development returns. They can also be structured to ensure that any foreseeable lease renewals or voids across the entire portfolio are evenly spaced so avoid a significant impact in any one financial year.

10. Acquisition Risks:

10.1 The current low yields from traditional investments, such as bonds, mean that there is strong competition in the property market for investment opportunities. It follows that it is highly likely that there will be several bidders for any good-quality asset. One factor that is increasingly emerging is competition amongst local authorities looking to invest on a nationwide basis. This increased competition means it is inevitable that some bidders will be an unsuccessful and it also raises the possibility of local authorities distorting the investment market, driving up prices fuelled by the availability of low-cost borrowing.

10.2 Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. Of course, offers can be subject to conditions and due diligence before exchange of contracts.

11. Cost Risks:

11.1. Abortive costs, including legal costs, survey fees, professional adviser's fees, and officer time, may be incurred in connection with initial feasibility investigations and unsuccessful bids. It is also possible that issues will be identified during due diligence that will prevent a transaction from progressing.

12. Property Market Risks:

12.1 Property has a different risk profile from other investments because of its physical characteristics, which need to be managed and maintained. Whilst most property sectors have historically demonstrated good long-term returns, particularly in relation to underlying capital growth, fluctuations in the market or local economy and tenant/property-specific issues can affect short-term returns.

The property market is not a certain market and the Council may not always achieve its target returns.

12.2. Many investment transactions happen without being offered for sale in the market. These are known as off-market transactions. Information is key and getting to know about properties for sale is important and as it becomes known that a purchaser is active in the investment market, many such opportunities are presented by agents seeking a finder's fee, usually a maximum of 1% of the purchase price. Alternatively, the investor can be proactive by contacting property owners and agents directly. Consideration can also be given to engaging a specialist investment agent to act on the investor's behalf.

12.3. Lack of suitable sites/buildings – the local property market is restricted and is dominated by secondary or tertiary assets that may not be of the quality the Council would acquire. There may therefore be a shortage of suitable stock in the conurbation.

12.4. **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The investments made to date are either historic properties held by the Council for a number of years or are new investments with a view to retention for the foreseeable future. Although liquidity is important, no investments made to date affect the ongoing liquidity of the organisation.

13. <u>Capacity, Skills and Culture</u>

13.1 **Elected members and statutory officers:** The Council proposes operates an Asset Investment board which consists of elected members and statutory officers. Their role will be to look at potential investments as well as manage the current portfolio. The board will make recommendations to Cabinet and Council for any future investments.

13.2 **Commercial deals:** Specialist staffs are employed by the Council to ensure the knowledge and skills are held in house when dealing with significant commercial deals. The Council also consults with specialist firms for further independent advice. At all-times officers from the Council ensure that all commercial deals follow the principles of the prudential framework and of the regulatory regime within which Local Authorities operate.

14. **Corporate governance:** This has been covered in the main body or Capital Investment Strategy – section 15.

Appendix 5

Financial Overview and Indicators

This appendix has been developed to cover the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment guidance, including investment indicators. Due to this being the first year of the BCP authority some previous year comparison has not been possible to calculate.

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income and generate other benefits such as employment and regeneration to the local area (known as **commercial investments** where this is the main purpose).

This appendix will focus on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries, local business and residents to support local public services and stimulate local economic growth.

The most significant loan is to the Bournemouth Development Company LLP of £3.4m which was a loan to purchase a building situated on the proposed Winter Gardens development. The other partner in the partnership has also provided a matched £3.4m loan to the partnership. The loan supports the Council's long-term ambitions within the Bournemouth Town Centre Vision.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Should the Council want to increase the approved limits in the table below, relevant reports detailing the value and reason for these loans would go through the appropriate Cabinet and Council democratic process which in turn and following approval would adjust these limits accordingly.

Appendix 5

Table 1: Loans for service purposes

Category of borrower	31/03/18 actual			2019/20
	Balance owing £'000	Loss allowance £'000	Net figure in accounts £'000	Approved Limit £'000
Bourenmouth Development Company LLP	3,400	0	3,400	3,400
Wholly owned Council Companies	550	0	550	1,000
Local Business	105	(46)	59	105
Local charities and trusts	220	0	220	220
Housing associations	42	0	42	42
TOTAL	**4,317**	**(46)**	**4,271**	**4,767**

Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans.

The loans made to the Council's wholly owned subsidiaries were to ensure that the working capital for the companies can be maintained. The loans are given at a rate that is compliant with EU regulations in respect of State Aid and reflect the level of risk involved. These working capital loans are being reduced year on year as the companies establish themselves. As the companies are wholly owned and managed by the Council an assessment of risk is carried out as part of its normal financial processes.

The following bullet points cover the further areas the Council would consider as part of its risk assessment:

- State Aid considerations to establish the minimum interest rate and compliance with State Aid criteria.
- Assessment of cash flow forecasts and relevant income streams – if available
- Consideration of the company structure. Any limitations which may affect the distribution of assets, company control and distribution of surpluses from the entity
- A review of the company accounts, business plan and cash flows to assess the risks of the company's key sources of income (including volatility and consistency of any forecast income).
- An appraisal of the loan terms to determine if the implicit rate in the agreement is at a commercial/market rate to ensure there are no state aid issues associated with the arrangement
- A full assessment of the ability of the entity to service the finance agreement and their underlying credit quality and risk of default.
- Assessment of the collateral which is provided as security for the loans.
- Assessment as to whether the Market Operator Principle can be applied to the loans proposed
- A review of the relevant credit references, existing charges and debt obligations.

- Advice on the level and/or value of the relevant loan covenants and an explanation for the levels and associated risk.
- The identification of any relevant matters of a legal or accounting nature which may have implications for the manner in which it is proposed to make the loan.
- The identification of alternative powers that may be relied upon by the Authority to support the making of the loan, together with a detailed explanation of factors that would enable an alternative power to be considered and adopted by the Authority.

The Council would also look to consult with its external Treasury Management advisors to help support the items above.

Commercial Investments: Property

MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.

Contribution: The Council invests in local commercial and residential property with the intention of making a profit that will be spent on local public services.

The most significant property investment to date was in the Mallard Retail Park in Bournemouth at a cost of circa £49m. This property investment was driven by not only providing a sound investment for the Council but also ensuring the safeguarding of a key employment and economic site within Bournemouth. It is projected to provide between £300k and £600k (net of borrowing and other costs) a year towards helping to safeguard existing services for residents and businesses.

Table 2: Property held for investment purposes

Property	Actual Purchase cost £'000	31/03/18 actual Gains or (losses) £'000	31/03/18 actual Value in accounts £'000
Mallard Road Retail Park	49,065	(2,190)	46,875
Madeira Road Student Accommodation	18,734	6,736	25,470
Citrus Building, ground floor Turtle Bay	1,338	15	1,365
Wessex Trade Centre	9,960	0	10,570
Dolphin Centre	Historic	0	12,210
Saxon Square	Historic	0	1,380
Airfield Industrial Park	Historic	0	3,994
TOTAL	**79,097**	**4,561**	**101,864**

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

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value the portfolio of properties below the total portfolio purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom. (For information the Mallard Road and the Wessex Trade Centre the total purchase cost also included Stamp Duty Land Tax and other due diligence fees which are over and above what is taken into account for valuation purposes and show as a downward loss until the asset is revalued in future years based on rent receivable.)

Appendix 5

Investment Indicators

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

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

Table 3: Total investment exposure

Total investment exposure	31/03/18 Actual £'000	31/03/19 Forecast £'000
Treasury management investments	68,997	70,000
Service investments: Loans	4,271	4,000
Commercial investments: Property	79,084	79,084
TOTAL INVESTMENTS	**152,352**	**153,084**
Commitments to lend	0	0
Guarantees issued on loans	0	0
TOTAL EXPOSURE	**152,352**	**153,084**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 4: Investments funded by borrowing

Investments funded by borrowing	31/03/18 Actual £'000	31/03/19 Forecast £'000
Treasury management investments	0	0
Service investments: Loans	0	0
Commercial investments: Property	73,710	73,710
TOTAL FUNDED BY BORROWING	**73,710**	**73,710**

Table 5: Other investment indicators

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Debt to net service expenditure ratio	N/A	N/A	36%
Commercial income to net service expenditure ratio*	N/A	N/A	1%

**Commercial Income is only in relation to properties which have required borrowing to fund initial purchase.*

This page is intentionally left blank

Appendix 6 – Financial Overview and Indicators

This appendix has been developed to cover the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment guidance, including investment indicators. Due to this being the first year of the BCP authority some previous year comparison has not been possible to calculate.

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income and generate other benefits such as employment and regeneration to the local area (known as **commercial investments** where this is the main purpose).

This appendix will focus on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries, local business and residents to support local public services and stimulate local economic growth.

The most significant loan is to the Bournemouth Development Company LLP of £3.4m which was a loan to purchase a building situated on the proposed Winter Gardens development. The other partner in the partnership has also provided a matched £3.4m loan to the partnership. The loan supports the Council's long-term ambitions within the Bournemouth Town Centre Vision.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Should the Council want to increase the approved limits in the table below, relevant reports detailing the value and reason for these loans would go through the appropriate Cabinet and Council democratic process which in turn and following approval would adjust these limits accordingly.

Table 1: Loans for service purposes

Category of borrower	31/03/18 actual			2019/20
	Balance owing £'000	Loss allowance £'000	Net figure in accounts £'000	Approved Limit £'000
Bourenmouth Development Company LLP	3,400	0	3,400	3,400
Wholly owned Council Companies	550	0	550	1,000
Local Business	105	(46)	59	105
Local charities and trusts	220	0	220	220
Housing associations	42	0	42	42
TOTAL	**4,317**	**(46)**	**4,271**	**4,767**

Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans.

The loans made to the Council's wholly owned subsidiaries were to ensure that the working capital for the companies can be maintained. The loans are given at a rate that is compliant with EU regulations in respect of State Aid and reflect the level of risk involved. These working capital loans are being reduced year on year as the companies establish themselves. As the companies are wholly owned and managed by the Council an assessment of risk is carried out as part of its normal financial processes.

The following bullet points cover the further areas the Council would consider as part of its risk assessment:

- State Aid considerations to establish the minimum interest rate and compliance with State Aid criteria.
- Assessment of cash flow forecasts and relevant income streams – if available
- Consideration of the company structure. Any limitations which may affect the distribution of assets, company control and distribution of surpluses from the entity
- A review of the company accounts, business plan and cash flows to assess the risks of the company's key sources of income (including volatility and consistency of any forecast income).
- An appraisal of the loan terms to determine if the implicit rate in the agreement is at a commercial/market rate to ensure there are no state aid issues associated with the arrangement
- A full assessment of the ability of the entity to service the finance agreement and their underlying credit quality and risk of default.
- Assessment of the collateral which is provided as security for the loans.
- Assessment as to whether the Market Operator Principle can be applied to the loans proposed
- A review of the relevant credit references, existing charges and debt obligations.
- Advice on the level and/or value of the relevant loan covenants and an explanation for the levels and associated risk.

- The identification of any relevant matters of a legal or accounting nature which may have implications for the manner in which it is proposed to make the loan.
- The identification of alternative powers that may be relied upon by the Authority to support the making of the loan, together with a detailed explanation of factors that would enable an alternative power to be considered and adopted by the Authority.

The Council would also look to consult with its external Treasury Management advisors to help support the items above.

Commercial Investments: Property

MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.

Contribution: The Council invests in local commercial and residential property with the intention of making a profit that will be spent on local public services.

The most significant property investment to date was in the Mallard Retail Park in Bournemouth at a cost of circa £49m. This property investment was driven by not only providing a sound investment for the Council but also ensuring the safeguarding of a key employment and economic site within Bournemouth. It is projected to provide an extra £600k (net of borrowing and other costs) a year towards helping to safeguard existing services for residents and businesses.

Table 2: Property held for investment purposes

Property	Actual	31/03/18 actual	
	Purchase cost	Gains or (losses)	Value in accounts
	£'000	£'000	£'000
Mallard Road Retail Park	49,065	(2,190)	46,875
Madeira Road Student Accommodation	18,734	6,736	25,470
Citrus Building, ground floor Turtle Bay	1,338	15	1,365
Wessex Trade Centre	9,960	0	10,570
Dolphin Centre	Historic	0	12,210
Saxon Square	Historic	0	1,380
Airfield Industrial Park	Historic	0	3,994
TOTAL	**79,097**	**4,561**	**101,864**

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

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value the portfolio of properties below the total portfolio purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom. (For information the Mallard Road and the Wessex Trade Centre the total purchase cost also included Stamp Duty Land Tax and other due diligence fees which are over and above what is taken into account for valuation purposes and show as a downward loss until the asset is revalued in future years based on rent receivable.)

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by identifying the key risks associated with these type of investments:

Acquisition Risks:

The current low yields from traditional investments, such as bonds, mean that there is strong competition in the property market for investment opportunities. It follows that it is highly likely that there will be several bidders for any good-quality asset. One factor that is increasingly emerging is competition amongst local authorities looking to invest on a nationwide basis. This increased competition means it is inevitable that some bidders will be an unsuccessful and it also raises the possibility of local authorities distorting the investment market, driving up prices fuelled by the availability of low-cost borrowing.

Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. Of course, offers can be subject to conditions and due diligence before exchange of contracts.

Cost Risks:

Abortive costs, including legal costs, survey fees, professional adviser's fees, and officer time, may be incurred in connection with initial feasibility investigations and unsuccessful bids. It is also possible that issues will be identified during due diligence that will prevent a transaction from progressing.

Property Market Risks:

Property has a different risk profile from other investments because of its physical characteristics, which need to be managed and maintained. Whilst most property sectors have historically demonstrated good long-term returns, particularly in relation to underlying capital growth, fluctuations in the market or local economy and tenant/property-specific issues can affect short-term returns. The property market is not a certain market and the Council may not always achieve its target returns.

Many investment transactions happen without being offered for sale in the market. These are known as off-market transactions. Information is key and getting to know about properties for sale is important and as it becomes known that a purchaser is active in the investment market, many such opportunities are presented by agents seeking a finder's fee, usually a maximum of 1% of the purchase price. Alternatively, the investor can be proactive by contacting property owners and agents directly. Consideration can also be given to engaging a specialist investment agent to act on the investor's behalf.

Lack of suitable sites/buildings – the local property market is restricted and is dominated by secondary or tertiary assets that may not be of the quality the council would acquire. There may therefore be a shortage of suitable stock in the conurbation.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The investments made to date are either historic properties held by the Council for a number of year or are new investments with a view to retain for the foreseeable future. Although liquidity is important, no investments made to date effect the ongoing liquidity of the organisation.

Capacity, Skills and Culture

Elected members and statutory officers: The new Council proposes operates an Asset Investment board which consists of elected members and statutory officers. Their role will be to look at potential investments as well as manage the current portfolio. The board will make recommendations to Cabinet and Council for any future investments.

Commercial deals: Specialist staff are employed by the Council to ensure the knowledge and skills are held in house when dealing with significant commercial deals. The Council also consults with specialist firms for further independent advice. At all-times officers from the Council ensure that all commercial deals follow the principles of the prudential framework and of the regulatory regime within which Local Authorities operate.

Corporate governance: This has been covered in the proceeding Asset Investment Strategy.

Investment Indicators

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

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

Table 3: Total investment exposure

Total investment exposure	31/03/18 Actual £'000	31/03/19 Forecast £'000
Treasury management investments	68,997	70,000
Service investments: Loans	4,271	4,000
Commercial investments: Property	79,084	79,084
TOTAL INVESTMENTS	**152,352**	**153,084**
Commitments to lend	0	0
Guarantees issued on loans	0	0
TOTAL EXPOSURE	**152,352**	**153,084**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 4: Investments funded by borrowing

Investments funded by borrowing	31/03/18 Actual £'000	31/03/19 Forecast £'000
Treasury management investments	0	0
Service investments: Loans	0	0
Commercial investments: Property	73,710	73,710
TOTAL FUNDED BY BORROWING	**73,710**	**73,710**

Table 5: Other investment indicators

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Debt to net service expenditure ratio	N/A	N/A	36%
Commercial income to net service expenditure ratio*	N/A	N/A	1%

**Commercial Income is only in relation to properties which have required borrowing to fund initial purchase.*

This page is intentionally left blank

Bournemouth, Christchurch and Poole Council (BCP) Treasury Management Strategy Statement 2019/20

Introduction

Local Government Reorganisation in Dorset

1 Dorset's existing nine councils will be replaced with two new unitary councils from April 2019, with Bournemouth Borough Council, the Borough of Poole and Christchurch Borough Council forming one unitary council, and the six other councils forming the other.

2 It will therefore be necessary to 'disaggregate' existing investments and borrowings attributable to Christchurch Borough Council from the County Council's assets and liabilities. The process for doing this is being developed and agreed during 2018/19, in common with other services and activities of the County Council provided to Christchurch Borough Council.

Background

3 The Council defines its treasury management activities as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks." Part of the treasury management operation is to ensure that the cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

4 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

5 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

Reporting Requirements

6 **Capital Strategy** - The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

7 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

8 **Prudential and treasury indicators and treasury strategy** - The first, and most important report covers:

a The capital plans (including prudential indicators);

b A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);

c The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and

d An investment strategy (the parameters on how investments are to be managed).

9 **Quarterly treasury management report** – This will update members with the progress of the capital position, amending prudential indicators if necessary, and whether any policies require revision. The reports will be presented to a yet to be formed committee for the BCP authority.

10 **An annual treasury management report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

11 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the yet to be be formed committee for the BCP authority.

Treasury Management Strategy for 2019/20

12 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;

- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

13 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

14 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. Training will be organised alongside the Council's Treasury Management advisors and will be organised for members following the formation of the Bournemouth, Christchurch and Poole Authority in 2019/20.

15 The training needs of treasury management officers are periodically reviewed.

Treasury management consultants

16 Currently Bournemouth uses Link Asset Services and Christchurch and Poole use Arlingclose as its external treasury management advisors. The Finance team for Bournemouth and Poole and Christchurch are currently undertaking a tender to ensure one supplier is in place by the 1st April 2019.

17 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

18 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Capital Prudential Indicators 2019/20 – 2020/21

19 The Council's capital expenditure plans have a key influence over the treasury management activity. The capital expenditure plans are reflected in the prudential indicators, which are designed to assist members' in considering the impact and risk of this Council's capital expenditure plans. As the BCP authority is yet to be established the capital plans are limited to 3 years. These will be extended and represented once the BCP authority has established itself.

Capital expenditure

20 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund	112,749	87,456	18,112
Commercial activities/ non-financial investments	145,296	-	-
HRA	35,073	35,938	45,300
Total	**293,118**	**123,394**	**63,412**

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

21 The tables below summarise the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

General Fund and Commercial Activity Capital Expenditure

Capital expenditure	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund Total	**258,045**	**87,456**	**18,112**
Financed by:			
Capital receipts	5,571	5,564	-
Capital grants & Contributions	47,962	37,527	8,299
Other Contributions	7,168	7,033	500
Reserve Contributions	10,821	9,063	2,262
Internal Borrowing	41,227	28,269	7,051
External Borrowing	145,296	-	-
Total financing for the year	**258,045**	**87,456**	**18,112**

HRA Capital Expenditure

Capital expenditure	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
HRA Total	**35,073**	**35,938**	**45,300**
Financed by:			
Capital receipts	5,919	4,044	6,438
Major Repairs Allowance	28,830	22,553	23,890
Other Contributions	60	7,382	6,252
Internal Borrowing	264	1,959	8,720
External Borrowing	-	-	-
Total financing for the year	**35,073**	**35,938**	**45,300**

The Council's borrowing need (the Capital Financing Requirement)

22 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

23 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life, and so charges the economic consumption of capital assets as they are used.

24 The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

25 The Council is asked to approve the CFR projections overleaf:

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Capital Financing Requirement			
CFR – General Fund	289,220	309,401	331,541
CFR – HRA	144,995	146,954	155,674
Total CFR	**434,215**	**456,355**	**487,215**
Movement in CFR	33,698	22,140	7,682
Movement in CFR represented by			
Net movement in borrowing for the year (above)	41,491	30,229	15,771
Less MRP/VRP and other financing movements	(7,793)	(8,089)	(8,089)
Movement in CFR	**33,698**	**22,140**	**7,682**

26 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures and the details above demonstrate the scope of this activity and, by approving these figures; consider the scale proportionate to the Authority's remaining activity.

Minimum Revenue Provision (MRP) policy statement

27 The Council is required to make a Minimum Revenue Provision (MRP). It is a statutory requirement to make a charge to the Council's General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities.

28 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

29 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be either:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);
- **Based on CFR** – MRP will be based on the CFR (option 2);

30 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

31 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be either:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

32 The type of approach intended by the MRP guidance is clearly to enable local circumstances and discretion to play a part, as the guidance in general contains a set of recommendations rather than representing a prescriptive process. The guidance makes it clear that councils can follow an alternative approach, provided they still make a prudent provision.

33 It was agreed by members of previous Councils that the following MRP policy was applied from 2016/17 onwards:

- In respect of all supported borrowing, capital expenditure incurred prior to 2016/17 (excluding assets acquired under PFI or finance lease arrangements) MRP will be provided at a rate of 2% on a straight line basis to ensure the balance is fully cleared over the period in line with the useful life of the assets the debt services.
- In respect of all unsupported borrowing, capital expenditure incurred prior to 2016/17 (excluding assets acquired under PFI or finance lease arrangements) the Council will apply the Asset life method as used in previous years and will apply an average life of 25 years for the unsupported borrowing requirement to be repaid over based on historical schemes that have required and applied unsupported borrowing.
- MRP charges from 1 April 2004 to 31 March 2016 exceeded what prudence required during the period under this revised policy. There will be a realignment of MRP charged to the revenue account in 2016/17 and subsequent years to recognise this excess sum. Total MRP after applying realignment will not be less than zero in any financial year.
- In respect of capital expenditure incurred in 2016/17 and subsequent financial years MRP will be provided at a rate of 4% on the written down balance.

34 In 2017/18 a proposed change was made that the 4% write down method will be used for all assets except for significant individual schemes exceeding £10m (such as asset investments) for which the specific asset life will be used for MRP purposes.

35 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

36 Repayments included in annual PFI or finance leases are applied as MRP.

MRP Overpayments

37 A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £4.5m.

Borrowing

38 The treasury management function ensures that the Council's cash is organised in

accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

39 The overall Treasury Management portfolio as at 31 March 2018 and for the postion as at 31 October 2018 are shown below for both borrowing and investments.

Treasury investments	Actual 31/03/2018 £'000	Actual 31/03/2018 %	Current 31/10/2018 £'000	Current 31/10/2018 %
Money Market Funds	2,150	3%	2,000	2%
Bank Deposits	7,500	11%	13,100	16%
Local Authorities	23,000	33%	17,500	21%
Call Account	4,097	6%	11,960	15%
Debt Management Office	11,850	17%	12,850	16%
Cash Plus and Short Bond Funds	20,400	30%	25,000	30%
Total Treasury Investments	**68,997**	**100%**	**82,410**	**100%**
Treasury External Borrowing				
PWLB	153,187	62%	153,187	64%
Local Authorities	73,200	29%	64,600	27%
Private Sector	19,214	8%	18,863	8%
Salix	3,541	1%	2,695	1%
Total External Borrowing	**249,142**	**100%**	**239,345**	**100%**
Net treasury investment / (borrowing)	**(180,145)**		**(156,935)**	

40 It should be noted that Bournemouth Borough Council has secured a £49m forward loan which will be issued in May 2021. There will be a need to refinance the current £49m local authority loans which will be redeemed in September 2019.

41 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
External Debt			
Debt at 1 April	**249,142**	**249,142**	**200,142**
Expected change in Debt	0	(49,000)	49,000
Actual gross debt at 31 March	**249,142**	**200,142**	**249,142**
The Capital Financing Requirement	**434,215**	**456,355**	**487,215**
Under / (over) borrowing	**185,073**	**256,213**	**238,073**

42 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

43 The predecessor Council's have complied with their prudential indicator in the current year and the new authority does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

44 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

45 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

a This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

b The Council is asked to approve the following authorised limit:

	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Operational boundary	411	460	510
Authorised limit	459	510	560

46 It should be noted that the Operation boundary and Authorised limit have been set to allow sufficient headroom should any future Asset Investments be approved.

Maturity structure of borrowing

47 Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2019/20		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	50%
2 years to 5 years	0%	80%
5 years to 10 years	0%	80%

10 years and above	50%	100%
Maturity structure of variable interest rate borrowing 2019/20		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	25%
10 years and above	0%	25%

Prospects for interest rates

48 Link Asset Services as part of their service is to assist the Council to formulate a view on interest rates. The following table gives their view on the base rate and PWLB borrowing costs.

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

49 The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. It is unlikely that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for the UK exit of the European Union. Similarly, the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit process.

Borrowing strategy

50 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that need to be considered.

51 The Chief Financial Officer has the delegated responsibility to arrange such loans as are legally permitted to meet the Council's borrowing requirement and to arrange terms of all loans to the Council including amounts, periods and rates of

interest.

52 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

a If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

b If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

c Any decisions will be reported to the Audit and Governance comittee for the BCP authority at the next available opportunity.

Policy on borrowing in advance of need

53 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

54 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

55 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

56 The reasons for any rescheduling to take place will include:

a The generation of cash savings and / or discounted cash flow savings;

b Helping to fulfil the treasury strategy;

c Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

57 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

58 All debt rescheduling will be reported to the Audit and Governance committee for

the BCP authority at the earliest meeting following its action.

Municipal Bond Agency

59 It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

Annual Investment Strategy

Investment Policy

60 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

61 The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

62 In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

63 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

64 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Creditworthiness policy

65 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

a It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate

security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

b It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

66 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

67 Credit rating information is supplied by our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

68 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AAA (non UK)

(Rating Description: AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Appendix 2 to this document sets out the current list of countries that the Council can invest funds with.

The UK sovereign rating is currently AA. To ensure that the Treasury Function has capacity to operate effectively no specific minimum UK sovereign rating has been set out.

Selection Criteria

69 Banks 1 - the Council will use UK and non UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):

	Fitch	**Moody's**	**Standard & Poors**
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

70 Investments will include term deposits, call accounts, notice accounts and Certificate of Deposits.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.

b Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

c Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.

d Building societies. The Council will use societies which meet the ratings for Banks 1 outlined above.

e Market Funds (MMFs) Constant net asset value (CNAV)

f Money Market Funds (MMFs) Low-Volatility asset value (LNVAV)

g Money Market Funds (MMFs) Variable net asset value (VNAV)

h Ultra-Short Dated Bond Funds with a credit rating of at least 1.25

i Ultra-Short Dated Bond Funds with a credit rating of at least 1.50

j Cash Plus Funds

k UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))

l Local authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

m Pooled Funds

Maximum Time and Monetary Limits applying to Investments

71 The maximum amount that can be invested in any one institution at the time of the investment (including call accounts) as a percentage of the total investment portfolio has been reviewed and rationalised. All AA- and above rated institutions have a maximum limit of 25%, all A+, A or A- rated institutions have a maximum limit of 20%. For practical reasons where the average investment balance falls below £10m it may become necessary to increase the percentage limit to 33% at the time of investment (this only applies to call accounts and money market funds).

72 The maximum time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 higher quality	AA-	25%	2 years
Banks 1 medium quality	A	20%	1 year
Banks 1 lower quality	A-	20%	6 months

Banks 2 category – part-nationalised RBS / Nat West	N/A	20%	2 years
Banks 3 category – Council's banker HSBC	AA-	25%	3 months
DMADF/Treasury Bills	AAA	25%	6 months
Local Authorities	N/A	20%	5 years
Money Market Funds CNAV	AAA	25%	Instant access
Money Market Funds LVNAV	AAA	25%	Instant access
Money Market Funds VNAV	AAA	25%	Instant access
Ultra-Short Dated Bond Funds	N/A	25%	Unlimited
Cash Plus Funds	AAA	25%	Unlimited
UK Gilts	UK Sovereign Rate	25%	5 years

Use of additional information other than credit ratings

73 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information will be applied to compare the relative security of differing investment counterparties.

Investment strategy

In-house funds

74 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

75 Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

a 2018/19 0.75%

b 2019/20 1.00%

c 2020/21 1.50%

d 2021/22 2.00%

76 The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

77 **Investment treasury limit** – The maximum period for investments will be 5 years.

Appendices

Appendix 1 - Economic Background and interest rate forecasts

Appendix 2 - Approved Countries for investments

Appendix 3 - Treasury Management Policy, Practices and Schedules

Appendix 1: Economic Background (provided by Link Asset Services Ltd)

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures
Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about $50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also *raise* Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the **labour market** figures in October**,** unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an

upturn in wage inflation which hit 3.2% in November, However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles, of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Appendix 2: Approved countries for investments

AA

- United Kingdom

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

Bournemouth, Christchurch and Poole Council

Treasury Management Policy, Practices and Schedules

Treasury Management Practices and Schedules

The Treasury Management Practices (TMPs) and Schedules set out the manner in which the Council will seek to achieve its Treasury Management Policies and objectives and how it will manage and control those activities.

TMP 1 – Treasury Risk Management

TMP 2 – Best Value and Performance Measurement

TMP 3 – Decision-Making and Analysis

TMP 4 - Approved Instruments, Methods and Techniques

TMP 5 - Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

TMP 6 - Reporting Requirements and Management Information Arrangements

TMP 7 - Budgeting, Accounting and Audit Arrangements

TMP 8 - Cash and Cash Flow Management

TMP 9 - Money Laundering

TMP 10 - Staff Training and Qualifications

TMP 11 - Use of External Service Providers

TMP 12 - Corporate Governance

TMP1 Treasury Risk Management

1 The S151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

2 The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, we will ensure that the counterparty list and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, Methods and Techniques and listed in the schedule to this document. The Council also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

3 The S151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

4 The minimum rating criteria uses method of selecting counterparties and applying limits. The Council will use UK and non-UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poor's credit ratings. Credit rating information is supplied by Link Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

5 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AA (UK)
- AAA (non UK)

(Rating Description – AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Selection Criteria

- Banks 1 - the Council will use UK and non UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Fitch	**Moody's**	**Standard & Poors**
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

Investments will include term deposits, call accounts, notice accounts and CD's.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.

b Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

c Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.

d Building societies. The Council will use societies which meet the ratings for Banks 1 outlined above.

e Market Funds (MMFs) CNAV

f Money Market Funds (MMFs) LNVAV

g Money Market Funds (MMFs) VNAV

h Ultra-Short Dated Bond Funds with a credit rating of at least 1.25

i Ultra-Short Dated Bond Funds with a credit rating of at least 1.50

j Cash Plus Funds

k UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))

l Local authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

m Pooled Funds

Maximum Time and Monetary Limits applying to Investments

6 The maximum that can be invested in any one institution at the time of the investment (including call accounts) as a percentage of the total investment portfolio has been reviewed and rationalised. All AA- and above rated institutions have a maximum limit of 25%, all A+, A or A- rated institutions have a maximum limit of 20%. For practical reasons where average investment balance falls below £10m it may become necessary to increase the percentage limit to 33% at the time of investment (this only applies to call accounts).

7 The maximum time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 category	AA-	25%	2 years
Banks 1 category	A	20%	1 year
Banks 1 category	A-	20%	6 months
Banks 2 category – part-nationalised Lloyds / Bank of Scotland RBS / Nat West	N/A	20%	 1 year 2 years
Banks 3 category – Council's banker	AA-	25%	3 months
DMADF/Treasury Bills	AAA	25%	6 months
Local Authorities	N/A	20%	5 years
Money Market Funds CNAV	AAA	25%	Instant access
Money Market Funds LVNAV	AAA	25%	Instant access
Money Market Funds VNAV	AAA	25%	Instant Access

Ultra-Short Dated Bond Funds	N/A	25%	Instant access
Cash Plus Funds	AAA	25%	12/18 months
UK Gilts	UK Sovereign Rate	25%	5 years

Approved methodology for changing limits and adding/removing counterparties

8 Credit ratings for individual counterparties can change at any time. The S151 Officer is responsible for applying the stated credit rating criteria outlined above for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

9 The S151 Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers in accordance with the criteria outlined above.

Liquidity Risk Management

10 This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

11 The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

12 The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Cash flow and cash balances

13 The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a rolling 12 month cash flow forecast.

The Treasury Management function shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.

In order to achieve the maximum return from investments, a daily cash balance of +/- £50,000 is the normal objective for the Council's bank account. Note - it may not always be possible or practical to achieve this target for various reasons, such as, late or fluctuating receipts after the treasury management activities for the day have been completed.

Short term investments

14 Funds are held in overnight accounts, call accounts or money market funds specifically in order to deal with day to day cash flow fluctuations.

Temporary borrowing

15 Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.

At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.

Bank Overdraft and standby facilities

16 The Council has an authorised overdraft limit with its bankers of up to £100k at an agreed rate of 2.39% over base rate.

Interest Rate Risk Management

17 The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

18 The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

19 It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

20 The Council's Policy will limit its exposure to interest rate changes by allowing a maximum of 4% of borrowing to be at variable interest and a maximum of 100% to be at fixed rate. In addition, a maximum of 50% of investments can be made at variable interest and a maximum of 100% to be at fixed rate.

21 Interest rates will be monitored by the Assistant Chief Financial Officer and information about possible changes in interest rates gathered from market sources.

Policies concerning other instruments for interest rate management.

22 Forward dealing - Will only be undertaken where the date of commencement is 3 months (or less) for an investment from the date that funds will be transferred, in

order to minimise risk due to uncertainties in the cash flow projections. The maximum length of time permissible for all investments will be 5 years.

Exchange Rate Risk Management

23 The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

Approved criteria for managing changes in exchange rate levels

i) As a result of the nature of the Council's business, it may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. The Council will adopt a full hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the Council will eliminate all foreign exchange exposures as soon as they are identified.

ii) Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full cover hedging policy. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

Refinancing Risk Management

24 The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

25 The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

26 It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

<u>Projected capital investment requirements</u>

27 3 year projections are in place for capital expenditure and its financing or funding. Financing will be from capital receipts, reserves, any grants or contributions awarded and revenue. Funding will be from internal or external borrowing, as decided.

As required by the Prudential Code, the Council will undertake Options Appraisals to evaluate the best capital expenditure financing route.

The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.

Debt profiling, policies and practices

28 Any longer term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council's Prudential Indicators and the Treasury Management Strategy.

The Council will maintain through its various treasury spreadsheets reliable records of the terms and maturities of its borrowings, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancing.

Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.

Policy concerning limits on revenue consequences of capital financings

29 The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium term forecasts.

Legal and Regulatory Risk Management

30 The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

31 The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in treasury activities. In framing its credit and counterparty policy under TMP1 Treasury Risk Management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

32 The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

33 The Council operates its Treasury Management Practices in accordance with the provisions of the Local Government and Housing Act 1989 and the CIPFA Treasury Code of Practice. The Council's powers are documented in the Treasury Management Policy statement, the Treasury Management Practices and the Schedules.

34 Counterparties are included on the lending list where they fully comply with the Credit Rating requirements from Fitch, S&P and Moody's or where they meet the specified exceptional criteria.

35 The S151 Officer will review the Legal and Regulatory framework in order to assess the impact of any changes on the Council.

Procedures for evidencing the Council's powers/ authorities to counterparties

36 The Council's Financial Regulations contain evidence of the power/ authority to act as required by S151 of the Local Government Act 1972, under the general direction of the Council and Cabinet.

The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.

Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.

Required information from counterparties concerning their powers/ authorities

37 Lending shall only be made to institutions on the Council's authorised lending list.

The Council will only undertake borrowing from approved sources such as the Public Works Loans Board (PWLB), organisations such as the European Investment Bank and from commercial banks who are on the Council's list of authorised institutions, thereby minimising legal and regulatory risk. The list of approved sources of borrowing is contained in TMP 4.

Political Risk Management

38 Political risk is managed by:

i) Adoption of the CIPFA Treasury Management Code of Practice;

ii) Adherence to Corporate Governance (TMP 12 – Corporate Governance);

iii) Adherence to the Statement of Professional Practice by the S151 Officer;

iv) The roles of the Council and Cabinet.

Details of relevant Statutes and regulations

39 The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are as follows:

i) CIPFA's Treasury Management Code of Practice and guidance notes;

ii) CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities;

iii) CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments;

iv) CIPFA Standard of Professional Practice on Treasury Management

v) The Local Government Act 2003;

vi) The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments;

vii) Pensions, England and Wales - The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – SI 2009 No 3093;

viii) MHCLG Guidance on Minimum Revenue Provision (MRP);

ix) MHCLG Revised Guidance on Investments Feb 2017

x) The MHCLG's Guidance on Local Government Investments in England issued March 2004 and subsequent amendments ;

xi) The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883;

xii) LAAP Bulletins;

xiii) Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2010/11 onwards);

xiv) Accounts and Audit Regulations 2003, as amended together with CLG's Guidance;

xv) The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets;

xvi) Council's Constitution including:

- Standing Orders relating to Contracts;
- Financial Regulations;
- Scheme of Delegation.

xvii) CLG's Self-Financing Policy Documentation and subsequent amendments.

Fraud, Error and Corruption, and Contingency Management

40 The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

41 The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

42 In order to mitigate these risks, it is a system requirement that two officers need to be involved in order to facilitate a CHAPS payment via internet banking. The first officer will set up the payment details and the second officer will verify the details and authorise payment. Payment is only to be made on appropriately authorised documentation.

43 For payments to investment counterparties and other regular payments (e.g. Inland Revenue, Pensions) the payee name and bank details will be set up as named beneficiaries within the system.

Details of systems and procedures to be followed, including internet services

44 The S151 Officer will ensure that all Treasury Management Procedures are fully documented and approved and that they contain adequate levels of internal control. All computer systems or electronic forms of recording or transmitting data will have adequate security and back up provisions.

45 The S151 Officer will ensure that the Treasury Management function is subject to regular internal audit, the intention being that this will generally take place once each year with sufficient programmed days to cover all aspects of its activity.

Emergency and contingency planning arrangements

46 In the event of treasury management software being unavailable, due to power failure or problems with the system, arrangements for the day-to-day treasury function will be undertaken direct with the Council's bank.

Insurance cover details

47 The Treasury Management function is covered under the Council's Fidelity Guarantee Policy.

Market risk management

48 The Council will seek to ensure that its stated Treasury Management Policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (GILTS, CDS, etc.)

If the Council makes use of fund managers they may deal in GILTS, Certificates of deposit etc. on behalf of the Council. The limit for these will be the value of the fund, held by the external body at the time. The fund will be able to be liquidated within 7 days.

TMP2 Best Value and Performance Measurement

49 The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Strategy Statement.

50 Accordingly, the Treasury Management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the Treasury Management function will be measured using the criteria set out in this section.

Methodology to be applied for evaluating the impact of Treasury Management decisions

51 All treasury management decisions will be recorded by the Treasury Accountant. A monthly report will be produced and any significant decisions notified to the S151 Officer on the monthly report. Rates quoted for investments and borrowing will be recorded and monitored against benchmarks, any benchmarking reports will consider risk as well as the rate of return. Market trends will be compared to expectations. Investments or borrowing which takes place with a maturity of over one month, evidence should be kept to demonstrate that the most favourable interest rate has been achieved.

Policy concerning methods for Testing Value for Money in Treasury Management

Frequency and processes for review

52 The Treasury Management function will be included within the Core Service Transformation review of Strategic Finance.

Banking services

53 Banking services will be retendered or renegotiated periodically in line with accepted procurement practice to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

Money-broking services

54 The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. The Council will also deal direct with counterparties that appear on the lending lists where it can be shown that the rates achievable by dealing direct are higher than those that could have been achieved by dealing through money-brokers.

An approved list of brokers will be established which takes account of both prices and quality of services. Note that fees are only due when the authority chooses to borrow using money brokers.

Consultants'/advisers' services

55 The Council may appoint professional treasury management advisers as and when it is deemed necessary to do so. The performance of these advisors will be monitored on an ongoing basis and be the subject of a tendering process.

Where treasury management advisers are appointed they will be expected to:

i) Provide creditworthiness advice and updates on credit developments;

ii) Provide rating watch information and highlight any impact on the Council's lending list;

iii) Review all treasury management reports and check compliance with the Treasury Management Code of Practice, the Prudential Code and Best Practice;

iv) Provide suitable economic information including interest rate forecasts;

v) Offer suitable training and seminars to support for Members and officers;

vi) Provide technical advice help and support as required.

External Fund Managers

56 The Council may appoint full-time cash/external investment fund managers and will comply with the Local Authorities (Contracting Out of Investment Functions) Order 1996 [SI 1996 No 1883].

The fund Manager will undertake all activity in accordance with the provisions set out in this document.

The delegation of investment management to external managers will entail the following:

i) Agreement of a formal contractual agreement and documentation;

ii) Agreement on terms for early termination of the contract;

iii) Setting of a benchmark of [7 day LIBID] and a performance target of exceeding the benchmark;

iv) Setting of investment counterparty constraints;

v) Quarterly reporting of performance;

vi) At least annual meetings with investment managers;

vii) Setting of other constraints/parameters/conditions.

The Council's treasury management advisors will assist in monitoring the performance of the fund managers.

Methods to be employed for measuring the performance of the Council's Treasury Management activities

57 Performance will be measured against the benchmark figures agreed. Performance will also be monitored by comparing expected levels of interest to the interest budgets set in the Budget setting process.

Benchmarks and calculation methodology:

a Debt management

Average rate on all external debt
Average rate on external debt borrowed in previous financial year
Average rate on internal borrowing
Average period to maturity of external debt
Average period to maturity of new loans in previous year

b Investment

The performance of investment earnings will be measured against the following benchmarks:

i) In house investments - 7 Day LIBID
ii) Cash fund manager - 7 Day LIBID

It is recognised that these benchmarks must be assessed in the overall context of security and liquidity being more important than yield.

TMP3 Decision-Making and Analysis

58 The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

59 Whilst the Council will take advice from external consultants as and when required it is recognised that the final decision for all treasury management activity lies with the Council.

Funding, Borrowing, Lending, and new instruments / techniques

Records to be kept

60 Details of all rates achieved on new investments and borrowing will be kept by the S151 Officer, along with rates requested from other sources that were rejected. This is to show that the S151 Officer consulted different areas of the market place to support the decision made. All documentation to support investment / borrowing decisions will be available for inspection by internal audit.

Processes to be pursued

61 When investment decisions are to be made, the Treasury Accountant with responsibility for treasury management will seek rates from at least two brokers or counterparties that deal direct, and a comparison will be made with indicative rates quoted by brokers on the day. These rates, together with the reason for the chosen rate (not always the highest rate quoted), will be recorded on the deal ticket or electronically and will be made available for inspection. Since the start of the credit crisis and the nominal rates achieved on investments the Treasury Management function have concentrated their efforts firmly on capital protection and risk management. In practice the Council has a very restricted lending list and there is often little or no choice where to place investments.

Borrowing decisions will be made by the S151 Officer in the light of the Council's medium term budgetary requirement. The interest rate type, period of the loan and reason for the need to borrow will be recorded by the Group Accountant with responsibility for treasury management.

Issues to be addressed

62 In respect of every decision made the Council will:

a Above all be clear about the nature and extent of the risks to which the Council may become exposed;

b Be certain about the legality of the decision reached and the nature of the transaction, and that all approvals to proceed have been obtained;

c Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping;

d Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded;

e Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

63 In respect of borrowing and other funding decisions, the Council will:

a Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;

b Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;

c Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

64 In respect of investment decisions, the Council will:

a Consider the optimum period, in the light of cash flow availability and prevailing market conditions;

b Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

TMP4 Approved Instruments, Methods and Techniques

65 The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below and within the limits and parameters defined in TMP1 Risk Management.

66 Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its Treasury Management Strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

Approved activities of the Treasury Management function

a Borrowing

b Lending

c Debt repayment and rescheduling

d Consideration, approval and use of new financial instruments and treasury management techniques

e Managing the underlying risk associated with the Council's capital financing and surplus funds activities

f Managing cash flow

g Banking activities

h Leasing

i The use of external fund managers

Approved instruments for investment

67 In accordance with The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 and subsequent amendments, the instruments approved for investment and commonly used by local authorities are:

a UK Government (including gilts, Treasury Bills and Debt Management Account Deposit Facility)

b Deposits with banks, building societies or local authorities (and certain other bodies) for up to five years;

c Certificates of deposits with banks or building societies for up to five years;

d Corporate bonds and bonds issued by Multilateral Development Banks;

e Euro-sterling issues by certain Supra-national bodies listed on the London and Dublin Stock Exchanges;

f Money Market Funds;

g Pooled funds, i.e. collective investment schemes as defined in SI 2004 No 534.

Approved techniques

a Forward dealing up to five years

b Callable deposits up to five years

Approved methods and sources of raising Capital Finance

68 Finance will only be raised in accordance with the Local Government and Housing Act, 1989, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	**Fixed**	**Variable**
PWLB	●	●
Local Authorities and Other Public Bodies	●	●
Private Sector Organisations	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Municipal Bond Agency	●	●
Leasing (finance leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing
Government and EU Capital Grants
Lottery monies
PFI

69 These forms of funding will be considered based on the prevailing economic climate, regulations and local considerations. The S151 Officer has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from the approved sources.

Investment Limits

	LIMIT
Deposits (including Money Market Funds)	Unlimited

Borrowing Limits

On Balance Sheet	
PWLB	100%
Private Sector Organisations	100%
Municipal Bond Agency	20%
Local Authorities and Other Public Bodies	100%
Overdraft	£500k
Internal (capital receipts & revenue balances)	100%

TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

70 The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

71 The principles on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the Treasury Management function.

72 If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting Requirements and Management Information Arrangements, and the implications properly considered and evaluated.

73 The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule in this section.

74 The S151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in this section.

75 The delegations to the S151 Officer in respect of treasury management are set out in this section. The S151 Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

76 Limits to responsibilities/discretion at Committee/Executive levels

Full Council

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year.

Cabinet

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year;
- approval of investments where minimum lending criteria are not met.

BCP Committee

- approval of amendments to the Council's adopted clauses, Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- performance monitoring;
- receiving and reviewing external audit reports and acting on recommendations;
- approving the selection of external fund managers and agreeing terms of appointment;
- receiving a detailed annual report;
- scrutinise the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- receive reports of any non-compliance with the Council Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules.

77 Principles and practices concerning segregation of duties

The S151 Officer will ensure that there is proper segregation of duties in place for Treasury Management.

78 Treasury Management organisation chart

The Council
|
Cabinet
|
BCP Overview Committee
|
S151 Officer
|
Assistant Chief Financial Officer
|
Finance Manager
|
Treasury Accountant

79 Statement of Duties/Responsibilities of each Treasury Post

a S151 Officer

i) The S151 Officer will:

- execute and administer treasury management decisions in accordance with the Treasury Management Strategy and the Treasury Management Policies, Practices and Schedules;
- recommend all arrangements for the identification, management and control of all treasury management risk and report on such;
- design, recommend and implement the annual Treasury Management Strategy and Treasury Management Policies, Practices and Schedules for approval, reviewing and monitoring compliance;
- adhere and monitor performance against the approved prudential indicators;
- construct the Council's lending list and formulating suitable criteria for assessing and monitoring the credit risk of investment counterparties;
- submit regular treasury management policy reports;
- submit budgets and budget variations;
- ensure that all Treasury Management Policies, Practices and Schedules are fully documented and approved, and contain adequate levels of internal control;
- receive and review management information reports;
- review the performance of the Treasury Management function and promote value for money reviews;

- ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensure all Members and treasury management staff receive training to ensure all responsibilities are carried out appropriately;
- recommend investments where the minimum lending criteria are not met;
- ensure the adequacy of internal audit, and liaising with external audit;
- ensure that the most appropriate form of borrowing it taken from the approved sources;
- review the legal and regulatory framework in order to assess the impact of any changes on the Council;
- monitor the Governance arrangements of the treasury management function;
- recommend the appointment of external service providers.

ii) The S151 Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

iii) Only officers approved by the S151 Officer or the Assistant Chief Finance Officer will conduct dealing transactions.

iv) The S151 Officer will ensure that the Policy is adhered to, and if not will bring the matter to the attention of elected Members as soon as possible.

v) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the S151 Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's financial Regulations.

vi) It is also the responsibility of the S151 Officer to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

b <u>Assistant Chief Financial Officer / Finance Manager</u>

i) The responsibilities of these posts will be:

- planning, organising, directing and monitoring the Treasury Management function;
- ensuring compliance with the policy, practices and schedules;
- regularly reporting to the S151 Officer regarding performance of the function;
- ensuring the treasury management function is adequately covered during normal business hours;
- monitoring market conditions and interest rates and advising the S151 Officer regarding its impact on the Council's strategy.

c <u>Finance Manager / Treasury Accountant</u>

i) The responsibilities of this post will be:

- execution of transactions;
- adherence to agreed policies and practices on a day-to-day basis;
- maintaining relationships with third parties and external service providers;
- supervising treasury management staff;
- monitoring performance on a day-to-day basis;
- submitting management information reports to the Assistant Chief Finance Officer;
- preparation of cash flow statements;
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- identifying and recommending opportunities for improved practices.

d Treasury Accountant

- carry out day to day banking activities ensuring the treasury function meets is objectives
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- preparation of cash flow statements;

e Head of the Paid Service

i) The responsibilities of this post will be:

- ensuring that the system is specified and implemented;
- ensuring that the S151 Officer reports regularly to the Council, Cabinet and BCP Committee on treasury management policy, activity and performance as appropriate.

f Monitoring Officer

i) The responsibilities of this post will be:

- ensuring compliance by the S151 Officer with the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules and that they comply with the law;
- being satisfied that any proposal to vary treasury management policy or practice complies with law or any code of practice;
- giving advice to the S151 Officer when advice is sought.

g Internal Audit

i) The responsibilities of Internal Audit will be:

- reviewing compliance with approved policy and procedures;
- reviewing division of duties and operational practice;
- assessing value for money from treasury management activities;

- undertaking audits to provide assurance over the probity of the Treasury Management function.

Absence cover arrangements

80 The Finance Manager with responsibility for the treasury function will ensure that the Treasury Management function is adequately covered during normal business hours.

Dealing limits

81 The Finance Manager with responsibility for treasury management is permitted to place deals in accordance with the Counterparty Lists and Limits and approved Treasury Management Practices.

List of approved brokers

- Tradition Brokers
- Sterling International Brokers division of BGC Brokers LP
- Martin Brokers division of BGC Brokers LP
- Tullett Prebon (Europe) Limited

82 Treasury management staff are also authorised to deal direct with any of the counterparties on the approved lending list, where it can be shown that better rates of interest can be achieved than would otherwise be available through Brokers.

Policy on Brokers' services

83 The Authority aims to achieve a spread of brokers, together with the use of direct dealing counterparties in order to secure suitable deals.

Policy on taping of conversations

84 The Authority does not currently tape telephone calls made to brokers. It is understood that the broker firms used do tape all telephone conversations and deals are always confirmed by fax by the broker and the body receiving or paying over the money, these documents will be retained.

Direct dealing practices

85 The Authority aims to achieve a spread of counterparties in order to secure suitable deals.

Settlement Transmission Procedures

86 On maturity of an investment or loan the broker / counterparty involved will always be contacted by the treasury management staff to confirm what the Authority's intentions are with regard to the maturity and whether it is to be repaid.

Documentation requirements

87 Copies of all correspondence with brokers will be kept and made available for inspection.

Arrangements Concerning the Management of Third-Party Funds

88 The Council holds a number of trust funds. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded. Interest is given on credit balances at the average rate for internal balances for the year.

TMP6 Reporting Requirements and Management Information Arrangements

89 The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the Treasury Management function.

Annual Programme of reporting

90 As a minimum, the Council will receive:

a An annual report on the strategy and plan to be pursued in the coming year;

b A summary annual report on the performance of the Treasury Management function.

91 It is recognised that BCP Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy Statement and activities and as such they will receive:

a A copy of the annual report on the strategy and plan to be pursued in the coming year together with the treasury management prudential indicators;

b A full annual report on the performance of the Treasury Management function, on the effects of the decisions taken and the transactions executed in the year to date, and on any circumstances of non-compliance with the Council's Treasury Management Strategy Statement and TMPs.

c Quarterly Monitoring Reports

Annual Treasury Management Strategy Statement

92 The Treasury Management Strategy Statement sets out the specific expected treasury management activities for the forthcoming financial year. This Strategy will be submitted to Cabinet and Full Council for approval before the commencement of each financial year.

93 The formulation of the Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

94 The Treasury Management Strategy Statement is concerned with the following elements:

a The prospects for interest rates;

b The limits placed by the Council on treasury activities;

c The expected borrowing strategy;

d The expected temporary investment strategy (including the appointment of fund managers);

e Other issues.

Policy on Interest Rate Exposure

95 As required by section 45 of the Local Government and Housing Act, 1989, the Council must approve before the beginning of each financial year the following treasury management limits:

a The overall borrowing limit;

b The amount of the overall borrowing limit which may be outstanding by way of short-term borrowing;

c The maximum proportion of interest on borrowing which is subject to variable rate interest.

96 The S151 Officer is responsible for incorporating these limits into the Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the S151 Officer shall submit the changes for approval to Cabinet before submission to the Full Council for approval.

Annual Report on Treasury Management activity

97 A summary annual report will be presented to Cabinet and Full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. A full annual report with be presented to BCP Committee. This report will include the following:

a A comprehensive picture for the financial year of all Treasury Management Policy, Practices and Schedules, plans, activities and results;

b Transactions executed and their revenue (current) effects;

c Report on risk implications of decisions taken and transactions executed;

d Monitoring of compliance with approved policy, practices and statutory / regulatory requirements;

e Monitoring of compliance with powers delegated to officers;

f Degree of compliance with the original strategy and explanation of deviations;

g Explanation of future impact of decisions taken by the Council;

h Measurements of performance;

i Report on compliance with CIPFA Code recommendations.

Management Information Reports

98 Management information reports will be prepared every month by the Treasury Accountant and will be presented to the following officers:

a Finance Manager;
b Assistant Chief Financial Officer;
c S151 Officer;

99 These reports will contain the following information:

a Summary of the Authority's financial position for the current year and previous financial years;
b Details of all current investments / loans;
c Details of the Interest Budget and Interest Projections;
d All notes relevant to the Treasury Management function, including where applicable the reasons behind and the impact of any decisions made.

Periodic Monitoring Committee Reports

100 Interim reports will be prepared where significant matters arise that need to be reported to a BCP Committee.

TMP7 Budgeting, Accounting and Audit Arrangements

101 The responsible officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the Treasury Management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP2 Best Value and Performance Measurement, and TMP4 Approved Instruments, Methods and Techniques. The S151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

102 The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

103 The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the Treasury Management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

Statutory/Regulatory Requirements

104 The treasury management budget and interest budget will be set as part of the Council's main budget setting process as required by the Council. Treasury Management is subject to an annual audit by Internal Auditors and is also audited by External Audit as part of the main financial audit.

TMP8 Cash and Cash Flow Management

105 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the S151 Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance as per paragraphs 11-13 Liquidity Risk Management. The present arrangements for preparing cash flow projections, and their form, are set out below.

Arrangements for preparing/submitting Cash Flow Statements

106 The Finance Manager with responsibility for treasury management will prepare a rolling cash flow forecast which will cover at least 12 months, based on information gathered from within the Council. This cash flow forecast will be continually updated as new information is received. The cash flow forecast will contain information for every day of the year for all bank accounts.

Listing of sources of information

107 Information will be provided to the Treasury Management function by other members of Financial Services and the Council in general.

Bank Statements procedures

108 Bank statements are received daily and retained. Summary bank statements are also available in electronic format through the use of treasury management software.

TMP9 Money Laundering

Proceeds of Crime Act 2002

109 The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

a Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland;

b Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property;

c Acquiring, using or possessing criminal property.

110 Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

111 Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

The Money Laundering Regulations 2007

112 In December 2007, the UK Government published the Money Laundering Regulations 2007, which replaced the 2003 Regulations.

113 CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

114 Principle: The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Procedures for establishing identity / authenticity of lenders

115 The Council does not accept loans from individuals. All loans are obtained from the PWLB, Local Authorities or Other Public Bodies or from authorised institutions under the Banking Act 1987: (the names of these institutions appeared on the Bank of England quarterly list of authorised institutions until 1 December 2001 when the Financial Services Authority (FSA) took over the responsibility for maintaining a register of authorised institutions. This register can be accessed through their website on www.fsa.gov.uk).

Methodology for identifying sources of deposit

116 These will be arranged through authorised money brokers or by direct dealing.

TMP10 Staff Training and Qualifications

Details of approved training

117 The Council recognises the importance of ensuring that all staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The S151 Officer will recommend and implement the necessary arrangements.

118 The S151 Officer will ensure that Council Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

119 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

120 The treasury management staff have attended training courses provided both by the Council's advisors and other organisations. The Group Accountant with responsibility for treasury management will ensure that a proactive approach is taken to continually keeping abreast of changes within the treasury management field.

Approved Qualifications for Treasury Staff

- S151 Officer ACCA
- Assistant Chief Financial Officer CPFA
- Finance Manager - Technical CPFA
- Treasury Accountant AAT

121 The S151 Officer can determine that an approved qualification is not required if the member of staff has appropriate expertise and knowledge to carry out the responsibilities outlined in the Treasury Management Policy, Practices and Schedules.

Statement of Professional Practice (SOPP)

122 Where the S151 Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities that are CCAB members must also comply with the SOPP.

Member training

123 Council Members tasked with treasury management responsibilities should be trained in the areas of their responsibility.

Those charged with governance must recognise their individual responsibility and ensure that they have the necessary skills to complete their role effectively.

TMP11 Use of External Service Providers

124 The Council recognises that responsibility for treasury management decisions remains with the authority at all times.

It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Service Director, Strategic Finance.

125 The terms of appointment of all consultants are assessed and properly agreed and documented.

Details of Contracts with Service Providers, including Bankers, Brokers, Consultants, Advisers

a Banking services

b Name of main supplier of service - HSBC

c Contract commenced 1 April 2019

d Money-broking services - No contract exists

e Cash/fund management services – No contract exists

f Consultants'/advisers' services

g Name of supplier of service – currently under tender

h Software suppliers – No contract exists

i Credit rating agencies

j The Council will make use of any information supplied by Moody's, Standard and Poor's and Fitch

k Procedures and frequency for tendering services

l This will be in accordance with the Council's Standing Orders.

TMP12 Corporate Governance

126 The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the Treasury Management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

127 The Council has adopted and has implemented the key recommendations of the Treasury Management Code of Practice as updated. This, together with the other arrangements detailed below, are considered vital to the achievement of proper corporate governance in treasury management, and the S151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Stewardship responsibilities

128 The S151 Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the Treasury Management function.

List of documents to be made available for public inspection

129 The following documents are freely available for public inspection:

- Annual Statement of Accounts;
- Budget Book;
- Medium Term Financial Plan (including Capital);
- Treasury Management Policy, Practices and Schedules;
- Treasury Management Strategy;
- Budget monitoring reports;
- Annual Treasury Report;

This page is intentionally left blank

Equality Impact Assessment - BCP Budget and MTFP

Equality Impact Assessment for:	BCP Council Budget and Medium-Term Financial Plan for 2019/20	
BCP Workstream	Corporate services delivery board – Finance Workstream	
BCP Workstream Lead	Adam Richens	
Equality Impact Assessment Team:	Bridget West, Beverly Elliott, Sam Johnson	
Date assessment started: 17 October 2018	Date assessment completed: 23 January 2019	Date approved:

Summary & conclusion	The proposed budget and Medium-Term Financial Plan meet the statutory obligation to produce a balanced budget for Bournemouth Christchurch and Poole Council to enable it to deliver its statutory services and proposes net savings of £11.3m Included are actions to mitigate pressures in Adults and Children's services to reduce inequality and in doing so comply with the duty of 'due regard' as required by Section 149 of the Equality Act 2010. The proposal will impact on establishment figures as savings will be drawn from reductions in headcount. There is a risk that some aspects of the budget may have a cumulative impact on older people and disabled people as well as on specific staff groups in areas where there may be under representation. An assessment of the potential cumulative impact of the separate proposals will be carried out throughout the process and reflected through subsequent MTFP update reports. As this proposal moves through the planning and implementation phases it is recommended that robust equality analysis exercises continue to be undertaken in line with EIA guidance.

Equality Impact Assessment - BCP Budget and MTFP

BCP's commitment to the Public Sector Equality Duty

Bournemouth Christchurch and Poole's (BCPs) commitment to the Public Sector Equality Duty is expressed through BCP Purpose Statements which were approved by the BCP Shadow Executive. Defined objectives will be set out in an Equality and Diversity policy as part of an Equality Framework for BCP, that will be developed in Phase 3 of the BCP programme.

'Due regard' to equality has been embedded throughout the BCP decision making and decision recording process and BCP programme and workstream leads have undertaken equality screening and Equality Impact Assessments (EIA) as required. The budget planning framework includes the requirement that equality impacts or implications of any specific priorities or savings are identified in bringing forward any budget proposals which are then used to inform the Council's final budget decisions.

An assessment of the potential cumulative impact of separate proposals across all protected characteristics will be examined throughout the process by BCP's management team and reflected as necessary through subsequent Medium-Term Financial Plan (MTFP) update reports as it progresses through the planning cycle.

EIA's are an important service improvement tool that help in developing services which meet the needs of our customers and deliver our core business more efficiently in an equitable manner. They help to demonstrate that we are making financial decisions in a fair, transparent and robust way, considering the needs and the rights of different members of the communities we serve.

This EIA is to be considered alongside individual service equality impact assessments, including those required by partner organisations within the statutory, voluntary or community sector or any organisation which deliver statutory services on behalf of BCP.

What are the aims/objectives of the policy?

To propose a budget to enable BCP to meet statutory obligations and deliver key services whilst responding to changing activity, increased demand and ongoing fiscal challenges.

The proposed net service budget is funded 76% from council tax income, 21% from business rate income, 1% from revenue support grant and 2% from new homes bonus.

Equality Impact Assessment - BCP Budget and MTFP

The MTFP is designed to provide sound financial management and control arrangements which will be integral to the delivery of good governance for the council. Such arrangements help in supporting service delivery, accountable decision making and safeguarding stewardship whilst optimising the use of available resources.

There is an ageing population across the UK, Dorset, Bournemouth, Christchurch and Poole. It is widely reported that demand for public services have continued to rise throughout the current period of austerity. Consequently, the provision of statutory functions such as Adult Social Care and Children's services are routinely overstretched and overspent which in turn create significant challenges for local authorities in putting forward balanced budget proposals.

BCP Council will have around 4,087 full-time equivalent posts with an estimated annual salary cost of £145m. Based on the information available at the time of writing this EIA it is not possible to state how the total budget will be divided between staff costs and the provision of Council services.

In order to set a balanced budget for 2019/20, a number of saving proposals have been put forward by all current services and departments.

In Adult Social Care pressures of around £8.5m have been mitigated by £7.3m of proposed savings and plans are being progressed to increase the number of bed spaces available for the provision of Adult Social Care. Children's services have put forward planned net savings of £1.8m, Place board are proposing a net £1.7m of savings and Corporate services a net £2.3m of savings. This is a total saving of £11.3m.

What outcomes will be achieved with the new or changed policy?

BCP will have a balanced budget in place that enables the Council to provide statutory services and meets the requirements of the Public Sector Equality Duty.

Are there any associated services, policies or procedures?	• Consolidated Medium Term Financial Plan update for Bournemouth Christchurch and Poole Council • Equality Act 2010 • Bournemouth Christchurch & Poole Equality Impact Assessment Guidance • Bournemouth Christchurch & Poole Purpose Statements • Local Government Settlement for 2020 • Redundancy and Redeployment Policies of preceding councils • Recruitment and Selection Policies of preceding councils • Bournemouth Organisational Change Management guidelines

Equality Impact Assessment - BCP Budget and MTFP

Please list the main people, or groups, that this policy/service is designed to benefit, and any other stakeholders involved:	• Bournemouth, Christchurch and Poole Joint Committee • Residents • Local Council tax payers • Bournemouth Christchurch and Poole Council Employees • Clients of all Council services, specifically Adult and Children's Services • Young people I Bournemouth Christchurch & Poole • Partnerships with Bournemouth Christchurch & Poole • Visitors to Bournemouth Christchurch & Poole • Schools, Academies and Universities • Voluntary and Community Sector led organisations in Bournemouth, Christchurch & Poole

Part 2 – Supporting Evidence

There is an ageing population across the UK, Dorset, Bournemouth Christchurch and Poole which has increased demand for public services and have continued to rise throughout the period of austerity. Consequently, the provision of statutory functions such Adult Social Care and Children's services are routinely overstretched and overspent, which in turn creates significant challenges for local authorities in putting forward balanced budget proposals (see examples below).

- Dorsets ageing population putting a strain on social care system
- Adult Social Care in Bournemouth facing serious challenges
- Oxfordshire County Council Revise £1m budget cut
- Concerns voiced over Adult Social Care despite £3m funding boost
- Healthcare provider considers sale of business or transfer of care
- Adults Social Care recipients top up their regular care
- https://www.bournemouthecho.co.uk/news/17218825.hundreds-of-social-care-users-in-bournemouth-and-poole-feeling-lonely/

Referrals to children's social care increased in line with population growth between 2010-11 and 2017-18. The number of referrals to children's social care increased by 7% between 2010-11 and 2017-18, to 655,630. Over the same period the 0–17 population of England experienced broadly similar growth, increasing by 5.2%. The increase in the number of children in need episodes between 2010-11 and 2017‑18 was below population growth, with these rising by only 2%, from 735,470 to 753,840.

Between 2010-11 and 2017-18 referrals increased by 7% while child protection assessments increased by 77%. Although initial referrals to local authorities increased by only 7% over the period from 2010-11 to 2017-18, local authorities carried out 77% more child protection assessments. It is not clear if the disproportionate increase in assessments is because of lower risk thresholds applied by authorities, a change in the nature of referrals made, or other factors.

The most expensive cases, where children are taken into care, have risen by almost triple the rate of population growth. Between 2010-11 and 2017‑18 the number of children in care at year end increased by 15% to 75,420 children, more than triple the rate of overall population growth. There has been a notable increase in the number of children over 16 taken into care, which increased by 78% between 2010-11 and 2017‑18, from 3,210 to 5,710. Local authorities report that these children often have more complex needs and as a result are harder to place into foster care and are more likely to go into residential care, which is costlier.

The cost of children in care is rising. Local authorities are budgeting to spend £4.2 billion on looked-after children in 2018-19, which is £350 million (9.1%) more than they budgeted to spend in 2017-18. Although the number of children placed in residential care by local authorities increased by 9.2% between 2013-14 and 2017-18, the cost of residential care increased by 22.5% over the same period.

Demand for residential placements and staff has outstripped capacity. There has been an increase in the use of residential care, and this has exposed the lack of suitable placement capacity available to local authorities: only 32% of local authorities report that they have access to enough residential homes for children aged 14 to 15 years, and 41% for those aged 16 to 17.

It is difficult to say with any certainty what is causing increased demand and activity in children's social care. However, some known drivers are deprivation, domestic abuse, substance misuse and adult mental health others are the variation in local practice and responses to need.

There is significant variation between different local authorities in both the activity and cost of their children's services. The rate of children in need episodes during 2017-18 ranged from 301 to 1,323 per 10,000 children between local authorities. There is even greater variation between local authorities in the amount that they spend on children's social care: in 2017-18, the amount spent by local authority per child in need episode ranged between £566 and £5,166 per year across different local authorities. Some of this variation could be attributable to differences in the way that individual local authorities define each episode.

There is no link between spending per child in need and quality of services as assessed by Ofsted. Some services are rated Good by Ofsted with spending of £570 per child in need while others are rated Good with spending of £4,980. Neither the Ministry of Housing Communities Local Government nor Ofsted has set out any expectation of the 'right' spend to achieve a Good rating. Similarly, Ofsted ratings for children's

social care services are not correlated in any way with changing levels of child protection plans and do not provide any indication of the likelihood that authorities will be able to reduce the numbers of looked-after children, on which most money is spent.

Local authorities have responded to financial pressures by prioritising child protection work and reducing spending on non-statutory children's services. Local authorities have seen their overall real spending power reduce by 28.6% since 2010. Authorities have responded to this pressure, and increased statutory children's social care activity, by reducing spending on non-statutory children's services and increasing spending on statutory social work. The proportion of spending on preventative services, such as children's centres, fell from 41% in 2010-11 to 25% in 2017-18. Spending on statutory activities rose from 59% to 75% over the same period. In 2017-18, the total national overspend on children's services was £872 million. The proportion of local authorities that have overspent on children's social care has increased, rising from 63% in 2010-11 to 91% in 2017-18

Local authority characteristics account for 44% of variation between different local authorities over time in how they respond to demand for children's social care. Different levels of deprivation could account for 15% of the variation between local authorities' use of child protection plans. A further 10% of this variation may be accounted for by changes which affect all local authorities at the same time, such as the introduction of a new policy. However, by far the greatest cause of variation appears to be the characteristics of local authorities themselves, and their areas: even when accounting for factors such as funding and staffing levels, so this approach suggests these local authority characteristics account for approximately 44% of variation. These local characteristics are wide-ranging, and include custom and practice in children's social care, local market conditions and characteristics of children and their families.

Local authorities which have closed children's centres have not had any consequential increases in child protection plans. Measured through increased child protection plans. the closure of these centres has not resulted in increased statutory children's social care activity. Indeed, for those local authorities which had closed centres there was a slight fall in the number of child protection plans in future years
There is an increasing demand for good school places for children with complex educational needs. A drive by Central Government to ensure more families with children with special educational needs have improved access to good education. Councils are set to benefit from an additional £250 million in their high needs' budgets over the next two years, this is on top of the £6 billion already provided and an extra £100 million investment to create more specialist places in mainstream schools, colleges and special schools:

(Source: National Audit Office; "Pressures on Children's Social Care", 2019)

New school places to benefit children with additional needs

Equality Impact Assessment - BCP Budget and MTFP

The BCP Shadow Executive has been actively engaged during the development of the budget proposals, as have Elected Members from Bournemouth Christchurch and Poole Councils.

Executive/Strategic Directors, Service Directors/Heads of Service, and the BCP Programme Board have also informed the development of the MTFP.

The public have been kept informed through a series of published articles within Bournemouth Council and Borough of Poole Council magazines:

- Bournemouth Council magazine
- Poole Council Magazine

Further information on these proposals is available to the public through the Shadow Authority's website and can be found here: Consolidated Medium Term Financial Plan update

Under Section 65 of the Local Government Finance Act 1992 (the Act), Councils have a statutory duty to consult with representatives of ratepayers on its proposed expenditure for the following financial year. Business leaders across Bournemouth, Christchurch and Poole were invited to attend a presentation on the BCP Budget for 2019/20 and Medium-Term Financial Plan from the BCP Interim Chief Financial Officer and members of the BCP Finance Task and Finish Group.

New Applicants for reductions in the proposed BCP Council Tax levy and those Residents and their partners who are currently eligible under a preceding Council's Local Council Tax Support Scheme will continue to be protected.

The Local Council Tax Support Scheme that is proposed protects vulnerable residents as applicants or their partners in receipt of one of the following, will continue to be protected: - • Disability Premium. • Enhanced Disability Premium. • Severe Disability Premium. • Disabled Child Premium. • Carer Premium. • Support component within the ESA. • War Disablement Pension. • War Widow Pension. • War Widows Disablement Pension. • Universal Credit recipients, who are not pensioners, but the applicant or their partner is in receipt of an income of premium listed above.

To date some savings, efficiencies and additional resources being incorporated into the MTFP position have been assumed for financial planning purposes only and remain subject to consultation, and, if carried forward shall require Elected Member approval.

Equality Impact Assessment - BCP Budget and MTFP

Relevant research, census and other evidence or information that is available and relevant to this EIA:

The BCP Council will provide services for the 395,600 residents who live in the area, 186,000 people who work in the area and 12.7 million people who visit the area each year. The resident population is expected to grow to 418,700 by 2027.

- The ***age*** profile - just over six out of ten residents living in BCP (62%) are of working age and 17% of the population is aged between 0-15. BCP has a higher proportion of older people living in the area compared to the national figure, over one fifth of the BCP population (21%) is aged 65 and over compared to 18% of the UK. In 2017, there were 4,104 births and 4,386 deaths.
- The ***gender*** profile - there are slightly more females living in the area than male residents. Our female residents have a longer life expectancy than males. No robust data on the UK trans population exists but the government tentatively estimate that between 0.3% and 0.8% of the population identify as trans.
- The ***disability*** profile - one in ten residents (10%) has a disability that limits their day to day activity a little and 8% have a disability which limits their day to day activity a lot.
- The ***ethnicity*** profile - 88% of residents are from a White British Background, 6% from a White Minority Ethnic Background and 6% of residents are from a Black Minority Ethnic Background.
- The ***religious beliefs*** profile **-** The 2011 Census shows six in ten residents (60%) state they have Christian beliefs, 29% of residents do not hold a religious belief, almost 8% of residents did not state their religion. Other religions stated by residents include Muslim (1%), Buddhist (0.5%) Hindu (0.5%), Jewish (0.5%) and Sikh (0.1%).
- ***Sexual identity*** **-** nationally 2% of the population identified as lesbian, gay or bisexual (LGB). When applied to the BCP population approximately 6,500 residents would identify as LGB. Younger age groups (16 to 24) are more likely to identify as LGB (4%).
- **Marital status** - of the population aged over 16 in our community almost six out of ten residents are living as a couple (57%), of these 77% are married, 21% living together but not married and 2% are in a same sex civil partnership or cohabiting. Over two out of five residents (43%) are not living in a couple, the majority of which 59% say they are single, 18% divorced, 16% widowed, 4% separated and 3% say they are married or in a civil partnership but do not live together.

Further data can be found BCP equality monitoring data.

Service user and employee monitoring data available and relevant to this policy in relation to any Protected Characteristic:

Bournemouth, Christchurch and Poole workforce data is published here: BCP workforce data
The data for Bournemouth and Poole is based on a snapshot @ 31st March 2018 and the date relating to Christchurch is based on the employees that are due to be TUPE transferred to BCP Council.

Equality Impact Assessment - BCP Budget and MTFP

Equality monitoring data which relates to employees is submitted on a voluntary basis and there is a high proportion of unknown data for disability, ethnicity, religion and belief and sexual orientation, particularly for employees in Christchurch Borough Council.
If there is insufficient research and monitoring data, please explain in the Action plan what information will be gathered. Consideration has been given to the proposals for assumed savings as submitted across the services. Some submissions may individually or collectively lead to unintended and disproportionate impacts on members of some protected characteristics. It is suggested that further attention continues to be given to the potential of cumulative impact which may arise as more decisions are agreed.

Part 3 – Assessing the Impact by Equality Characteristic		
	Actual or potential positive outcome	Actual or potential negative outcome
1. Age[1]	Increased number of bed spaces available through purchase and acquisition of care home.	Council tax levy and the scarcity of limited bed spaces available for adult social care services may require people to contribute towards their care. The Increased demand for adult care services lead to cumulative impacts on people as a result of their age. Specifically, when combined with the location in which they reside and the increased chance of becoming less able as disability increases exponentially with age (see below) Age and increases in disability Dementia incidence increase with age
2. Disability[2]	Increased number of bed spaces available through purchase and acquisition of care home.	There may be a disproportionate number of older people who are also disabled who may not be exempt from

[1] Under this characteristic, The Equality Act only applies to those over 18
[2] Consider any reasonable adjustments that may need to be made to ensure fair access

Equality Impact Assessment - BCP Budget and MTFP

Part 3 – Assessing the Impact by Equality Characteristic		
	Actual or potential positive outcome	Actual or potential negative outcome
		increases in Council tax who may have more complex needs when accessing adult social care services Any reductions in staffing may further reduce the number of staffs who identify as having a disability (based on number who have self-declared).
3. Sex/Gender	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	Females are more likely to work in part time roles within specific business areas.
4. Gender reassignment[3]	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	No negative impact identified.
5. Pregnancy and Maternity	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	No negative impact identified.
6. Marriage and Civil Partnership	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	No negative impact identified.
7. Race	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	There could be a negative impact on some groups as they are more likely to be found working within Children and Adult Services. BCP workforce could become less representative of the communities that it serves
8. Religion or Belief	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	No negative impact identified.

[3] Transgender refers to a person who identifies with a different gender to that which they were assigned at birth.

Equality Impact Assessment - BCP Budget and MTFP

Part 3 – Assessing the Impact by Equality Characteristic		
	Actual or potential positive outcome	Actual or potential negative outcome
9. Sexual Orientation	Until additional information is made available about the allocation of resources it is unknown if there will be a positive or negative impact	Any reductions in staffing may further reduce the number of LGB & T staff (based on number of staffs who have self-declared)
10. Any other factors/groups e.g. socio-economic status/carers etc[4]	Usual protections will be applied for vulnerable groups in proposed Council Tax Levy	There may be a negative impact on under-represented groups
11. Human Rights	Human Rights compliance.	No potential breaches or restrictions to Human Rights identified for a complete list see below Human Rights Act 1998

[4] People on low incomes or no income, unemployed, carers, part-time, seasonal workers and shift workers

Equality Impact Assessment - BCP Budget and MTFP

Part 4 – Equality Impact Action Plan Please complete this Action Plan for any negative or unknown impacts identified in the assessment table above.			
Issue identified	**Action required to reduce impact**	**Timescale**	**Responsible officer**
Pressure of £8.5m in Adult Social Care deficit (plus £7.3m in savings).	Provide additional spaces to mitigate the impact of the £8.5m funding gap Negotiations to purchase a care home to provide these additional bed spaces for Adult Social Care are already underway. A successful acquisition of a care home by the Council will provide opportunities to generate additional income through the sale of some bed spaces to self-funders, as well as provide more affordable bed spaces for people who contribute towards the cost of their care by topping up funds allocated to their care package. Borrow cash to buy care home and fund annual on costs.	2019	Service Director Community Learning & Commissioning
Consideration of proposals for savings	Implement agreed proposed savings across services	2019 onwards	Strategic Directors
Mitigate known funding deficits within Adult and Children's Services	Ensure enough funds are allocated to Adults and Children's Services to offset known deficits	2019 onwards	Strategic Directors

Appendix 7

BCP Pay Policy 2019/20	
Date: January 2019	**Policy Author: Sorrelle ford, HR Business Partner**
Review Date: December 2020	**Version: 1**

Purpose/Introduction	This policy is established to meet requirement of section 38(1) of the Localism Act (2011). The purpose of this policy is to provide transparency on the salaries of Chief Officers of the Council, how those salaries are set, and other issues related to the pay of Chief Officers. BCP Council is a newly created Local Authority made up of the following proceeding authorities; Bournemouth Borough Council, Christchurch & East Dorset Councils and Borough of Poole. The financial information published to meet legislative responsibilities is relating to the 2018/19 salary information and the 2017/18 Statement of Accounts for each proceeding authority.
Who the policy applies to	Chief Officers are defined as the Chief Executives, Managing Director and Strategic Directors of the proceeding authorities who must comply with this policy.
The policy	The 2018/19 salaries of the Chief Executives' / Managing Director and Strategic Directors were set by the Leader and Deputy Leader of the proceeding councils on advice from the South West Local Government Employers Association and having regard for the Chief Executive and Chief Officers' national pay scales. In accordance with the supplementary guidance on Section 40 of the Localism Act, full council will be given the opportunity to vote on salaries to new employees if the salary package is in excess of £100,000 per annum. The salaries for these staff will be increased in line with national pay awards agreed by Joint National Committee (JNC) for Chief Executives and Chief Officers unless financial constraints prevent the required funding from being available. In this case, some lesser figure or no increase will be applied. The Chief Executives' / Managing Director and Strategic Directors of the proceeding authorities are employed on JNC conditions of service. Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A): a The Head of Paid Service (Chief Executive / Managing Director's) base salary, including pension contribution and the NI contribution with a total figure per annum (excluding expenses allowance). b The median full-time equivalent salary for staff, excluding employees paid on national scales known as Soulbury grade staff, youth workers and employees in schools with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service. c The lowest full time equivalent salary, with the pension contribution and the NI contribution with a total figure. The ratio between this salary and

DRAFT

the salary of the Head of Paid Service.

d These ratios are published in line with the recommendations of the Hutton review of Fair Pay in the Public Sector. This review also recommends that local authorities define what they mean by 'lowest salary'.

e The lowest salary is defined as the full-time equivalent salary of employees in receipt of the lowest salary point of the salary and grading structure for the proceeding councils' employees who are not covered by Soulbury, Apprentices or Youth Workers national scales.

f The salaries of Heads of Service / Service Directors, the posts that report into Strategic Directors, and other employees not covered by nationally agreed pay scales, are determined under the proceeding councils' job evaluated pay and grading structure.

g An extract from the annual statement of accounts for 2017/18 is given in Appendix B for each proceeding authority which gives details of the payments made to Chief Officers in 2017/18.

h Whilst it is the Council's policy to recruit on the minimum of a pay scale, due regard will be taken of the prevailing market rates.

i Incremental progression does not apply to Chief Officers.

j Returning Officer fees for general elections which are set by government and for local elections agreed by Dorset County Council are available to the Chief Executive.

k No other fees are paid to Chief Officers, but they are able to make claims under the relevant authorities Business Travel and Subsistence arrangements.

l Payments for working hours additional to contractual hours are not made.

The Council publishes the total remuneration of Chief Officers and Heads of Service / Service Directors as part of the annual statement of accounts on its public website.

The Council's policy is to usually employ Chief Officers under employment contracts, not under a contract for services.

The decision to employ Chief Officers who are in receipt of a Local Government Pension Scheme or Fire fighter pension (whether their previous service was with the same authority or not) is dependent on the applicant's suitability for the post. The remuneration will be set in line with the Chief Executive and Chief Officers' national pay scales, the going market rate and affordability.

The supplementary guidance on the implementation of section 40 of the Localism Act 2011 provides that the full council is given the opportunity to vote on severance payments over £100,000. Where severance packages contain any discretionary element and exceed £100,000 Full Council should consider

BCP Pay Policy 2019/20	
	and, that in other cases where contractual payments are made which exceed this threshold, an annual report is made which includes reference to such cases for transparency purposes. The policy in relation to employer discretions under the Local Government Pension scheme is given in Appendix C
How to use the policy	This policy will be published on the Council's website to ensure that all staff, Councillors, Bournemouth residents and local businesses have access to it. Related Council policies and supporting documents: • Business Travel and Subsistence arrangements • The Council's policy in relation to employer discretions under the Local Government Pension scheme • The Council's policy in relation to employer discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 • Proceeding Authorities Pay and Grading Structures 2018/19
Roles and responsibilities	This policy is reviewed annually by the Corporate Management Team and any recommendations for change will be made to the Cabinet for approval.
Enforcement and sanctions	N/A
Further information and evidence	See appendices

DRAFT

Appendix 7

Appendix A – Salary Information 2018/19

Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A):

a The Head of Paid Service (Chief Executive / Managing Director's) base salary, including pension contribution and the NI contribution with a total figure per annum (excluding expenses allowance).

Proceeding Authority	Position	Base Salary	Pension Contribution	NI Contribution	Total
Bournemouth Borough Council	Managing Director	£130,451	£19,829	£16,839	£167,119
Christchurch & East Dorset Councils	Chief Executive	£119,658	£18,188	£15,350	£153,196
Borough of Poole	Chief Executive	£127,196	£20,606	£16,391	£164,193

b The median full-time equivalent salary for staff, excluding employees paid on national scales known as Soulbury grade staff, youth workers and employees in schools with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service.

Proceeding Authority	Median FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Borough Council	£24,964	£3,795	£2,325	£31,084	1:5.3
Christchurch & East Dorset Councils	TBC	TBC	TBC	TBC	TBC
Borough of Poole	£26,470	£4,288	£2,504	£33,262	1:4.9

c The lowest full time equivalent salary, with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service.

Proceeding Authority	Lowest FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Borough Council	£16,394	£2,655	£1,031	£20,081	1:8.3
Christchurch & East Dorset Councils	£16,394	£2,492	£1,100	£19,986	TBC
Borough of Poole	£16,394	£2,655	£1,031	£20,081	1:8.2

DRAFT

Appendix B – Statement of Accounts 2017/18

Bournemouth Borough Council

Individuals Posts of Senior Employees :

	Salary, fee & allowances	Compensation for loss of Office	Expenses	Total	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2017/18						
Managing Director	128	-	-	128	19	147
Executive Director (Environment and Economy)	111	-	-	111	17	128
Director of Adults and Children (DASS & DCS)	128			128	19	147
Service Director (Legal and Democratic)	101	-	-	101	15	116
	468	**-**	**-**	**468**	**70**	**538**

Christchurch & East Dorset Councils

Christchurch Borough Council Statement of Accounts 2017/18 - Audited

		Salary	Bonuses	Expenses Allowance	Compensation for loss of employment	Other Payments	Pension Contributions	Total
		£	£	£	£	£	£	£
Strategic Director – Growth and Economy	2016/17	90,774	0	0	0	918	12,345	104,037
	2017/18	92,829	0	0	0	3,372	14,110	110,311
Strategic Director – Finance	2016/17	90,774	0	0	0	900	12,345	104,019
	2017/18	92,829	0	0	0	1,487	14,110	108,426
Strategic Director - Community & Organisational Development (from 15 March 2017), previously Head of Organisational Development	2016/17	3,780	0	0	0	0	525	4,305
	2017/18	85,231	0	0	0	578	12,955	98,764
Head of Community and Leisure	2016/17	67,993	0	0	0	420	9,247	77,660
	2017/18	68,673	0	0	0	290	10,438	79,401
Head of Organisational Development (to 14 March 2017)	2016/17	64,886	0	0	0	446	8,824	74,156
	2017/18	0	0	0	0	0	0	0
Head of Planning and Building Control Services (from 1 June 2017)	2016/17	0	0	0	0	0	0	0
	2017/18	51,505	0	0	0	216	7,829	59,550

The sums shown above for Senior Employees of the Council relate to the shared Corporate Management Team which serve the Council's partnership with East Dorset District Council.

All of the sums shown above are shared 50:50 between Christchurch Borough Council and East Dorset District Council.

Christchurch Borough Council also shares 50% of the costs of other senior employees who are employed by East Dorset District Council where they form part of the shared Senior Management Team. The costs borne by Christchurch Borough Council for these shared posts for the 2017/18 financial year were as follows:

Appendix 7

Borough of Poole

		Remuneration Salary (including supplements) 2017/18	Expense Allowances 2017/18	Compensation for Loss of Office 2017/18	Employers Pension Contributions 2017/18	Total payments including Pension Contributions 2017/18
		£	£	£	£	£
Chief Executive		120,823	0	0	19,573	140,396
Strategic Director - People		101,287	0	0	0	101,287
Strategic Director - Place		101,860	0	0	16,766	118,626
Strategic Director - Corporate Services	Note 1	113,120	0	0	18,325	131,445
Service Unit Head - Financial Services	Note 1	102,541	0	0	16,612	119,153
Service Unit Head - Adult Social Care Services	Note 1	93,078	0	0	15,079	108,157
Service Unit Head - Commissioning & Improvement Services and Housing & Community Services		92,573	0	0	14,997	107,570
Service Unit Head - Children, Young People & Learning Services		85,550	0	0	17,538	103,088
Service Unit Head - ICT Services	Note 1	82,170	0	0	13,312	95,482
Service Unit Head - Growth & Infrastructure Services		80,692	0	0	13,072	93,764
Service Unit Head - Culture & Community Services		70,703	0	0	11,454	82,157
Service Unit Head - Environmental Services	Note 2	33,090	0	55,434	5,360	93,884
Service Unit Head - Legal, Democratic & Strategy Services	Note 3	6,917	0	0	1,121	8,038
Service Unit Head - Human Resources	Note 3	0	0	0	0	0
Service Unit Head - Children & Young People Social Care Services	Note 4	0	0	0	0	0
Totals		**1,084,404**	**0**	**55,434**	**163,209**	**1,303,047**

Where joint services are operating a post will have an 'employing authority' and the full costs of such posts are shared.

Note 1 Poole is the employing authority for the Strategic Director - Corporate Services and Service Unit Heads for Financial, ICT and Adult Social Services, hence the full costs are shown above. Corporate Services encompasses responsibility for Business Improvement Theme Services

Note 2 Service Unit Head - Environmental Consumer Protection left the authority 30th September 2017. Joint interim arrangement has been made to cover this post with two existing employees acting up for which an allowance is paid.

Note 3 Service Unit Head - Legal, Democratic & Strategy Services left the authority 30th April 2017. The Service Unit Head posts for Legal, Democratic & Strategy Services and Human Resources are now shared with Bournemouth Borough Council as part of joint service arrangement. These costs are not shown in the above table but are within the Comprehensive Income and Expenditure Statement. Employed directly by Bournemouth Borough Council and disclosed in their accounts so are excluded from this note. The Head of Legal, Democratic & Strategic Services salary is £101k, the appropriate share is recharged to this Council, including national insurance plus pension. The Head of Human Resources salary is £82k, the appropriate share is recharged to this Council, including national insurance plus pension.

Note 4 Children and Young People Social Care is now being covered by an interim worker paid through an Agency. The costs amounts to £132k during 2017/18 - these costs are not included above.

DRAFT

Appendix C

BCP ("THE COUNCIL")

POLICY IN RELATION TO EMPLOYER DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME

This document forms the Council's policy in relation to the various discretions available to it in respect of the Local Government Pension Scheme. Part A records the Council's policy in respect of Regulations 12, 16, 30 and 31 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2013 ("Benefits Regulations"), as required by Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008 ("Administration Regulations"). Part B refers to the other discretions available to the Council but for which it is not a requirement to publish a formal policy. References to specific Regulations are to the Benefits Regulations.

This policy does not form part of employees' terms and conditions of employment and the Council may repeal, review or amend its policy at any time.

PART A

Regulation	Policy
Regulation 16 [R] – Power of employing authority to contribute to a shared cost APC scheme Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.	Subject to decision February 2019
Sch 2, para 2 (2) & (3) [TP] Power of employing authority to apply 85 Year Rule before age 60 Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60. Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 01/04/2014 membership where the employer has "switched on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	Subject to decision February 2019
Regulation 30 (6) & (8) [R] and 11 (2) [TP] Flexible retirement Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement). Whether to waive, in whole or in part, actuarial	Subject to decision February 2019

DRAFT

Regulation	Policy
reduction on benefits paid on flexible retirement.	
Regulation 30 (8) [R] Power of employing authority to waive actuarial reduction Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	Subject to decision February 2019
Regulation 31 [R] Power of employing authority to grant additional pension Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a.).	Subject to decision February 2019
Regulation 12 [B] Power of employing authority to grant additional pension Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31 March 2014, to augment membership (by up to 10 years). The resolution to do so would have to be made within 6 months of the date of leaving. DISCRETION SPENT ENTIRELY AFTER 30 SEPTEMBER 2014.	Subject to decision February 2019
Regulation 30 (2) & (5) [B] Power of employing authority to grant early payment of deferred benefits Regulation 30 (2) Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60. Regulation 30 (5) Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under Regulation 30(2) [B].	Subject to decision February 2019
Regulation 30A (3) & (5) [B] Power of employing authority to grant early payment of suspended tier 3 ill health pension Regulation 30A (3) Whether to grant application for early payment of a suspended	Subject to decision February 2019

DRAFT

Regulation	Policy
tier 3 ill health pension on or after age 55 and before age 60. Regulation 30A (5) Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under Regulation 30A [B].	
Regulation 31 (2) & (5) [L] Power of employing authority to grant early payment of deferred pension Regulation 31 (2) Grant application from a post 31.03.98 / pre 01.04.08 leaver or from a councillor for early payment of benefits on or after age 50 / 55 and before age 60. Regulation 31 (5) Waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under Regulation 31 (2).	Subject to decision February 2019
Regulation 31 (7A) [L] Power of employing authority to grant early payment of deferred pension for pre 01.04.08 employee opts out and councillors. Councillor opt outs and pre 01.04.08 employee opts out only to get benefits paid from NRD if employer agrees.	Subject to decision February 2019

PART B - where formulation of a written policy is **not** compulsory

Regulation	Policy
Regulation 9 (1) & (3) [R] Contributions payable by active members Employers determine the contributions payable by members by attributing each member to one of the contribution bands set out in Regulation 9 (2) [R]. Employers have the capacity to re-attribute the specific payband (upwards or downwards) where there is a material change in a member's contractual terms.	Subject to decision February 2019
Regulation 22 (7) (b) and (8) (b) [R]	Subject to decision February 2019

DRAFT

Regulation	Policy
Facility to extend time limits for active members to not aggregate deferred periods of LGPS membership Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment or ongoing concurrent employment.	
Regulation 100 (6) [R] Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member. Employers, with agreement of Administering Authority, may allow a longer period than 12 months. JOINT DISCRETION WITH ADMINISTERING AUTHORITY	Subject to decision February 2019

DRAFT

BCP Unitary Authority

Schedule of key financial decisions made by the four sovereign councils

Period: This paper covers all activity from the date of the last Consolidated Medium Term Financial Plan (MTFP) Update report to the BCP Shadow Executive which was the 12 December 2018.

Value: A key financial decision is for the purposes of this exercise defined as one in which the total value of expenditure/income is an amount of £500k or more. Areas covered include purchase, disposal and transfer of assets, new contracts with significant on-going financial commitments (but not routine items like care packages), new capital schemes and the use of reserves above those above those already approved.

Items the BCP Shadow Executive is being consulted upon elsewhere on this agenda

Housing Revenue Account (HRA)

Category 1 One-off items of revenue or capital expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
A	Project Admiral	Poole Cabinet Poole Council	5 Feb 2019 19 Feb 2019	Major Maintenance Programme to the Tower Blocks in Poole Old Town that make up Drake Court, Grenville Court, Nelson Court and Rodney Court	£20.25m investment from the Poole Neighbourhood HRA

General Fund

Category 1 One-off items of revenue or capital expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
B	Bourne Community Hub	Poole Cabinet	8 Jan 2019	Confirmation of the Councils contribution to the Bourne Community Hub proposal	£200k allocation from the Revenue Contribution to Capital Earmarked Reserve £112.5k transfer of land between the HRA and the General Fund Allocation by lease the land and building with a current asset value of £470k
C	Seafront Development Plan	Poole Cabinet Poole Council	5 Feb 2019 19 Feb 2019	£7.3m Overall Canford Cliffs Scheme Total £3.1m Cliff Stabilisation £4.2m Seafront Development	£4m previously allocated to the seafront development scheme from capital contingency resources £0.4m Coastal Community Fund £2.9m Prudential Borrowing

Items the Shadow Executive have not been specifically consulted upon

General Fund

Category 1 One-off items of revenue or capital expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
D	Local Government Reorganisation – Redundancy Situation – Head of Paid Services	Bournemouth Council	15 Jan 2019	Proposed arrangements for the redundancy of the post of Bournemouth Managing Director / Head of Paid Service.	£117k redundancy, contractual notice pay and compensation for loss of office and statutory rights. £356k payment to the Dorset County Local Government Pension Fund to meet pension strain capital costs. **Included for transparency reasons**

Appendix 8

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

10

Report Subject	**Constitution for BCP Council**
Meeting date	12 February 2019
Report Author	Tanya Coulter, Interim Monitoring Officer
Consultees	Governance Task & Finish Group Overview & Scrutiny Design Working Group Shadow Overview & Scrutiny Committee All members of the preceding councils Delivery Boards and work streams within the Programme Interim Section 151 Officer Chief Executive of BCP Council
Status	Public
Classification	For Consultation and recommendation to Shadow Authority
Key Decision	Non-Key Decision – Report for Consultation
Executive summary	This Report sets out the steps taken to develop the proposed Constitution for BCP Council and summarises the key parts of the Constitution. The Shadow Executive Committee established a Governance Task and Finish Group to provide detailed Member engagement with the work being undertaken by Officers to prepare a Constitution for BCP Council. In addition the Executive Committee made it clear that the

	work to develop and agree an Overview and Scrutiny Function would be led by the Shadow Overview & Scrutiny Committee. This Committee established a Design Working Group which undertook detailed work to prepare the Overview & Scrutiny framework containued within the proposed Constitution. Considerable engagement has taken place with Members and Officers of the preceding councils, and the detail is set out in this Report. The Shadow Authority is required to adopt a Constitution to be effective from 1 April 2019. The Constitution is structured into six Parts as follows: Part 1: Summary and Explanation as to how the Council works Part 2: Articles of the Constitution Part 3: The bodies and individuals that can take decisions for the various functions the Council exercises Part 4: Procedure Rules – detailed procedures, including the Financial Regulations, setting out how the Council's various bodies operate and how the public can engage with decision-making Part 5:Councillor Code of Conduct Part 6: Scheme of Councillors' Allowances Part 6 – the Scheme of Councillors' Allowances, will be the subject of a separate report to the Shadow Authority by the appointed Independent Remuneration Panel. The Scheme adopted by the Shadow Authority at its meeting upon consideration of the IRP report will be incorporated into the Constution at Part 6. The aim of the Officers and Task & Finish Group has been to prepare a new Constitution which is fit for purpose, provides the foundation for good, effective and transparent decision-making and enables the public to understand how decisions are made, who makes them, and how they can get involved. The Overview & Scrutiny work in particular has developed a proposed function based upon an agreed set of principles and good practice, and enable all councillors and the public to engage in the decision-making and work of the new Council. As this is a new Council will new councillors to be elected in May, Officers and the Task & Finish Group are keen to ensure that the Constitution provides a framework which

	can be developed and built upon by the new Council, and that it should be subject to detailed monitoring, evaluation and review during the first 12 – 18 months of the new Council.
Recommendations	**That the Shadow Executive Committee endorses and recommends to the Shadow Authority the Constitution for BCP Council as appended to this Report.**
Reason for Recommendations	To ensure that BCP Council has a Constitution adopted and effective from 1 April 2019 to enable the Council to operate lawfully, effectively and transparently in its decision-making and governance arrangements.

Background detail

1. The Shadow Authority must adopt a Constitution before 1 April 2019 to enable it to operate lawfully. The proposed Constitution for the BCP Council is appended at **Appendix A.**

2. The Interim Monitoring Officer has worked with a team of Democratic Services Officers to develop the proposed Constitution. The Governance Task and Finish Group has led this process from a member perspective, and the Shadow Overview & Scrutiny Committee established an Overview & Scrutiny Design Working Group to undertake detailed work on the development of the Overview & Scrutiny Function contained within the proposed Constitution.

3. The Task and Finish Group and Overview & Scrutiny Design Working Group have been keen to ensure that all members have been engaged and had an opportunity to comment and provide input to the process and this has taken place in a number of ways, which are set out below.

Consultation and Engagement

4. A Member Briefing took place on 20 November 2018 to which all members of the Bournemouth, Christchurch and Poole Councils were invited. This two hour session enabled the Interim Monitoring Officer to outline the proposed initial governance and committee structure and initial thoughts of the Task and Finish Group. The Chair of the Overview and Scrutiny Design Working Group presented the output from the Group's work to date and a representative from the Centre for Public Scrutiny attended to provide additional information and background to the proposals put forward by the Group. This Briefing was well attended and members present put questions and provided thoughts and

feedback on the night. In addition, they were encouraged to provide feedback in writing, and many did. These comments have been fully considered during the process to develop the proposal. This report provides the opportunity for consultation with the Shadow Executive Committee on decisions of the preceding authorities in Bournemouth, Christchurch and Poole.

5. Prior to this Briefing all members were sent information about the proposed governance and committee structure and Overview & Scrutiny function and were given an opportunity to ask questions and make comments in writing if they could not attend the Briefing.

6. Following further work on the draft and having considered the feedback from members a draft Constitution was considered by the Shadow Overview and Scrutiny Committee at its meeting on the 10 December 2018. Members were invited to attend and the draft Constitution was publicly available appended to a Report setting out the proposals. Members of the Committee, and members not on the Committee, were invited to comment and make proposals during the debate. The Task and Finish Group have considered the feedback from this meeting, and further feedback has been provided by some members since the meeting which has been helpful and incorporated into the proposal.

Summary and Purpose

7. The Constitution is in a familiar format and contains six Parts as set out above in the Executive Summary. The purpose of the Constitution is to ensure that there is a clear governance framework and effective and accountable decision-making; clarity as to the procedures to be followed in respect of meetings and decisions; provisions to enable members and the public to engage and hold decision makers to account; and ensure financial management and probity, and ethical standards are promoted and maintained. There are numerous legal requirements as to procedure rules and provisions, which must be included, and the proposal complies with these requirements. Some of the key points to note are set out below.

Overview and Scrutiny Function

8. The proposed Overview and Scrutiny arrangements are the result of lengthy and detailed work undertaken by the Overview and Scrutiny Design Working Group with the support of the Centre for Public Scrutiny. Papers which have been previously circulated to members, and which provide background to the principles agreed and the rationale for the proposed arrangements are appended to this Report at **Appendix B.**
9. The proposal of the Design Working Group was for four Committees within the structure, with an emphasis on commissioned focused work which adds

value and responds to needs and risks as they arise. The four Committees suggest by the Working Group were the Overview and Scrutiny Board; Health and Adult Social Care Overview and Scrutiny Committee; Children's Services Overview and Scrutiny Committee and Listening Committee.

10. The Governance Task and Finish Group considered this proposal and welcomed the nature and extent of work undertaken by the Design Group and Overview and Scrutiny Committee. It reflected on the options and is supportive of the objectives and principles set out, and the overall structure and ways of working suggested, to enable added value and focus to Overview and Scrutiny work in the future BCP Council.

11. The Task and Finish Group is supportive of the need to ensure the new Council has a mechanism or mechanisms in place to listen, engage and consult with its residents and businesses. It takes the view however that there are a number of different ways in which the new Council can do this, including by way of a formal Committee as proposed; by way of more locally based mechanisms; or through function-based groups or Committees. As this is such a crucial issue to get right in the future, it considers that this needs to be fully considered early in the new Council so that effective public engagement mechanisms are established within the structure. The Task and Finish Group has reflected and recognises that public engagement is an important aspect for the Council and therefore recommend that the new Council should be asked to take forward the recommendations from O&S to design the most appropriate mechanism that will deliver the desired outcomes.

12. Article 6 of the Constitution summarises the arrangements, and the detailed terms of reference for each of the three proposed Committees are contained within Part 3 of the Constitution.

Regulatory Committees

13. The Constitution establishes a Planning Committee and Licensing Committee for the new Council each consisting of 15 Councillors. The Task and Finish Group considered the various and different views of members in regard to the proposal to establish one Planning Committee. It considered whether to opt for two or more Committees, however it decided that there are key benefits to one Committee. These include the need for consistent decision-making on development control matters; development of expertise and knowledge of the whole BCP area by members of the Committee; the need to ensure that applicants and the public know who is responsible in all cases for planning decisions. The Constitution provides a key role for Ward Councillors to raise matters to be considered by the Committee if certain criteria are met, and specific detailed provisions in respect of public and applicant engagement in

the Committee will be produced and agreed by the Committee once established to ensure it is facilitated in an open and fair manner.

14. The Licensing Committee is established and will operate within a strict statutory framework pursuant to the Licensing Act and other legislation. It will consist of 15 Councillors and will establish sub-committees to manage the regular consideration of applications which come for consideration. This system already operates effectively in each of the preceding Councils.

Leader/Cabinet

15. The Structural Changes Order states that the Council must establish a Leader and Cabinet model of governance. There is no discretion at this point in its inception for BCP Council to consider alternative arrangements. It can do so at a later date pursuant to the legislation should it so wish.
16. The Constitution sets out the role of the Leader and Cabinet, and role of each Cabinet Member who will be given a Portfolio – area of responsibility and accountability - by the Leader. Cabinet Members can in certain circumstances made individual decisions. The Leader and Cabinet are responsible for all Executive Functions and the Constitution in Part 3 sets out how this will operate.

17. Part 3 of the Constitution sets out some key delegations to Officers and the framework within which the Leaders and Chief Executives Scheme of Delegations will operate.

Other Committees

18. Other Committees are established by the Constitution. These are the Audit & Governance Committee; Appeals Committee and Standards Committee.

19. The Articles in Part 2 of the Constitution set out the purpose of each, and Part 3 provides the detailed terms of reference and delegated authority of each Committee.

Procedure Rules and Financial Regulations

20. The Procedure Rules at Part 4 of the Constitution set out some key statutory requirements, including the Access to Information Procedure Rules at A. The Rules state how each Committee will run its business, and the rules of debate. They set out the rights of the public to make statements, ask questions and submit petitions, and the rights of Councillors to ask questions and add items to agendas. It details the Call-In rights of Councillors where decisions of the Leader, Cabinet and Individual Cabinet Members have not

been taken in accordance with the relevant rules and/or decision-making principles and the way in which Overview and Scrutiny Committees will undertake their work.

21. The Financial Regulations are contained within the Constitution as Part 4A and appended to this Report at **Appendix C**. They have been developed by the Finance, Audit, Procurement and Legal Officers from all three preceding Councils and will be regularly reviewed and monitored by the Sections 151 Officer.

Code of Conduct

22. The Council is obliged pursuant to the Localism Act 2011 to adopt a Code of Conduct relating to standards of behaviour of Councillors and adopt arrangements by which complaints about the behaviour of Councillors can be made and dealt with.

23. Part 5 of the Constitution sets out the proposed Code of Conduct for Councillors which incorporates the current content of Codes within the preceding Councils. It also includes a Code of Officer/Councillor relations, and arrangements for consideration of complaints. It is suggested that these arrangements are reviewed, and that further Guidance is issued by the new Standards Committee when it is established rather than pre-empting the views of the Committee at this stage in respect of the way in which it considers the new Council should proceed in future.

24. Article 15 of the Constitution sets out the slightly different arrangements for the Interim Period. This is the Period between 1 April 2019 and 6 May 2019. The 120 Councillors who are currently members of the Shadow Authority will be members of the BCP Council until 6 May 2019. Annual Council for the BCP Council will take place in the period following 6 May 2019 – likely to be 21 May 2019 – and this is when the Leader, Cabinet and members of Committees structure will be formally appointed.

Interim Period

25. It is a requirement to have arrangements in place during the Interim Period. These proposals are that the Shadow Executive Committee will become the Cabinet of the new BCP Council in accordance with the Structural Changes Order provisions. The Shadow Overview and Scrutiny Committee will continue as it currently exists losing the Shadow status. This is also the proposal in respect of the Shadow Standards Committee.

26. There needs to be for legal purposes Committees to deal with Planning, Audit and Licensing. It is proposed that for Planning purposes there will be three committees consisting of the current members of those committees within the preceding councils – which are not expected to have to meet during this period. The Audit and Governance Committee is also not expected to have to meet and would consist of those members of the current three preceding Councils Audit/Audit and Governance Committees. There is required to be one Licensing Committee and the proposal is that this interim Committee consists of 15 Councillors currently members of Licencing Committees in the preceding Councils to be nominated at the Shadow Authority meeting. It is likely that Sub-Committees of this Committee will need to meet and provision is made for the appointment of these Sub-Committees. This is very much an interim position to ensure lawfulness during this period.

Ongoing Evaluation and Review

27. As already referred to above, the Task and Finish Group and Officers engaged in the development of the Constitution are clear that this proposal will ensure the Council will be operating within an effective and clear governance framework. They also agree that there are some aspects in particular which would benefit from review during the first 12-18 months of the new Council's existence. These are:

    a. The Officer Employment Rules and whether a Committee of the Council should be established to consider disciplinary and dismissal matters affecting Senior Officers. The current position remains that Full Council would need to establish a Committee should the need arise. Some Councils have established Committees to undertake this role and other work within the staffing arena. This review could be undertaken alongside other HR work to develop policies and procedures for the new Council over this period.

    b. The Code of Conduct and arrangements for considering complaints. There is learning to be considered from cases dealt with locally and nationally, and recent consultation nationally in respect of these matters. It is suggested that the new Standards Committee consider this issue and review the arrangements and undertake work to bring recommendations back to Full Council within this initial 18 month period.

    c. The role of Councillors in respect of personnel appeals. This is something undertaken differently in each preceding Council. In Christchurch there is no Councillor involvement in personnel appeals; in Bournemouth Councillors are involved in all appeals about personnel

matters brought by Officers; and in Poole Councillors are involved in appeals where the decision appealed against has resulted in dismissal of some kind (including conduct and redundancy dismissals). The proposal within the Constitution is to retain an Appeals Committee to consider appeals where the decision results in a dismissal – as in Borough of Poole. It is suggested that this is reviewed and Councillors and others are consulted as it is recognised that there is a divergence of views and differing practice nationally.

Summary of Finance and Resourcing Implications

28. There are no direct financial implications arising from this Report. The implications of the proposed Scheme of Allowances are set out in a separate Report to the Shadow Authority and in the Budget Report.

Summary of Legal Implications

29. The Shadow Authority must adopt a Constitution for the 1 April 2019.The Constitution appended to this Report complies with legal requirements.

Summary of Human Resources Implications

30. There are no specific Human Resources implications arising from the Report. In general terms, the Head of Paid Service and his Management Team will be responsible for ensuring that sufficient resources are in place to enable the governance arrangements set out in the attached documents to operate effectively.

Summary of Environmental Impact

31. There are no specific issues arising in respect of this Report.

Summary of Equalities and Diversity Impact

32. The Constitution provides a facility for public questions and engagement and the new Council will be recommended to promote engagement from all sections of the public and enable protected groups to engage with the Council and its decision-making process in a positive and accessible way.

33. Provisions for public and Councillor access to information and meetings have taken account of the need to mitigate the impact of processes and procedures on particular groups within the community. The impact will be kept under review as part of the Democratic Services function's Equality and Diversity action plan.

Background Papers

None

Appendices

Appendix A – Constitution
Appendix B – Overview and Scrutiny Design Papers
Appendix C – Financial Regulations

Bournemouth, Christchurch and Poole Council

CONSTITUTION

PART 1
SUMMARY AND EXPLANATION

Part 1 - Constitution - summary and explanation

1. General

1.1. The Council's Constitution sets out rules and procedures which explain how Council business is done and how decisions are made. This introduction should help you find what you are looking for in the Constitution.

1.2. Some of the processes in the Constitution are required by law while others are considered by the Council to be necessary to ensure that it operates effectively and efficiently; and in the interests of the people it serves.

2. The Constitution and its Content

2.1. The Constitution is divided into six parts.

Part 1 sets out an explanation of what the Council is and how it works.

Part 2 sets out the formal articles of the Constitution:

Article 1	The Constitution;
Article 2	Councillors;
Article 3	Rights and Responsibilities of Members of the public;
Article 4	The Full Council;
Article 5	The Role of the Chairman of the Council;
Article 6	Overview and Scrutiny;
Article 7	The Leader of the Council and the Cabinet;
Article 8	Other Committees;
Article 9	Joint Arrangements;
Article 10	Arrangements for promoting good standards of behaviour by Councillors;
Article 11	Officers;
Article 12	Decision Making;
Article 13	Legal Matters;
Article 14	Review, Revision, Suspension, Interpretation and Publication of the Constitution; and
Article 15	Interim Arrangements.

Part 3 sets out the responsibility of bodies and individuals for various functions carried out by the Council in relation to the exercise of its powers.

Part 4 contains the Rules of Procedure (including the Financial Regulations) which are designed to regulate the conduct of the Council's business to ensure decisions are made in accordance with the law and the wishes of the Council.

Part 5 includes the Code of Conduct for Councillors which is designed to ensure that Councillors carry out their duties to the highest ethical standards. It also includes a protocol on Member/Officer Relations.

Part 6 covers the Scheme of Councillors' Allowances.

3. The Council and how it operates in making decisions

3.1. The Council is composed of 76 Councillors elected every 4 years. Councillors are democratically accountable to the residents of their Ward. Councillors have a responsibility to the whole community, but in particular, to their ward residents, including those who did not vote for them.

3.2. The Council employs staff (Officers) whose job is to assist and advise Councillors and provide the services of the Council.

3.3. All Councillors meet together as a Full Council, approximately six times per year. Meetings of the Council are normally open to the public. Full Council is responsible for approving certain specific key policies for the Council and setting the budget and Council Tax each year.

The Cabinet

3.4. Every 4 years the Council appoints a Leader of the Council. The Leader appoints an additional number of Councillors to act as members of the Cabinet (not more than 10 in total including the Leader and a Deputy Leader). The Leader of the Council may appoint a Deputy Leader and may ask members of the Cabinet to take lead responsibility for specific services (usually referred to as Portfolio Holders). These are usually themed around the Council's main priorities.

3.5. The Cabinet is the part of the Council which is responsible for most day to day decisions. The Cabinet can make decisions that are in line with the Council's key policy framework and budget.

Other Committees

3.6. Important decisions relating to planning and licensing matters are dealt with by separate Committees known collectively as Regulatory Committees. These are the Planning Committee and the Licensing Committee.

3.7. The Standards Committee deals with the conduct of Councillors and is responsible for ensuring the arrangements the Council has to deal with complaints against Councillors are effective and that the Council operates to high ethical standards. The Audit and Governance Committee has responsibility for oversight of the Council's corporate governance arrangements and financial affairs. There are a number of other Committees which perform specific functions including some which operate jointly with other councils. The details are set out in the Articles in Part 2 of this Constitution.

Overview and Scrutiny

3.8. Councils operating a Leader and Cabinet model must make provision for at least one Overview and Scrutiny Committee. There is no single definition of Overview and Scrutiny. It is generally viewed as an umbrella term covering a wide range of possible roles. The Bournemouth, Christchurch and Poole Overview and Scrutiny function is based upon six principles:

1. Contributes to sound decision making in a timely way by holding decision makers to account as a 'critical friend'

2. A member led and owned function – seeks to continuously improve through self-reflection and development

3. Enables the voice and concerns of the public to be heard and reflected in the Council's decision-making process

4. Engages in decision making and policy development at an appropriate time to be able to have influence

5. Contributes to and reflects the vision and priorities of the new council

6. Agile – able to respond to changing and emerging priorities at the right time with flexible working methods

3.9. The Overview and Scrutiny Committees are appointed by full Council.

4. How can I participate?

4.1. The Council encourages every resident to register on the Council's Register of Electors and to vote in every local, national, or European election that is organised. Further information can be obtained from the Council's website.

4.2. Residents have the right to contact their local Ward Councillors for assistance or about matters of concern. Contact details can be found on the website.

4.3. Most Council, Cabinet and Committee meetings will be open to the public and members of the public are welcome to attend. Agendas and reports are available on the Council's website in advance, as is the Calendar of Meetings for each Municipal Year (May to May). If the public require these documents in another format, we will do our best to assist.

4.4. The Constitution gives residents and others certain rights and opportunities to participate in decision making and contribute to certain meetings. These will depend upon the nature of the meeting and the procedures for asking questions, submitting petitions and taking part in certain meetings are contained within this Constitution and set out on the Council's website.

4.5. Public engagement is a guiding principle of Overview and Scrutiny. The public can get involved in Overview and Scrutiny in a number of ways, for example by:

- attending meetings of the Committees;
- contributing evidence to an Overview and Scrutiny review;
- suggesting topics to be considered for Overview and Scrutiny;

5. What if I am not happy?

5.1. The Council operates a corporate complaints system, details of which can be obtained from the website or by contacting the Council by telephone.

5.2. If you think that a Councillor has breached the Code of Conduct, then you may lodge a complaint and details of the procedure are set out on the website or can be obtained by contacting the Council by telephone.

5.3. The Local Government Ombudsman will investigate cases where the Council's own complaints mechanism has not provided an adequate resolution of issues.

6. More information

6.1. For more information regarding any of the matters in this introduction, please refer either to the relevant section of the Constitution, or to the Council's Monitoring Officer or Democratic Services team. Contact details are published on the Council's website, and can also be obtained by contacting the Council's Customer Services.

PART 2
ARTICLES OF THE CONSTITUTION

Article 1 - The Constitution
Article 2 - Councillors
Article 3 - Rights and Responsibilities of Members of the public
Article 4 - The Full Council
Article 5 - The Role of the Chairman of the Council
Article 6 - Overview and Scrutiny
Article 7 - The Leader of the Council and the Cabinet
Article 8 - Other Committees
Article 9 - Joint Arrangements
Article 10 - Arrangements for Promoting Good Standards of Behaviour by Councillors
Article 11 - Officers
Article 12 - Decision Making
Article 13 - Legal Matters
Article 14 - Review, Revision, Suspension, Interpretation and Publication of the Constitution
Article 15 - Interim Arrangements

Article 1 - The Constitution

1. Powers and Duties of the Council

1.1. The powers and duties of the Council are established by legislation and clarified through statutory guidance and case law. The Council will exercise those powers and duties in accordance with the law and its Constitution.

2. The Constitution

2.1. The Council's Constitution includes all those parts listed in Part 1 – Summary and Explanation.

3. Purpose of the Constitution

3.1. The objectives of this Constitution are:-

(a) To provide a framework within which the Council can establish and achieve its priorities and provide effective and accountable local leadership

(b) To enable decisions to be taken transparently, efficiency and effectively

(c) To provide a robust and effective overview and scrutiny function

(d) To ensure that a decision will not be reviewed or scrutinised by anyone who was directly involved in making the decision

(e) To ensure that those responsible for decision making can be clearly identified and that they can explain the reasons for their decisions

3.2. The Council will ensure that the Articles, Procedural Rules and Protocols in this Constitution reflect and deliver the objectives set out above.

Article 2 – Councillors

1. Composition

1.1. Until the 4th day after elections in May 2019 the Council consists of 120 Councillors who were formerly Councillors of Bournemouth, Christchurch, Dorset and Poole Councils. After that date, the Council shall comprise 76 Councillors who are the Councillors elected to Bournemouth, Christchurch and Poole Council. Further information on the Councillors can be found on the Council's website.

2. Term of Office

2.1. The term of office for Councillors will start on the fourth day after being elected and will finish on the fourth day after the date of the next regular election.

3. Role of Councillors

3.1. Councillors will:

(a) As a bodyapprove the Council's key plans, policies and strategies as required by law and take decisions on such matters as must be reserved to the full Council by law or as provided for in this Constitution

(b) Oversee the Council's strategic and corporate management

(c) Represent their communities and the views of their electorate in the decision-making process

(d) Support, as appropriate, individuals in their dealings with the Council and represent them in seeking to resolve particular concerns or grievances

(e) Balance the different interests of people within their ward with a view to representing their ward as a whole

(f) Participate, as appropriate, in the decision-making, and overview and scrutiny processes

(g) Maintain the highest standards of conduct and ethics and observe the Council's Code of Conduct for Elected Councillors

4. Councillors' Representational Roles

4.1. All Councillors represent their wards and the Council considers this to be an important role and responsibility under this Constitution.

4.2. Councillors have an important job in consulting their communities on the development of policies, plans and strategies and other local initiatives.

4.3. The Council will ensure in its processes that appropriate procedures are in place so that Councillors can contribute to the Council's business on behalf of their local community both in terms of policy development and decision making.

5. Councillors' Rights

5.1. Councillors will have rights of access to any document, information, land or buildings of the Council where this is necessary for the proper discharge of their functions as a Councillor and in accordance with the law and this Constitution.

5.2. A Councillor is not permitted to make available to the press or to a member of the public any information which they have been sent or given in whatever form and which is exempt or confidential information as defined in the Access to Information Procedure Rules which are set out in Part 4 of this Constitution.

5.3. A Councillor shall not divulge information given in confidence to anyone not legally entitled to know it.

6. Conduct of Councillors

6.1. All Councillors are required to observe the Councillors' Code of Conduct and to have appropriate regard to such other protocols, policies, guidance and advice as may be issued from time to time through the Council's formal processes.

7. Councillors' Scheme of Allowances

7.1. All Councillors shall be entitled to receive such allowances as are contained within the Scheme of Allowances set out in Part 6 of this Constitution.

8. Councillor Support

8.1. The Council will provide support to Councillors as appropriate to enable them to fulfil their roles and responsibilities. This support will include provision of appropriate IT equipment, information, induction and ongoing training relevant to the role.

Article 3 - Rights and Responsibilities of Members of the Public

1. Rights

1.1. Members of the public have the following rights in regard to the affairs of the Council:

(a) Access to information subject to such constraints as may be imposed, by law and as set out in the Access to Information Procedure Rules in Part 4 of this Constitution

(b) To attend meetings of the Council and its Committees and Sub-Committees except where exempt or confidential information is likely to be disclosed

(c) To attend public meetings of the Cabinet except where exempt or confidential information is likely to be disclosed

(d) To film, audio record or report on meetings of the Council and its Committees and Sub-Committees and the Cabinet subject to guidelines published on the Council's website and available at meetings

(e) To have access to the Council's Forward Plan of Key Decisions to be taken by the Cabinet

(f) In accordance with the statutory framework, to inspect reports, background papers and any records of decisions made by: the Council; the Cabinet; a Committee; Sub-Committee; the Leader or a Portfolio Holder subject to the provisions on exempt or confidential information

(g) In accordance with the statutory framework, to inspect the Council's Accounts and to make their views known to the external auditors where appropriate

(h) To ask questions, make statements or present petitions at designated meetings in accordance with such procedures as the Council may determine from time to time

(i) To contribute to work undertaken by the Overview and Scrutiny Committees where invited to do so

(j) To complain to the Council where there is an alleged breach of the Councillors' Code of Conduct

2. Responsibilities of Members of the Public

2.1. The Council in turn expects Members of the Public who engage with it not to use violent, abusive or threatening behaviour in any form against any Councillor, Officer or persons acting for or on behalf of the Council.

2.2. The Council also expects that the property, assets and other resources of the authority, Councillors, Officers or persons acting for or on behalf of the Council are not willfully harmed or damaged.

Article 4 - The Full Council

1. Functions

1.1. The Council will be responsible for the adoption of the Council's budget and key policy framework.

Key Policy Framework

1.2. The Key Policy Framework shall mean the Corporate Plan and any policy or strategy required by law to be approved by Full Council including the following:

(a) Annual Library Plan

(b) Children and Young People's Plan

(c) Crime and Disorder Reduction Strategy

(d) Development Plan Documents

(e) Licensing Authority Policy Statements

(f) Local Transport Plan

(g) Youth Justice Plan

(h) Housing Strategy

Budgetary Framework

1.3. For the purposes of this Constitution, "Budgetary Framework" shall, unless the context otherwise expressly requires, mean:

(a) The Revenue Budget

(b) The Capital Programme

(c) Capital Strategy

(d) Medium Term Financial Plan

(e) To the extent it is not covered by (a) to (d) above:

(i) any plan or strategy for the control of the Council's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision; and

(ii) any other financial requirements that legislation expressly requires to be determined by Full Council.

1.4. The Council's functions are set out fully in Part 3 of this Constitution.

2. Council Meetings

2.1. There are three types of Council meeting:

(i) The Annual Meeting

(ii) Ordinary Meetings

(iii) Extraordinary Meetings

They will be conducted in accordance with the Council and Committee Procedural Rules - Part 4 of this Constitution.

2.2. Full Council will normally have six Ordinary Meetings a year plus the Annual Meeting unless it determines otherwise.

3. Conduct of Council Meetings

3.1. Council meetings will be conducted in accordance with the law and the Council Procedures Rules.

Article 5 - The Role of the Chairman of the Council

1. Civic Role

1.1. The Chairman of the Council, supported by the Vice-Chairman, and as appropriate other Councillors, will perform the civic role on behalf of the Council.

1.2. The civic role entails raising and maintaining the profile of the Council's area, the Council and its communities. The Chairman will promote the aims and values of the Council in an apolitical manner.

1.3. The Chairman will promote such civic and ceremonial functions as the Council or they may determine following consultations, where appropriate.

1.4. The Chairman will represent the Council at civic and ceremonial functions of other local authorities or involving other appropriate bodies.

2. Council Role

2.1. The Chairman will be elected by the Council at its annual meeting. The Vice-Chairman will be elected at the same meeting. The Chairman and Vice-Chairman shall not be members of the Cabinet.

2.2. The Chairman is responsible for the following:

(a) Upholding and promoting the purposes of this Constitution and interpreting it, taking into account appropriate advice when necessary

(b) Presiding over meetings of the Full Council to ensure that business is carried out transparently, efficiently and effectively whilst preserving the rights of Councillors and the interests of members of the public

(c) Ensuring that at Council meetings matters of concern to local communities can be debated through the appropriate mechanisms

(d) Ensuring that Councillors who are not on the Cabinet or who do not hold the Chairmanship of a main Committee are able to hold those office holders to account

(e) Promoting public involvement in the Council's affairs and acting as a contact between members of the public and organisations and the Council

(f) Undertaking such other roles as may be placed upon the the Chairman from time to time by the Council

3. Vice-Chairman of the Council

3.1. The Vice-Chairman will support the Chairman in their civic role and will carry out civic duties as appropriate on behalf of the Chairman.

3.2. The Vice-Chairman will deputise in the absence of the Chairman in carrying out the responsibilities of the Chairman.

Article 6 – Overview and Scrutiny

1. Overview and Scrutiny

1.1. As outlined in Part 1 of this Constitution, the Council has established arrangements for the Overview and Scrutiny function in line with the following six principles:-

1. Contributes to sound decision making in a timely way by holding decision makers to account as a 'critical friend'
2. A Councillor led and owned function – seeks to continuously improve through self-reflection and development
3. Enables the voice and concerns of the public to be heard and reflected in the Council's decision making process
4. Engages in decision making and policy development at an appropriate time to be able to have influence
5. Contributes to and reflects the vision and priorities of the new council
6. Agile – able to respond to changing and emerging priorities at the right time with flexible working methods

2. Responsibilities of the Overview and Scrutiny Committees

2.1. The Overview and Scrutiny Committees have the functions set out in Part 3 of this Constitution.

3. Membership of the Overview and Scrutiny Committees

3.1. The Overview and Scrutiny Committee arrangements shall consist of:-

Overview and Scrutiny Board which shall comprise of 15 Councillors meeting approximately 10 times each year. Meetings shall take account of the calendar of meetings for the Cabinet, to enable the Board to make recommendations to the Cabinet.

Health and Adult Social Care Overview and Scrutiny Committee which shall comprise of 11 Councillors meeting approximately six times each year.

Children's Services Overview and Scrutiny Committee which shall comprise of 11 Councillors meeting approximately six times each year.

3.2. No member of the Cabinet may be a member of the Overview and Scrutiny Committees or any group established by the Committees as referenced in paragraph 5 below.

3.3. The Board and Committees are to be politically balanced in accordance with the requirements of the Local Government and Housing Act 1989.

3.4. If a member is unable to attend a meeting their Group may arrange for a substitute to attend in their place in accordance with Appendix 4 of Part 4 of this Constitution.

3.5. Where the Chairs of the other Overview and Scrutiny Committees are not members of the Overview and Scrutiny Board they will be invited to attend meetings of the Board in order to report on activity within their Committees.

3.6. In addition to the Councillors elected to the Committee, members of the public can be invited to attend and contribute to meetings as required to provide insight to a matter under discussion. This may include but is not limited to subject experts with relevant specialist knowledge or expertise, representatives of stakeholder groups or service users. These attendees will not have voting rights.

3.7. As the functions and duties of the Children's Services Overview and Scrutiny Committee include making decisions in relation to the Council's education responsibilities, then the Committee must include two church and two parent governor representatives as voting members in addition to the Councillors. Parent governor membership shall extend to a maximum period of four years and no less than two years. These co-opted education representatives are entitled to vote on any item relating to education.

3.8. The Children's Services Overview and Scrutiny Committee may also co-opt one representative from the Academy Trusts within the local authority area, to attend meetings and vote on matters relating to education.

4. Conduct of Overview and Scrutiny Committee meetings

4.1. Conduct of the proceedings at Overview and Scrutiny Committee meetings shall be in accordance with the Procedure Rules as set out in Part 4.

5. Commissioned Work

5.1. The Overview and Scrutiny Committees may commission work to be undertaken in the follow ways as it considers necessary after taking into account the availability of resources, the work programme and the matter under review:-

Working Groups – a small group of Councillors and Officers gathered to consider a specific issue and report back to a full committee, or make recommendations to Cabinet or Council within a limited timescale. Usually meets once or twice, and is often non-public.

Sub-Committees – a group of Councillors delegated a specific aspect of the main committee's work for ongoing, in-depth monitoring. May be time limited or be required as a long- standing committee. Sub-Committees are often well suited to considering performance based matters that require scrutiny oversight. Usually meets in public.

Task and finish groups – a small group of Councillors tasked with investigating a particular issue and making recommendations on this issue, with

the aim of influencing wider council policy. The area of investigation will be carefully scoped and will culminate in a final report, usually with recommendations to Cabinet or Council. Task and finish groups may work over the course of a number of months and take account of a wide variety of evidence, which can be resource intensive. For this reason the number of these groups must be carefully prioritised by scrutiny members to ensure the work can progress at an appropriate pace for the final outcome to have influence.

Inquiry Days – with a similar purpose to task and finish groups, inquiry days seek to understand and make recommendations on an issue by talking to a wide range of stakeholders and considering evidence relating to that issue, within one or two days. Inquiry days have similarities to the work of Government Select Committees. Inquiry days are highly resource intensive but can lead to swift, meaningful outcomes and recommendations that can make a difference to council policy.

Rapporteurs or scrutiny member champions - individual Councillors or pairs of Councillors tasked with investigating or maintaining oversight of a particular issue and reporting back to the main committee on its findings. A main committee can use these reports to facilitate its work prioritisation. Rapporteurs will undertake informal work to understand an issue – such as discussions with Officers and Portfolio Holders, research and data analysis. Rapporteur work enables scrutiny members to collectively stay informed of a wide range of council activity. In this way the workload is spread between Councillors. This approach to the provision of information to scrutiny members also avoids valuable committee time being taken up with briefings in favour of more outcome based scrutiny taking place at committee.

Article 7 - The Leader of the Council and the Cabinet

This Article explains the role and appointment of the Leader of the Council and the role and appointment of the Cabinet. The Leader of the Council and the Cabinet members are often together referred to as 'Executive Members'.

1. The Leader

Appointment of Leader

1.1. The Council will elect a Councillor to be the Leader of the Council at the annual meeting following a full election of Councillors, unless for any reason the Leader's time in office comes to an end within four years from the date he or she was appointed, in which case a replacement will be elected at an Extraordinary Council Meeting.

Roles and Functions

1.2. The Leader of the Council will:

(a) Be a member of the Cabinet

(b) Appoint up to 9 other Councillors to form the Cabinet. The Leader has the right to remove any member from this position

(c) Appoint a Deputy Leader from among the Cabinet members and make any other executive appointments required by law

(d) Allocate Portfolio responsibilities and functions to each of the Councillors appointed to the Cabinet, defining the scope, deputising arrangements and scheme of delegation in respect of each Portfolio. One of the Portfolio Holders must be designated with responsibility for Children's Services

(e) Notify the Chief Executive and Monitoring Officer of the allocation of Cabinet Members' responsibilities for functions such information to be defined as The Cabinet Portfolio SchemeChair meetings of the Cabinet.

(f) Lead in the preparation, co-ordination and presentation of the Cabinet's policies and activities and liaise with the Chief Executive on the carrying out of the Council's policies

(g) RRetain the power to make all executive decisions on behalf of the Council pursuant to the relevant legislation

Ending the Leader's term in Office

1.3. The Leader of the Council will hold office as the Leader of the Council from the day of his or her appointment until one of the following:

(a) The date of the Council's Annual Meeting following a full election of Councillors

(b) They resign from office

(c) They are suspended or disqualified from being a Councillor

(d) They are removed from office by resolution of the Full Council

(e) For any other reason they cease to be a Councillor

Ending the Deputy Leader's and Cabinet Members' term in Office

1.4. The Deputy Leader and each Cabinet Member will remain as Members of the Cabinet until one of the following:

(a) The date of the Council's Annual Meeting following a full election of Councillors

(b) They are removed from office by the Leader

(c) They resign from office

(d) They are suspended from being a Councillor

(e) For any other reason they cease to be a Councillor

Votes of No Confidence

1.5. The Leader shall cease to be the Leader if a vote of no confidence is carried at a meeting of the Full Council in accordance with the Procedural Rules contained within Part 4 of this Constitution. Should a Leader not be able to act or the office is vacant, the Deputy Leader is to act in the Leader's role. If the Deputy Leader is unable to act or the office is vacant then the Cabinet must act in the Leader's place or must arrange for a member of the Cabinet to take the Leader's role, until a decision is made by the Council to appoint a new Leader. In the event of there being no Leader, Deputy or Cabinet members, executive functions shall in the interim be carried out by the Chief Executive.

2. The Cabinet

2.1. The Cabinet is a group of Councillors who work with Council Officers to run the Council and take most decisions except decisions about major policy issues or setting the annual budget, - which only the Full Council can do - or decisions on whether to give planning permissions or licences or any other matters which are reserved to Full Council or other Committees.

Membership

2.2. The Cabinet consists of the Leader of the Council and up to 9 other Councillors appointed by the Leader, not being the Chairman or Vice-Chairman.

Roles of Cabinet

2.3. The Cabinet will carry out all functions of the Council which are not by law or under the Functions Scheme, the responsibility of another part of the Council.

Functions of individual Members of the Cabinet

2.4. The functions of the individual Members of the Cabinet are set out in the Cabinet Portfolio Scheme which is contained within Part 3 of this Constitution.

Meetings of the Cabinet

2.5. Meetings of the Cabinet must follow the Cabinet Procedure Rules contained in Part 4 of this Constitution.

Article 8 - Other Committees

1. Other Committees

1.1. The Council will appoint the following other Committees to take such decisions which are not reserved to Full Council; the responsibility of the Leader / Cabinet or within the remit of Overview and Scrutiny:

Committee

Planning Committee – consisting of 15 Councillors

Licensing Committee – consisting of 15 Councillors

Standards Committee – consisting of 7 Councillors

Appeals Committee – consisting of 7 Councillors

Audit and Governance Committee – consisting of 9 Councillors

1.2. The Council may appoint other Committees, Sub-Committees and Special Committees with delegated powers to act under specific terms of reference which must be set out in the minutes.

1.3. The Council will establish a Health and Wellbeing Board in accordance with the legislative requirements and statutory guidance, and the terms of reference for this Board are published on the website.

2. Powers of Committees

2.1. The Committees shall have the functions set out in Part 3 of this Constitution.

2.2. A Committee may, at any time, decline to exercise a delegated power. The matter must then be considered and determined by the Full Council as appropriate.

3. Conduct of Committee Meetings

3.1. Committee meetings will be conducted in accordance with the law and the Procedures Rules set out in Part 4 of this Constitution.

Article 9 – Joint Arrangements

1. Joint Arrangements

1.1. The Council may enter into joint arrangements with one or more other councilsto exercise functions which are not executive functions. The arrangements may involve the appointment of a joint committee with these other councilsand appointments to it should reflect the political composition of the Council as a whole.

1.2. The Leader may enter into joint arrangements with one or more other councilsto exercise functions which are Executive Functions or to advise the Leader. Such arrangements may involve the appointment of a joint committee with these other councils. Such a joint committee will be a Committee exercising Executive Functions and appointments to it will be made by the Leader and will be Members of the Cabinet. Those members need not reflect the political composition of the Council.

1.3. Details of any joint arrangements including any delegations to joint committees is set out in the Council's Scheme of Delegations in Part 3 of this Constitution.

2. Access to Information

2.1. The Access to Information Rules in Part 4 of this Constitution apply to joint arrangements.

3. Joint Arrangements

3.1. The Council currently has a number of joint arrangements in place, including the following : Stour Valley and Poole Partnership; Dorset Public Health Board; Aspire Adoption Joint Board.

Article 10 - Arrangements for Promoting Good Standards of Behaviour by Councillors

1. Adoption of a Code of Conduct for Councillors

1.1. The Council has adopted the Code of Conduct for Councillors set out in Part 5 of this Constitution.

2. Application of the Code of Conduct

2.1. The Code of Conduct will apply to all Councillors when they are acting as a Councillor or hold themselves out as doing so.

3. Standards Committee

3.1. The Standards Committee is responsible for monitoring and overseeing the effectiveness of the arrangements for dealing with complaints and the Code of Conduct. It is also in general terms responsible for oversight of the ethical conduct of Councillors and for working with other Committees such as Audit and Governance Committee to ensure the ethical governance framework of the Council is effective and fit for purpose.

4. Arrangements for dealing with complaints against Councillors

4.1. The Council's adopted arrangements for dealing with complaints against Councillors are set out in Part 5 of this Constitution.

Article 11 - Officers

1. Management Structure

1.1. **General -** The Council may engage such staff (referred to as Officers) as it considers necessary to carry out its functions.

1.2. **Chief Officers -** The Council will engage persons for the following posts, who will be designated Chief Officers:

(a) Chief Executive and Head of Paid Service

(b) Directors who report directly to the Chief Executive within the line management structure

1.3. The process of selection and recruitment of the above Chief Officers shall be undertaken in accordance with provisions set out in the Employment and Procedure Rules - Part 4 of the Constitution.

1.4. The Council is required by law to designate an Officer to each of the following statutory roles:

(a) Head of Paid Service

(b) Section 151 Officer

(c) Monitoring Officer

1.5. Further details of these statutory roles are set out below and can also be found in the Financial Regulations – Part 4 of the Constitution.

1.6. In addition to these statutory roles, the Council is required by legislation to designate other roles to Officers.

1.7. **Structure -** The Head of Paid Service will determine and publicise a description of the overall departmental structure of the Council showing the management structure and deployment of Officers. That document shall form part of the Constitution.

2. Roles and Functions of the Head of Paid Service

(a) **Discharge of functions by the Council.** The Head of Paid Service will where they consider it appropriate report to Full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of Officers required for the discharge of functions, the organisation of Officers and to such extent as relevant, the appointment and proper management of Officers.

(b) **Restrictions on functions.** The Head of Paid Service may not be the Monitoring Officer but may hold the post of Section 151 Officer if a qualified accountant.

3. Functions of the Monitoring Officer

(a) **Maintaining the Constitution.** The Monitoring Officer will maintain an up-to-date version of the Constitution and will ensure that it is made available to Councillors, Officers and the public.

(b) **Ensuring lawfulness and fairness of decision making.** After consulting with the Head of Paid Service and Section 151 Officer, the Monitoring Officer will report to the Full Council, or Cabinet in relation to an executive function, if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration.

(c) **Standards.** The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct.

(d) **Proper Officer for access to information.** The Monitoring Officer will ensure that Councillor decisions (including decisions by Committee and individual Cabinet Member decisions), together with the reasons for those decisions and relevant Officer reports and background papers are made publicly available as required by legislation.

(e) **Contributing to corporate management.** The Monitoring Officer will contribute to the corporate management of the Council, in particular through the provision of professional legal advice.

(f) **Providing advice.** The Monitoring Officer will provide advice to the Council on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues and will support and advise Councillors and Officers in their respective roles.

(g) **Restrictions on posts.** The Monitoring Officer cannot be the Chief Finance Officer or the Head of Paid Service.

4. Functions of the Chief Finance Officer

(a) **Ensuring lawfulness and financial prudence of decision making.** After consulting with the Monitoring Officer, the Section 151 Officer will report to the Full Council, to Cabinet in relation to executive functions and to the Council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure,or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

(b) **Administration of financial affairs.** The Section 151 Officer will have responsibility for the administration of the financial affairs of the Council.

(c) **Contributing to corporate management.** The Section 151 Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice.

(d) **Providing advice.** The Section 151 Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity (and budget and policy framework issues) to

all Councillors and will support and advise Councillors and Officers in their respective roles.

(e) **Give financial information.** The Section 151 Officer will provide financial information to the media, Councillors of the public and the community.

5. Duty to provide sufficient resources to the Monitoring Officer and Section 151 Officer

5.1. The Council will provide the Monitoring Officer and Section 151 Officer with such Officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed.

6. Conduct

6.1. Officers will comply with the Protocol on Officer and Councillor Relations and the relevant Employee Code of Conduct.

7. Employment

7.1. The recruitment, selection and dismissal of posts below Chief Officer level will be made in accordance with arrangements prescribed by the Head of Paid Service to the extent not covered by the Employment Procedure Rules – Part 4 of the Constitution.

Article 12 - Decision Making

1. Principles of Decision Making

1.1. When the Council takes a decision it will do so in accordance with the following principles:

(a) Be clear about what the Council wants to happen and how it will be achieved

(b) Ensure that the decision and the decision-making process are lawful

(c) Consider the Public Sector Equality Duty and its obligations under the Human Right Act

(d) Consult properly and take professional advice from Officers

(e) Have due regard to appropriate national, strategic, local policy and guidance

(f) Ensure the action is proportionate to what the Council wants to happen

(g) Ensure the decisions are not unreasonably delayed

(h) Explain what options were considered and give the reasons for the decision

(i) Make the decision public unless there are good reasons for it not to be

2. Responsibility for Decision Making

2.1. The Council will prepare and keep up to date a Functions Scheme. The Functions Scheme will show what types of decisions can be made and who or which part of the Council can make them.

3. Types of Decision

Decisions Reserved to the Full Council

3.1. Decisions reserved to Full Council in the Functions Scheme will be made by Full Council only. Other non-executive decisions are delegated to Council Committees, Sub-Committees and to Officers as set out in the Functions Scheme.

Key Decisions

3.2. A Key Decision, which must be included in the Cabinet Forward Plan, is a Leader or Cabinet decision which is likely to meet one or more of the following criteria:

(a) It will result in the Council on its own or in partnership with other organisations spending or saving £500,000 or more, with the exception of operational expenditure or savings identified within the agreed Service Plan and Budget

(b) It is likely to have a significant impact or effect on two or more electoral wards

3.3. A Key Decision must be made in accordance with the Cabinet Procedure Rules.

Individual Cabinet Member Decisions

3.4. Individual Cabinet Member Decisions will be made in accordance with the Procedures set out in this Constitution and the Functions Scheme – Delegation to Cabinet Members, the Leader's Scheme of Delegation and the Financial Regulations..

Major Operational Decisions taken by Officers

3.5. A Major Operational Decision is an Officer decision which is not a Key Decision and which is likely to meet one of the following criteria:

(a) It will result in the Council incurring expenditure - including the loss of income – in excess of £100,000, with the exception of operational expenditure identified within the agreed Service Plan and Service Budget

(b) It is a decision which has been specifically delegated to Officers – for example to conclude an agreement or contract within the outline terms agreed by the Cabinet

(c) It is a decision which is controversial and/or politically sensitive in nature or is, in the opinion of the Director, of such significance that a published record of the decision would ensure transparency and accountability in relation to decision making within the Council

Day to day Operational Decisions taken by Officers

3.6. A day to day operational decision is an Officer decision which is not a Key or Major Operational Decision and meets all of the following criteria:

(a) It is within an agreed Service Plan and Service Budget

(b) It is not in conflict with the Budget and Policy Framework or other approved policies of the Council

(c) Does not raise new issues of policy

Article 13 - Legal Matters

1. Financial Management

1.1. The management of the Council's financial affairs will comply with the Financial Regulations contained in Part 4 of this Constitution.

2. Contracts

2.1. Every contract made by the Council will comply with the Financial Regulations.

3. Legal Proceedings

3.1. The Monitoring Officer can start, defend, settle or take part in any legal proceedings where such action is necessary to act on decisions of the Council and where they consider that such action is necessary to protect the Council's interests and comply with its statutory duties.

3.2. The Monitoring Officer can designate nominated Officers to carry out this function on their behalf. Details of the powers that the Monitoring Officer has delegated are contained in the Scheme of Delegation to Officers.

4. Authentication of Documents

4.1. Any document necessary for any legal procedure or proceedings will be signed by the Monitoring Officer or by some other person authorised by them, unless any law otherwise authorises or requires another person's signature or the Council has given authority to some other person to sign on its behalf.

4.2. Any contract with a value over £30,000 entered into on behalf of the Council shall be made in writing.

4.3. Such contracts must either be signed by the Monitoring Officer or by some other person authorised by them, or one of the persons referred to in Article 14.5 below or made under the Common Seal of the Council certified by at least one of the persons referred to in Article 14.5 below.

5. Common Seal of the Council

5.1. The Common Seal of the Council will be kept in a secure place in the custody of the Monitoring Officer.

5.2. A decision of the Council, or of any part of it to which authority has been delegated, will be authority for sealing any document necessary to give effect to the decision.

5.3. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed or otherwise completed as required by the Contract Procedure Rules. The affixing of the Common Seal may be certified by either the Chief Executive, the Monitoring Officer, the Deputy Monitoring Officer, a Director, the Chairman, or the Vice-Chairman.

Article 14 - Review, Revision, Suspension, Interpretation and Publication of the Constitution

1. Duty to monitor and review the Constitution

1.1. The Monitoring Officer will monitor and review the operation of the Constitution.

1.2. To the extent that it is not covered by a delegation to an Officer or as otherwise provided for in this Article (or unless Full Council otherwise expressly resolves), any proposed change to the Constitution before it is considered by Full Council shall have had an opportunity to be considered by the Audit and Governance Committee and/or a Sub-Committee appointed by it provided that nothing in this provision shall prevent the Monitoring Officer taking a proposed change of the Constitution to Full Council even if they have delegated power to determine such a matter.

1.3. Save to the extent as provided for in this Article changes to the Constitution shall be determined by Full Council to the extent as provided for in Article 4 – Full Council – Part A of the Constitution.

2. Changes to the Constitution by the Monitoring Officer without referral

2.1. The Monitoring Officer shall have power without referral elsewhere to make amendments to the Constitution where they consider this is necessary and/or expedient to reflect legislative change, secure consistency, address any legal ambiguity, and/or address any uncertainty in interpretation. The Monitoring Officer shall notify all Councillors of any such changes.

3. Suspension of the Constitution

3.1. The Articles of this Constitution may not be suspended. However the Procedure Rules set out in this Constitution may be suspended by the Full Council, Cabinet or relevant Committee to the extent permitted within those Rules and the law.

3.2. A motion to suspend any rules cannot be moved without notice, unless at least one half of the whole number of Councillors is present. The extent and duration of suspension will be proportionate to the result to be achieved, taking into account the purposes of the Constitution set out in Article 1.

4. Interpretation

4.1. The ruling of the Chairman of the Council as to the construction or application of this Constitution or as to any proceedings of the Council shall not be challenged at any meeting of the Council. Such interpretation will have regard to the purposes of this Constitution and shall be made taking the advice of the Monitoring Officer or such other Officer as designated.

5. Publication

5.1. The Monitoring Officer will:

(a) Give each Councillor access to an electronic copy of this Constitution

(b) Ensure that a copy of this Constitution is made available on the Council's website

(c) Ensure that copies are available for inspection at the Council's Main Office, and other appropriate locations, and can be purchased by members of the local press and the public on payment of a reasonable fee

(d) Provide to any Councillor, upon request, a copy of the Constitution

Article 15 – Interim Arrangements

1. Introduction

1.1. This Article shall only apply during the Interim Period. For the purposes of this Article "the Interim Period" is the period 1 April 2019 to 6 May 2019 inclusive.

2. Interim Period definitions

2.1. In this Article:

(a) "Predecessor Council" means a Council dissolved on 1st April 2019 by Article 9 of the Order

(b) "the Order" means The Bournemouth, Dorset and Poole (Structural Changes) Order 2018

(c) "the Shadow Bournemouth, Christchurch and Poole Authority" ("the Shadow Authority") means the Shadow Authority for the purposes of Part 6 of the Order

3. Interim Arrangements

3.1. During the Interim Period the other provisions of this Constitution will be modified by the arrangements in this Article.

3.2. If there is any uncertainty about the interpretation or application of this Article, the decision of the Monitoring Officer shall be determinative.

4. Executive

4.1. Unless replaced in accordance with the Order:

(a) The Leader of the Council shall be the leader of the Shadow Authority as at 31st March 2019

(b) The Cabinet shall consist of 16 Councillors made up of the Leader and 15 Executive Members being those Councillors who as at 31st March 2019 made up the Shadow Executive Committee as defined in the Order

(c) The quorum of a meeting of the Cabinet shall be the same as for the Shadow Executive Committee of the Shadow Authority

5. Overview and Scrutiny Committee

5.1. During the Interim Period, the Council will have one Overview and Scrutiny Committee consisting of those Councillors who have been appointed to the Shadow Overview and Scrutiny Committee as at 31st March 2019.

5.2. The Overview and Scrutiny Committee shall have the powers of all three Overview and Scrutiny Committees identified in this Constitution.

5.3. The quorum of a meeting of the Overview and Scrutiny Committee shall be the same as the quorum of the Shadow Overview and Scrutiny Committee of the Shadow Authority.

6. Standards Committee

6.1. During the Interim Period, the Standards Committee will consist of those Councillors who have been appointed to the Shadow Standards Committee as at 31st March 2019.

7. Other Committees

7.1. During the Interim Period, the Council shall have the following other Committees which will operate in accordance with this Constitution:-

(a) Three Planning Committees which will cover the areas of the predecessor councils consisting of those Councillors appointed by the predecessor councils as at 31 March 2019

(b) A Licensing Committee consisting of 15 Councillors all of whom must have been members of a Licensing Committee in their predecessor Council and who have been appropriately trained to undertake the role. Membership of Licensing Sub-Committees will be selected by the Monitoring Officer or their nominated representative in Democratic Services on a rota basis, taking account of experience, political balance and interests, and to reflect training on the relevant policies being applied to applications in respect of the preceding Council areas of Bournemouth, Christchurch and Poole.

(c) An Audit and Governance Committee consisting of Councillors of the preceding councils' audit and/or audit and governance committees at at 31 March 2019

(d) An Appeal Committee consisting of Councillors of the preceding councils' appeals committees or boards as at 31st March 2019.

PART 3
RESPONSIBILITY FOR FUNCTIONS

Introduction

This Part explains the types of Council functions and which part of the Council can make decisions relating to those functions. Some functions can be delegated and this Part includes details of the functions which have been delegated and the Councillors or Officers they have been delegated to.

1. Responsibility of Full Council

The functions listed below are reserved to Full Council and can only be discharged by Full Council:

1.1. Approving the Key Policy Framework which shall mean the Corporate Plan and any policy or strategy required by law to be approved by Full Council including the following:

- Annual Library Plan
- Children and Young People's Plan
- Crime and Disorder Reduction Strategy
- Development Plan Documents
- Licensing Authority Policy Statements
- Local Transport Plan
- Youth Justice Plan
- Housing Strategy

1.2. The approval or adoption of the Budget. For the purposes of this Constitution, "Budgetary Framework" shall, unless the context expressly requires otherwise, means:

(a) The Revenue Budge;

(b) The Capital Programme

(c) Capital Strategy

(d) Medium Term Financial Plan

(e) To the extent that it is not covered by (a) – (d) above:

(i) any plan or strategy for the control of the Council's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision; and

(ii) any other financial requirements that legislation expressly requires to be determined by Full Council.

1.3. The approval of any of the above documents in the event they, or part of them, need to be submitted to the Secretary of State or any Government Minister for final approval, including where they are to be submitted in draft form.

1.4. The approval of changes to any plan or strategy referred to above, unless one of the following applies:

(a) That change is required by the Secretary of State or any Government Minister where the plan or strategy has been submitted to them for approval

(b) Full Council specifically delegated authority in relation to these functions when it approved or adopted the plan or strategy

1.5. Adopting and changing the Constitution save to the extent provided for in Article 14

1.6. Appointing to such Committees of the Council as it is required to appoint by or under any statute or by virtue of the Constitution, and to:

(a) Determine the size and allocation of seats to political groups in accordance with the political balance rules

(b) Receive nominations of Councillors to serve on each Committee and appoint to those Committees

(c) Approve any changes to the terms of reference and scheme of delegation for those Committees (as set out in Part 3 of this Constitution)

1.7. Appointing the following:

(a) Chairman of the Council

(b) Vice-Chairman of the Council

(c) Leader of the Council in accordance with the relevant legislation

1.8. Authorising appointments to any joint committees which are not solely Executive bodies.

1.9. Authorising appointments to the Dorset and Wiltshire Fire Authority and Dorset Police and Crime Panel.

1.10. Approving a Members' Allowances Scheme.

1.11. Approving the Annual Senior Officer Pay Policy Statement.

1.12. Confirming the appointment of, the Head of Paid Service, the Monitoring Officer, the Section 151 Officer and other Chief Officers and the dismissal of the Head of Paid Service, Monitoring Officer and Section 151 Officer in accordance with the Employment Procedure Rules and the law.

1.13. Making an Order to give effect to recommendations made in a Community Governance Review.

1.14. Changing the name of the Council.

1.15. Conferring honorary titles.

1.16. Making, amending, revoking, re-enacting and adopting bye-laws and promoting and opposing the making of local legislation and personal bills in Parliament.

1.17. Any other function which, by law, must be reserved to the Full Council.

Full Council has delegated specific non-executive functions to the following bodies listed below.

2. Planning Committee

2.1. All matters relating to Town & Country Planning functions as set out in the planning and related Acts, are delegated to the relevant Senior Planning Officer as set out in the Chief Executive's Scheme of Delegation to determine, other than those matters as set out below which shall be the responsibility of the Planning Committee.

2.2. The Planning Committee has responsibility to determine the following:

(a) Applications submitted by or on behalf of a Councillor or direct family (spouse or civil partner) of a Councillor for any property or land in which they have a financial interest

(b) Applications submitted by or on behalf of a current Officer

(i) working within the planning section; or
(ii) at Tier 3 level and above; or
(iii) direct family (spouse or civil partner) of Officers identified under (i) and (ii)

for any property or land in which they have a financial interest

(c) Applications referred to the Committee by the relevant Senior Planning Officer for one or more of the following reasons:

(i) Applications where there are material planning issues that have not previously been considered within the Council's area
(ii) Applications where a national or local planning policy is being tested for the first time within the Council's area
(iii) Applications which have a significant impact on a wide number of businesses and / or people
(iv) Applications which have a finely balanced Officer recommendation
(v) Applications by or on behalf of a planning Officer who has recently left the organisation or one of the preceding councils

(d) Applications where the Council is the applicant or land owner for major development proposals as defined in the Development Management Procedures Order

(e) Significant departure from Development Plan Policy which would be required to be the subject of consultation with the Secretary of State

(f) Applications which require an Environmental Impact Assessment except where the relevant Senior Planning Officer considers that approval of the application would not lead to significant environmental impacts.

(g) An Application which a Ward Councillor requests should be referred to the Planning Committee provided that all of the following criteria are met:

(i) The application is potentially contentious and raises material planning issues which would affect the wider public interest

(ii) The site to which the application relates is wholly or partly within the Councillor's Ward

(iii) The Ward Councillor has discussed the proposed referral with a Planning Officer and submits the referral in writing setting out the material planning issues which affect the wider public interest and the referral is made before the expiration of the relevant neighbour consultation period

(iv) The Application is not one of the following:

- Permission in Principle (PiPs)
- Lawful Development Certificates (LDC') (existing or proposed)
- Prior Approvals and Prior Notifications
- Non- material amendments
- Applications other than "major" and "minor"

3. Licensing Committee

3.1. All matters relating to Licensing functions as set out in the relevant legislation are delegated to Officers pursuant to the Chief Executive's Scheme of Delegation to determine other than those matters set out below which shall be the responsibility of the Licensing Committee.

3.2. The Licensing Committee has responsibility for the following:

(a) Making recommendations to Full Council in relation to the Council's policies under the Licensing Act 2003, the Gambling Act 2005, the Police Reform and Social Responsibility Act 2011, and the Council's Regulations on the Control of Sex Establishments made under the Local Government (Miscellaneous Provisions) Act 1982 and any other relevant legislation

(b) Making decisions in connection with statutory commercial public safety licensing of a type that may require quasi-judicial process or intervention – e.g. alcohol, entertainment, gambling, sexual entertainment venues, street trading, charitable collections and public carriages

(c) Establishing Licensing Sub-Committees, subject to statutory provisions, and to determine the number of such Committees, after first consulting with the Monitoring Officer or the Monitoring Officer's nominated representative to ensure Councillors have suitable expertise and to avoid political imbalance

(d) Delegating appropriate matters to Licensing Sub-Committees for a decision. Any such delegation is without prejudice to the Licensing Committee's ability to consider and determine those matters notwithstanding the delegation, these matters may include the following-

(i) Decisions on applications made under the Licensing Act 2003 for new Premises Licences and/ or Club Premises Certificates where representations have been made and not withdrawn
(ii) Decisions on applications made under the Licensing Act 2003 to vary Premises Licenses and/ or Club Premises Certificates where representations have been made and not withdrawn
(iii) Decisions on applications made by the Police under the Licensing Act 2003 for expedited reviews of Premises Licences and/or Club Premises Certificates
(iv) Decisions on applications to review Premises Licences and/or Club Premises Certificates made under the Licensing Act 2003, including those licences which have been the subject of an earlier expedited review
(v) Decisions on applications made under the Licensing Act 2003 for Personal Licences where representations have been made and not withdrawn, or where the applicant has unspent convictions
(vi) Decisions on applications made under the Licensing Act 2003 for a Provisional Statement where representations have been made and not withdrawn

(vii) Decisions on applications for a Temporary Event Notice made under the Licensing Act 2003 where Police or Environmental Health representations have been made
(viii) Decisions on Public Carriage licensing matters which fall outside of existing policies
(ix) Decisions on Public Carriage disciplinary matters
(x) Decisions on applications made under the Gambling Act 2005 where representations have been received and not withdrawn for the following:
- Applications for new Premises Licences
- Applications for Variation of a Premises Licence
- Applications for a Provisional Statement
- Applications for other permits

(xi) Decisions on applications for transfer of a Premises Licence made under the Gambling Act 2005 where representations have been received from the Gambling Commission
(xii) Decisions on applications made under the Gambling Act 2005 for:
- Cancellation of Club Gaming/Club Machine Permits
- Cancellation of Licensed Premises Gaming Machine Permits
- A decision to give a Counter Notice to a Temporary Use Notice

(e) Making decisions in matters under the Licensing Act 2003 where there are unresolved Police representations relating to applications:

(i) To vary the Designated Personal Licence Holder
(ii) For the transfer of a Premises Licence
(iii) For Interim Authorities

(f) Making decisions on all applications relating to premises or land operated by the Council where relevant representations are received

(g) Making decisions on applications to review Premises Licences made under the Gambling Act 2005

(h) Making decisions on applications relating to Street Trading which fall outside of existing policies

(i) Approving the level of fees charged by the Council

(j) Making decisions on the tariffs charged by the Public Carriage Trade

(k) Making decisions on Public Carriage disciplinary matters that may result in the revocation or suspension of a Taxi Operators Licence

(l) Making decisions on applications for new Sex Establishment and Sexual Entertainment Licences

(m) Making decisions on applications for renewals of Sex Establishment and Sexual Entertainment Licences where representations have been received and not withdrawn

(n) Making any decisions required to be made within the following legislative frameworks which have not been delegated by the Committee to Officers:

- Caravan Site Act 1968 and Mobile Home Act 2013 and related legislation
- Charities Act 1992 and related legislation
- Street Trading Permits and Table and Chair permissions and related permissions
- Animal Welfare Licensing – where there are objections to licences

4. Overview and Scrutiny Function

Overview and Scrutiny Board

4.1. For the avoidance of doubt, any responsibility relating to an Overview and Scrutiny Committee in 4.2 below may also relate to the Overview and Scrutiny Board.

4.2. The Overview and Scrutiny Board has responsibility for:

(a) Discharging the statutory duties for which the Overview and Scrutiny function is responsible, other than those that relate to Health, Adult Social Care and Children's Services

(b) Overseeing the Council's overall Overview and Scrutiny function including the preparation, implementation, monitoring and review of a work programme for Overview and Scrutiny

(c) Keeping the Overview and Scrutiny function under review, suggesting changes as appropriate to ensure that it remains fit for purpose

(d) Considering decisions of the Cabinet that have been Called – In pursuant to the Procedures set out in this Constitution for further scrutiny

(e) Reporting annually to Full Council on the output of the Overview and Scrutiny function providing an assessment of the value added by the work undertaken, taking into account the agreed principles on which the function is based

(f) Maintaining oversight and establishing priorities for the training needs of the whole Overview and Scrutiny function

(g) Establishing such commissioned work as appropriate after taking into account the availability of resources, the work programme and the matter under review

(h) Scrutinising decisions of the Cabinet, offering advice or making recommendations on the matter

(i) Referring to Full Council, the Cabinet or appropriate Committee/Sub-Committee any matter which, following scrutiny, the Overview and Scrutiny Board/Committee determines should be brought to the attention of the Council, Cabinet or the Committee or Sub-Committee

(j) Offering any views or advice to the Cabinet in relation to any matter referred to the Overview and Scrutiny Committee for consideration by the Cabinet

(k) Assisting the Council in the development of the Budget and Policy Framework by in-depth analysis of policy issues

(l) Undertaking general policy reviews with a cross-service and multi-organisational approach wherever possible, and making recommendations to the Council or the Cabinet to assist in the development of future policies and strategies

(m) Monitoring the implementation of decisions to examine their effect and outcomes

Health and Adult Social Care Overview and Scrutiny Committee

4.3. The Health and Adult Social Care Overview and Scrutiny Committee will carry out those duties as outlined in 4.1 g-m above, in relation to matters regarding health, adult social care, public health, community care and any other issues relating to the delivery of health services by health service providers and NHS bodies affecting the residents of Bournemouth, Christchurch and Poole.

4.4. This Committee carries out all the Council's overview and scrutiny functions relating to health as required by legislation.

Children's Services Overview and Scrutiny Committee

4.5. The Children's Services Overview and Scrutiny Committee will be responsible for carrying out those duties as outlined in 4.1 g-m above, in relation to matters which relate to the delivery of services for children in Bournemouth, Christchurch and Poole.

4.6. Education co-optees will be appointed to this Committee in line with legislation, as set out in this Constitution.

5. Audit and Governance Committee

5.1. The Audit and Governance Committee has responsibility for the following:

(a) Considering the arrangements for Corporate Governance including reviews of the Local Code of Corporate Governance and reviewing and approving the Annual Governance Statement (AGS)

(b) Maintaining an overview of the Council's Constitution and governance arrangements in all respects, including the Financial Regulations, Protocols and Codes of Conduct and Behaviour not otherwise reserved to the Standards Committee

(c) Approving the Annual Statement of Accounts

(d) Considering the Annual Audit Findings Report and Financial Resilience Report of the External Auditor and their associated action plans

(e) Considering the Annual Report and Opinion of the Chief Internal Auditor, including a summary of internal audit activity (actual and proposed in the relevant accounting period) and the level of assurance that can be given over the risk and control environment and corporate governance arrangements

(f) Considering summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors

(g) Considering reports dealing with the management and performance of the Internal and External Audit functions

(h) Considering reports from Internal Audit on agreed recommendations not implemented within agreed timescales

(i) Considering all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors

(j) Liaising with the national body -currently Public Sector Audit Appointments (Ltd) (PSAA)- in regard to the appointment of the Council's External Auditors

(k) Considering and approving the Annual Plans of the Internal Audit Service and the External Auditor

(l) Commissioning work from the Internal Audit Service and External Audit having regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee

(m) Considering any relevant issue referred to it by the Chief Executive, Section 151 Officer, Chief Internal Auditor, Monitoring Officer or any other Council body or Cabinet Member

(n) Considering any reports of the Chief Internal Auditor referred to the Committee for consideration

(o) Considering arrangements for risk management including approving the Risk Management Strategy and reviewingthe Council's Corporate Risk Register

(p) Considering arrangements for Information Governance, Health and Safety, Fire Safety, Emergency Planning (including Business Continuity)

(q) Considering arrangements for counter-fraud and corruption, including 'whistle-blowing', including approving of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this Policy

(r) Considering any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice

(s) Considering breaches, waivers and exemptions of the Financial Regulations

(t) Considering the Gifts and Hospitality Registers relating to Officers

(u) Considering arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function

6. Standards Committee

6.1. The Standards Committee will have responsibility for:

(a) Monitoring the Code of Conduct and arrangements for dealing with complaints against Councillors and making recommendations to Full Council on any changes to the Code

(b) Promoting and maintaining the Council's responsibilities for ethical governance and high standards of conduct

(c) Ensuring that appropriate advice and training is provided to Councillors in respect of ethical governance and the Code of Conduct

(d) Supporting the Monitoring Officer in discharging their duties in regard to the conduct and behaviour of Councillors

(e) Promoting the observance of the ethical governance agenda within Parish and Town Councils in its area

(f) Considering the outcome of investigations undertaken pursuant to the arrangements for dealing with allegations of a breach of the Code of Conduct

(g) Making arrangements for suitable liaison as appropriate with the statutory Independent Persons in the course of dealing with an allegation of breach of the Code of Conduct

(h) Considering an Annual Report on Gifts and Hospitality Registers relating to Councillors

7. Appeals Committee

7.1. The Appeals Committee will have responsibility for:

(a) Determining personnel-related appeals in respect of decisions made which result in a dismissal

(b) Determining appeals by parents and students against the Council's decision in relation to student awards

(c) Determining appeals by parents against the Council's decision on boarding education matters and other pupil benefits

(d) Determining appeals by parents against the Council's decision in relation to the provision of transport in cases of need, special circumstance or safety

(e) Determining appeals against the Council's decision on the provision of transport to denominational schools and colleges

Leader and Cabinet – Executive Functions

8. Discharge of Executive Functions

8.1. All executive authority flows through the Leader who retains the authority to make any executive decisions and subject to this may delegate decision-making to:-

(a) The Cabinet

(b) A member of the Cabinet

(c) A Committee of the Cabinet

(d) An Officer

(e) Another Council

(f) Another organisation under joint arrangements

9. Functions of the Cabinet

9.1. The Leader will prepare a Scheme of Delegation in which the Leader will confirm which of the following functions will be delegated to the Cabinet:

(a) Responsibility for strategic and policy co-ordination

(b) Making recommendations to Full Council for approval as part of the Budget and Key Policy Framework, major new policies, changes to or revisions of existing policies or any other plan or strategy which Full Council decides it shall adopt or approve

(c) Carrying out the Council's responsibilities for improving the economic social and environmental well-being of the area

(d) Ensuring that the Annual Budget is set and the underlying principles set out in the Financial Regulations adhered to in any changes required from time to time including recommending to Full Council any changes to policy that will materially reduce or increase the services of the Council or create significant financial commitments in future years in accordance with the requirements of the Financial Regulations

(e) Recommending to Full Council the overall financial strategy, including the Capital and Revenue Budgets and the level of Council Tax and the Council Tax Base

(f) Monitoring spending on the Capital Programme

(g) Taking in year decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver the Key Policy Framework, Corporate Plan and Budget

(h) Considering and responding to recommendations and reports from Overview and Scrutiny Board and Committees

(i) Considering the reports of external review bodies on key aspects of overall service delivery

(j) Deciding all Local Choice Functions which Full Council has decided should be undertaken by the Cabinet

(k) Carrying out those Executive Functions of the Council not delegated to other bodies, individual Cabinet Members or Officers pursuant to one of the schemes of delegation

(l) Resolving disputes between Cabinet Members including those where there is no agreement between Portfolio Holders relating to cross-portfolio issues

(m) Being involved in the process for appointment of the Council's Chief Executive/Head of Paid Service and other Officers as set out in the Employment Procedure Rules in Part 4

(n) Making the final decision on joint arrangements and delegations to other councils which relate to Executive Functions

(o) Conferring with other councils, government departments, statutory bodies, voluntary bodies, and other external agencies

10. Functions of Individual Members of the Cabinet

The Leader

10.1. The Leader will perform the following functions:

(a) Lead on implementing the Council's policy and budget decisions

(b) Provide leadership of the Council by setting the strategic direction and key priorities, overseeing the development of the financial strategies

(c) Represent the Council in the community and in negotiations with regional and national organisations

(d) In the absence of a Portfolio holder take responsibility for all relevant matters within the remit of the Cabinet

(e) Appoint a Deputy Leader

(f) Appoint up to 9 Councillors to be Members of the Cabinet

(g) Allocate to each Member of the Cabinet areas of responsibility to be known as Portfolios

(h) Notify the Monitoring Officer of the allocation of responsibility so that the information can be compiled in the Cabinet Members' Portfolio Scheme

(i) Provide leadership to the Cabinet and chair Cabinet meetings

(j) Where the Leader judges it to be the most suitable course of action, the Leader may require any decision proposed by one or more Portfolio holders to be taken by the full Cabinet

(k) Exercise discretion to personally discharge any Executive Functions or make arrangements for their discharge by the Cabinet, another Member of the Cabinet, a Committee of the Cabinet or an Officer (without prejudice to their continued power to discharge that function)

(l) All Executive Functions not expressed to be within the remit of the Leader or otherwise delegated by the Leader to the Cabinet, a Cabinet Member, Committee of the Cabinet or to Officers

The Deputy Leader

10.2. The Deputy Leader will perform the following function in addition to Portfolio responsibilities:

(a) Deputise in the Leader's absence or inability to act due to a conflict of interest.

Delegation to Cabinet Members

10.3. All Cabinet Members will be publicly accountable for the Executive Functions of the Council. This will include specific responsibility for matters within the scope of their Portfolio as follows:

(a) To make decisions consistent with the Council's Key Policy Framework

(b) To make decisions within approved budgets or within virement discretion in accordance with the Financial Regulations

(c) To make decisions which do not compromise any existing or proposed policy

(d) To refer to the Leader any matter considered by the Portfolio Holder or the Leader to be too sensitive or controversial to be decided 'within Portfolio'

(e) To agree decisions with other Portfolio Holders where the matter is a cross- portfolio matter. To refer to the Leader any such matter which cannot be agreed

(f) To give public account of the functions and decisions made within the Portfolio areas of responsibility

(g) To maintain clear communication with the Chairmen of the relevant Overview and Scrutiny Board and Committees

(h) To represent the Council with external bodies and agencies in order to promote the work of the Council and the Council's interests and improve Council influence with external bodies

(i) To develop clear, affordable policies and strategies for services which are consistent with the Council's wider objectives and consistent with the Council's cross cutting objectives

(j) To set clear priorities which are consistent with the Council's policies and strategic objectives

(k) To ensure that resources are efficiently managed within allocations set by Council and that risk is well managed

(l) Specific projects as agreed with the Leader of the Council

(m) Where matters are to be discharged by the Cabinet then (unless the Leader directs otherwise) the Cabinet may exercise its discretion to delegate those matters to a Committee of the Cabinet or to an Officer

(n) Where matters are to be discharged by a single Cabinet Member then unless the Leader directs otherwise that Cabinet Member may exercise their discretion to delegate those matters to an Officer.

10.4. Where Executive Functions have been delegated that does not prevent the discharge of the delegated functions by the person or body who delegated them or by the Leader who retains the authority to make any executive decision.

11. CABINET MEMBERS' PORTFOLIO SCHEME

11.1. The Portfolios must be contained within a Schedule which will be published on the website, part of this Constitution and subject to review and updating by the Leader of the Council at their discretion.

12. LEADER DELEGATION TO CHIEF EXECUTIVE

12.1. The Leader will set out specific additional delegations within a Schedule to the Chief Executive over and above those set out below in the Scheme of Delegation to Officers which will be published, part of the Constitution and subject to review and updating by the Leader of the Council at their discretion.

Scheme of Delegation to Officers

This sets out the Council's Scheme of Delegations to Officers.

13. Introduction

13.1. References in this Scheme to "the Chief Executive and Directors" are references to the Chief Executive, the Directors, Monitoring Officer and Section 151 Officer unless specifically stated otherwise.

13.2. Except in cases of urgency this Scheme does not authorise delegation of any power to make decisions or responsibility which may not in law be delegated to an Officer or which has been specifically reserved for decision to:

(a) Full Council

(b) The Leader

(c) Cabinet

(d) A Cabinet Member

(e) A Council Board or Committee

(f) A specific Statutory Officer

13.3. The Chief Executive, Directors, Monitoring Officer and Section 151 Officer will remain responsible for the decisions made by them under this Scheme or the Chief Executive's Scheme of Delegation and decisions made by anyone to whom they delegate their power.

14. Urgency

14.1. Where urgent action is necessary to protect the Council's interests or enable it to undertake its statutory duties, then, after consultation with the Leader of the Council, or in their absence the Deputy Leader of the Council and the Monitoring Officer and Section 151 Officer, the Chief Executive may authorise action and incur expenditure.

14.2. Any action taken in this way shall be reported to the next meeting of Cabinet and Full Council.

15. Recording Decisions

15.1. All Officer decisions taken under this Scheme must be taken in accordance with the decision-making principles and procedures contained within this Constitution.

16. The Decision-making Process

16.1. Before taking any decision under delegated powers an Officer will notify the relevant Cabinet Member of any action which is likely to be contentious or politically sensitive.

16.2. When exercising delegated powers an Officer will consult with Officers in other service areas where the decision is likely to have an impact on that service area.

16.3. Officers making decisions must be satisfied that as early as possible in the decision-making process the following issues are considered:

(a) The principles of decision-making contained in Article 12

(b) The Council Procedure Rules and Financial Regulations

(c) The views of the relevant Cabinet Members, Chairs of relevant Committees, relate to a specific area, Ward Councillors

(d) The involvement of relevant Statutory Officers and/or other Directors

(e) Any risks in accordance with the Council's Risk Management Strategy

(f) The staffing, legal and financial implications including the need to secure value for money

17. General Delegations to the Chief Executive, Directors and Officers

17.1. The Chief Executive has authority to exercise all powers delegated to that post by the Leader as contained in the Leader's Scheme of Delegation and may make all operational decisions in accordance with the Council's Budget and Key Policy Framework.

17.2. In the event of any doubt as to the delegated powers of any Director the Chief Executive shall have the authority to determine which Director is to exercise that power.

17.3. The Chief Executive and Directors have the power to take all operational decisions within agreed service plans, budgets and policies in relation to the services for which they are responsible. They will keep the Leader and Cabinet informed of the work of their service area.

17.4. The Directors will in the absence of the Chief Executive and in accordance with an agreed rota, undertake on the Chief Executive's behalf such actions as are required to enable the Council to fulfil its functions.

17.5. In relation to the specific service areas for which he or she is responsible the Chief Executive and Directors will perform the following functions:

(a) Manage, direct and control all resources allocated to the relevant service area in accordance with the Council's policies and procedures

(b) Co-ordinate and monitor work through approved plans and policies, reporting compliance with targets and performance to the relevant Portfolio Holder and any relevant Committee;;

(c) Ensure compliance with and discharge all requirements of relevant legislation, orders, directives and the Council's policies and procedures

(d) Take decisions on all operational management and staff management and, where appropriate, property matters

(e) Carry out decisions properly authorised by the Leader, Cabinet, Cabinet Member, Full Council, one of the Council's Committees or an Officer acting under delegated powers

(f) Take any action for which they are specifically responsible under any policy, procedure or other document approved or adopted by the Leader, Cabinet, Cabinet Member, Full Council, one of the Council's Board, Committees or Panels or an Officer acting under delegated powers;

(g) Support the Cabinet in the development of the Council's Key Policy Framework

(h) Support Councillors in their Ward Councillor role

(i) Recommend to the Monitoring Officer the prosecution or instigation of any legal proceedings on behalf of the Council

(j) To provide and submit a bid for resources in accordance with the approved Budget process

(k) To determine the level of charges for Council services in order to maximise income and in accordance with legislative requirements and any agreed charging policies

(l) To issue licences and registrations relating to any of the approved functions

(m) To serve a requisition for information about an interest in land using powers relevant to the operation of the service area

17.6. Every Officer making decisions under delegated powers is required to do so within the internal scheme of management for their own department. This will include appropriate monitoring arrangements.

17.7. An Officer may refer a delegated matter to the Leader, Cabinet or Full Council meeting or to one of the Council's Committees for decision rather than take the decisions themselves.

17.8. Delegations made under this Scheme may be exercised by the nominated Officer and includes anything which facilitates or is conducive or incidental to the discharge of those delegated functions, tasks or responsibilities.

17.9. Where authority has been delegated to an Officer under this Scheme that Officer may authorise any other Officer under their managerial control to act on their behalf, either indefinitely or for a specific period of time subject to the following:

(a) Such powers being exercised in the name or on behalf of the relevant Chief Officer or Director to whom the delegations were made

(b) Responsibility in law for any actions taken by a substitute Officer shall remain with the Officer to whom authority was originally delegated

Specific Functions

18. Functions of the Monitoring Officer

18.1. The Monitoring Officer shall:

(a) Maintain an up-to-date version of the Constitution and ensure that it is available to Councillors, Officers and the public

(b) Ensure lawfulness and fairness of decision-making. After consulting with the Head of Paid Service and Section 151 Officer, the Monitoring Officer will report to Full Council, or to the Cabinet in relation to an Executive Function, if they consider that any proposal, decision or omission would give rise to unlawfulness, or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being carried out until the report has been considered

(c) Contribute to the promotion and maintenance of high ethical standards and standards of conduct by supporting the Standards Committee

(d) Ensure that decisions, together with the reasons for those decisions and relevant Officer reports and background papers are made publicly available as soon as possible

(e) Give advice on whether decisions of the Cabinet are in accordance with the Budget and Key Policy Framework

(f) Provide advice on the scope of powers and authority to take decisions, maladministration, financial misconduct, probity and Budget and Key Policy Framework issues to all Councillors

(g) Contribute to the Corporate Management of the Council, in particular through the provision of professional advice

18.2. In relation to the Code of Conduct for Councillors the Monitoring Officer shall:

(a) Provide advice to the Standards Committee

(b) Advise Councillors and co-opted members about conduct issues and advise on the interpretation of the Code of Conduct and related legislation

(c) Grant dispensations to Councillors in accordance with the provisions of the Localism Act 2011

(d) Deal with cases of alleged breaches of the Code of Conduct in accordance with the Council's arrangements

(e) Receive copies of whistle-blowing allegations of misconduct under the Council's Whistle-Blowing Policy

18.3. In relation to Executive decision-making the Monitoring Officer will provide a report to Full Council when requested by the Chairman of an Overview and Scrutiny Board or Committee where the Board or Committee is of the opinion that an Executive decision has been made which is a Key Decision but has not been treated as a Key Decision.

19. Functions of the Section 151 Officer

19.1. The Section 151 Officer shall:

(a) Report to Full Council and the Council's External Auditor if they considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully. The report is to be made after consulting with the Head of Paid Service and the Monitoring Officer

(b) Be responsible for the administration of the financial affairs of the Council

(c) Contribute to the Corporate Management of the Council, in particular through the provision of professional financial advice

(d) Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget issues to all Councillors

(e) Support and give advice to Councillors and Officers in their respective roles

(f) Provide financial information to the media, members of the public and the community

(g) Maintain the Council's Financial Framework and the Financial Regulations

(h) Carry out all those other functions and responsibilities as set out in the Council's Financial Framework and required by law

20. Functions of the Scrutiny Officer

20.1. The Council must appoint a person as Scrutiny Officer whose functions shall be as follows:

(a) To promote the role of the Council's Overview and Scrutiny function

(b) To provide support to the Council's Overview and Scrutiny function and the members of the Boards and Committees

(c) To provide support and guidance in respect of the Overview and Scrutiny function to:

(i) Councillors
(ii) Members of Cabinet
(iii) Officers

20.2. To preserve the independence of the role the Statutory Scrutiny Officer shall have the right to raise issues and concerns directly with the Monitoring Officer should they consider they are being placed in a position of conflict.

PART 4
PROCEDURE RULES

A. Access to Information Procedure Rules

1. General

1.1. These Rules apply to all meetings of the Council, its Committees and Sub-Committees and to public meetings of the Cabinet.

1.2. In these Rules the word “meeting” means a meeting or meetings of any of those bodies unless specified otherwise.

1.3. These Rules do not affect any other specific rights to information contained elsewhere in this Constitution or the law.

1.4. Members of the public may attend all public meetings subject to the exceptions contained in these Rules.

1.5. Members of the press and public are also entitled to film, audio record and report on meetings of the Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law. Any such filming, audio recording or reporting shall be in accordance with any guidelines published by the Council on its website or made available at the meeting.

2. Notice of Meetings

2.1. The Council will give, wherever possible, at least five clear working days’ notice of any such meeting by publicising, including by electronic means, relevant details.

2.2. A copy of the official notice will be posted at the Council’s main office and published on the Council’s website.

3. Agenda and Supporting Papers - Rights of Access

3.1. Copies of the Agenda and supporting papers will be made available on the Council’s website, for inspection by the public at least five clear working days before the meeting. Where an item is added to an Agenda at a later date, a supplementary agenda will be made available, with any supporting papers, to the public as soon as possible.

3.2. The Council will supply on request copies of any agenda and reports which are open to public inspection, and if the Monitoring Officer thinks fit, copies of any further documents supplied to Councillors relating to that item.

3.3. The Council may require any person to make a payment in advance covering postage and costs connected to the supply of the papers in Rule 3.2 above.

4. Access to Decision Records, Minutes, Agenda and Supporting Papers after a meeting

4.1. The Council will make electronically available, for a period of six years from the date of the meeting:

(a) the minutes of the meeting where, under these Rules or the Constitution, minutes are required to be made, excluding any part of the minutes relating to the conduct of business when the public were not present or where exempt or confidential information would be disclosed;

(b) the records of decisions taken, together with reasons by the Cabinet, excluding any part of the record relating to the conduct of business when the public were not present or where exempt or confidential information would be disclosed;

(c) where information relating to a decision is considered in private, a summary of the proceedings to provide a reasonably fair and coherent record will be provided excluding any information which is of a confidential or exempt nature; and

(d) the agenda and supporting papers covering items which were considered when the public were entitled to be present.

5. Background Documents

5.1. The report will set out a list of the background documents which in the opinion of the report author:

(a) relates to the subject matter of the item in question;

(b) discloses any facts or matters on which the agenda item or an important part of it has been based; and

(c) has been relied upon to a material extent in preparing the agenda item.

5.2. The requirements in Rule 5.1 above do not apply to or include any published works or any document in whole or in part which would disclose confidential or exempt information.

5.3. Background documents which have been made available for public inspection will continue to be available for a period of four years from the date the decision is made.

6. Definition of Confidential and Exempt Information

6.1. For the purposes of these Rules the definitions of Confidential and Exempt Information are set out below.

6.2. Confidential Information means information supplied or given to the Council by a Government Department on terms which forbid its disclosure to the public or is information which cannot be disclosed to the public by Order of the Courts.

6.3. Exempt Information is information falling within any of the categories set out in Appendix 1 subject to the conditions noted in that Appendix.

7. Exclusion of the Public from Meetings

Confidential Information – Requirement to Exclude

7.1. The public will be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the proceedings, that Confidential Information, as described in Rule 6.2 above will be disclosed.

Exempt Information – Discretion to Exclude

7.2. The public may be excluded from a meeting where it is likely that Exempt Information will be disclosed, as set out in Appendix 1.

8. No public right of access to agenda papers

8.1. The Monitoring Officer, where they consider it necessary, may refuse access by the public to any agenda or supporting papers which in their opinion relate to items during which, in accordance with Rule 7 above, the meeting is likely not to be open to the public. Any such papers will be clearly marked “Not for Publication” and will contain the category of information to be disclosed as set out in Appendix 1 to these Rules. Similar provisions apply to the disclosures of documents related to decisions of the Council, including the Cabinet.

9. The Cabinet: Application of these Rules

9.1. Rules 10 to 20 will apply to the Cabinet and any Committees or Sub-Committees which it may establish from time to time.

10. Procedure before taking a Key Decision

10.1. Subject to Rules 12 or 13, a Key Decision cannot be taken unless:

(a) A notice (“the Forward Plan”) has been published in connection with the matter in question and made available by the public at the Main Office of the Council

(b) At least 28 clear calendar days have elapsed since publication of the Forward Plan, and

(c) Where the decision is to be taken at a meeting of the Cabinet, including a Committee or Sub-Committee of the Cabinet, public notice of the meeting has been given under Rule 2 above.

11. The Forward Plan

11.1. The Forward Plan will be prepared on behalf of the Leader on a monthly basis to cover a 12 month period beginning with the first day of any month. The Forward Plan will be rolled forward and published each month to cover the 12 month period beginning again with the new date of publication. There will be instances where it is impracticable to include an item in the Forward Plan. In this case Rule 12 or 13 below will apply

11.2. The Forward Plan will contain such matters as the Leader has reason to believe will be Key Decisions to be taken by the Leader, the Cabinet, a Portfolio Holder, a Committee or Sub-Committee of the Cabinet, an Officer in the course of the discharge of a Cabinet function during the period covered by the Forward Plan.

11.3. The Forward Plan will describe in respect of each matter the following particulars:

(a) The matter relating to the decision to be made

(b) The name and title of the decision taker if an individual, or the name and details of the membership where the decision taker is a body

(c) The date on which, or the period within which, the decision will be taken

(d) The identity of the principal groups whom the decision taker proposes to consult before taking the decision

(e) The means by which any such consultation is proposed to be undertaken

(f) The steps any person might take to make representations to the Cabinet or decision taker about the matter before the decision is made, and the date by which those steps must be taken

(g) A list of the documents to be submitted to the decision taker for consideration in relation to the matter

(h) The address from which, subject to any prohibition or restriction on their disclosure, copies of, or extracts from, any document listed in the forward plan is available

(i) That other documents relevant to the matter may be submitted to the decision taker

(j) The procedure for requesting details of those documents (if any) as they become available

11.4. Where in relation to any matter where the public may be excluded from a public meeting under Rule 7, or documents relating to the decision need not be disclosed to the public, the Forward Plan must contain the particulars of the matter, but may not contain any Confidential Information or Exempt Information.

12. General Exception for Key Decisions

12.1. If a matter which is likely to be a Key Decision has not been included in the Forward Plan then, subject to Rule 13, the decision may still be taken if the following apply:

(a) The decision has to be taken by such a date that it is impracticable to defer the decision until it can be included in the next Forward Plan and until the start of the first month to which the next Forward Plan relates

(b) The Monitoring Officer has informed by way of Notice in writing the Chairman of the Overview and Scrutiny Board, or if there is no such person, each member of that Board of the matter to which the decision is to be made

(c) The Monitoring Officer has made copies of that Notice available to the public at the Main Office of the Council

(d) At least five clear working days have elapsed since the Monitoring Officer complied with their obligations under this paragraph

12.2. Where such a decision is taken by the Cabinet, it must be taken in public subject to any requirements relating to the disclosure of Confidential or Exempt Information and the exclusion of the public.

13. Special Urgency for Key Decisions

13.1. If by virtue of the date by which a Key Decision must be taken, the requirements of Rule 12 above cannot be followed, then the decision can only be taken if the decision taker (if an individual) or the Chairman of the body taking the decision, obtains the agreement of the Chairman of the Overview and Scrutiny Board that the taking of the decision cannot be reasonably deferred. If there is no Chairman of the Overview and Scrutiny Board or if they are unable to act, then the agreement of the Chairman of the Council, or in their absence the Vice-Chairman of the Council will suffice.

13.2. In addition to the requirement to agree to the matter being dealt with as urgent business, the Chairman of the Overview and Scrutiny Board, or the Chairman or Vice-Chairman of the Council if applicable, will be consulted on the subject matter of the decision itself and may comment on the proposed decision to be taken.

14. Report to Council

14.1. If the Overview and Scrutiny Board is of the opinion that a Key Decision has been taken which was not:

(a) Included in the Forward Plan

(b) The subject of the General Exception procedure under Rule 12 above or

(c) The subject of an agreement with the Overview and Scrutiny Board Chairman, or the Chairman/Vice-Chairman of the Council under Rule 13 above

the Board may require the Cabinet to submit a report to Full Council within such reasonable time as the Board specifies.

14.2. In response to any requirement under Rule 14.1 above, the Cabinet must prepare a report for submission to the next available meeting of Full Council. However, if the next meeting of the Council is within 7 days of the resolution of the Board, then the report may be submitted to the subsequent meeting. The report to the Council must set out particulars of the decision, the individual or body taking the decision, and if the Cabinet is of the opinion that it was not a Key Decision, the reasons for that opinion.

15. Record of Decisions of the Cabinet

15.1. After any meeting of the Cabinet or any of its Committees or Sub-Committees, whether held in public or private, the Monitoring Officer or their nominee, or, where no officer was present, the person presiding at the meeting, will produce as soon as practicable an electronic record of every decision taken at that meeting. The record will include the following:

(a) A record of the decision including the date it was made

(b) A record of the reasons for the decision

(c) Details of any alternative options considered and rejected by the decision taker

(d) A record of any conflict of interest relating to the matter decided which is declared by any member of the body making the decision

(e) In respect of any declared conflict of interest, a note of any dispensation granted by the Monitoring Officer

16. Cabinet Meetings relating to matters which are not Key Decisions

16.1. The Cabinet will decide whether meetings relating to matters which are not Key Decisions will be held in public or private.

17. Meeting of the Cabinet in Private

17.1. Where a meeting of the Cabinet, including a Committee or Sub- Committee of the Cabinet, is to be held in private under these Rules, at least 28 clear days before the meeting, the Cabinet shall make available at the Main Office of the Council a notice of its intention to hold a meeting in private giving reasons as to why the meeting is to be held in private.

17.2. At least five clear days before the meeting, the Cabinet must make available at the Main Office of the Council a further notice of its intention to hold a meeting in private containing: the reasons as to why the meeting is to be held in private; details any representations received by the Cabinet about why the meeting should be open to the public; and a statement of the Cabinet's response to any such representations.

17.3. All Members of the Cabinet shall be entitled to be given five clear working days' notice of the meeting, whether or not they are summoned to attend, unless the meeting is convened at shorter notice on urgency grounds.

17.4. Copies of the notices required by Rules 17.1 and 17.2 shall be sent to the Chairman of the Overview and Scrutiny Board.

17.5. Where the date by which a private meeting must be held makes compliance with Rules 17.1 and 17.2 impracticable, the meeting may only be held in private where the Cabinet has obtained agreement from:

(a) The Chairman of the Overview and Scrutiny Board

(b) If there is no such person, or if the Chairman of the Overview and Scrutiny Board is unable to act, the Chairman of the Council

(c) Where there is no Chairman of either the Overview and Scrutiny Board or of the Council able to act, the Vice-Chairman of the Council

that the meeting is urgent and cannot reasonably be deferred.

18. Attendance at private meetings of the Cabinet

18.1. Any Member of the Cabinet may attend a private meeting of a Committee or Sub-Committee of the Cabinet whether or not they are members of that body unless the body determines otherwise.

18.2. Any Cabinet member who is not a member of such a Committee or Sub-Committee shall be entitled to speak with the consent of the person presiding but not to vote.

19. Officer attendance at Cabinet Meetings

19.1. The Head of the Paid Service, the Section 151 Officer and the Monitoring Officer, or their nominees, are entitled to attend any meeting of the Cabinet. The Cabinet cannot meet unless the Monitoring Officer has been given reasonable notice that a meeting is to take place. This provision also applies to Committees and Sub-Committees of the Cabinet.

19.2. A private meeting of the Cabinet, including a Committee or Sub-Committee of the Cabinet, may only take place in the presence of the Monitoring Officer or their nominee, who shall have responsibility for recording and publicising any decisions.

20. Decisions by Portfolio Holders

20.1. Decisions made by individual Portfolio Holders must be taken in accordance with the procedure established by the Monitoring Officer which will provide for a written report template to be prepared by the relevant officer, and formal sign off by the Monitoring Officer and Section 151 Officer before the decision is made.

20.2. As soon as reasonably practicable after an executive decision has been taken by a Portfolio Holder, the written record of the decision must be published which should include the following:

(a) The decision made including the date it was made

(b) The reasons for the decision

(c) Details of any alternative options considered and rejected by the Portfolio Holder making the decision

(d) A record of any conflict of interest relating to the matter decided which is declared by any Member of the Cabinet who is consulted by the Portfolio Holder which relates to the decision

(e) In respect of any declared conflict of interest, a note of any dispensation granted by the Monitoring Officer

(f) The financial and legal implications of the decision and confirmation that the decision has been considered by the Section 151 Officer and Monitoring Officer

(g) The consultation undertaken prior to the decision being made, including any consideration by the relevant Overview & Scrutiny Committee and Ward Councillors

20.3. The provisions of Rules 4 and 5 will also apply to the making of decisions by Portfolio Holders. This does not require the disclosure of Exempt or Confidential Information or advice from a political assistant.

21. Record of Executive and Non-Executive decisions taken by Officers

21.1. As soon as reasonably practicable after an Officer has made a decision which is an Executive Decision a written record of the decision will be published which will include the following

(a) The decision made and the date it was made

(b) A record of the reasons for the decision

(c) Details of any alternative options considered and rejected by the Officer when making the decision

(d) A record of any conflict of interest declared by any Cabinet Member who is consulted by the Officer which relates to the decision

(e) In respect of any declared conflict of interest, a note of any dispensation granted by the Monitoring Officer

(f) The financial and legal implications of the decision and confirmation that the decision has been considered by the Section 151 Officer and Monitoring Officer

(g) The consultation undertaken prior to the decision being made, including any consideration by the relevant Overview & Scrutiny Committee and Ward Councillors

21.2. Any record prepared in accordance with rule 21.1 and any report considered by the Officer and relevant to the decision will be available for public inspection at the Main Office of the Council and on the Council's website.

21.3. Rules 21.1 to 21.2 apply to Major Operational Decisions made by Officers as defined by Article 12 of the Constitution. These rules do not apply to day to day administrative or operational decisions taken by Officers in connection with the discharge of functions.

21.4. When an Officer makes a Major Operational Decision the Monitoring Officer must be provided with a completed Delegated Record of Decision within two working days of the date of taking the decision together with a copy of any report upon which the decision was made.

21.5. The Monitoring Officer will keep a record of all such decisions made by Officers including any report upon which each decision was made and will ensure that the decision is recorded and published by the Council on its website.

21.6. As soon as reasonably practicable after an Officer has made a decision under an express delegation from Full Council, its Committees, Sub Committees or any Joint Committee in which the Council is involved or under a general delegation from one of these bodies where the effect of the decision is to grant a permission or licence, affect the rights of an individual or award a contract or incur expenditure, which in either case materially affects the Council’s position, a written statement will be prepared including:

(a) A record of the decision including the date it was made

(b) A record of the reasons for the decision

(c) Details of any alternative options considered and rejected by the Officer when making the decision

(d) A record of the name of any Councillor or local government body who has declared an interest (for decisions taken under an express delegation)

21.7. Any record prepared in accordance with rule 21.6 together with any background papers considered by the Officer and relevant to the decision will be available

for public inspection at the Main Office of the Council and on the Council's website.

21.8. Rules 21.6 to 21.7 do not apply to:

(a) Routine administrative and organisational decisions

(b) Decisions on operational matters such as day to day variations in services

(c) Decisions if the whole or part of the record contains Confidential or Exempt Information

(d) Decisions that are already required to be published by other legislation, provided the record published includes the date the decision was taken and the reasons for the decision

22. Access to documents - Overview and Scrutiny Board and Committees

22.1. This section outlines the rights of Overview and Scrutiny Board and Committee members to access documents in addition to their rights as a Councillor as set out in this Constitution - 'Access to Information Procedure Rules'.

22.2. Subject to Rule 22.4 below, any member of the Overview and Scrutiny Board or Committees is entitled to copies of any document which is in the possession or control of the Leader, the Cabinet including its Committees and Sub-Committees, and which contains material relating to:

(a) Any business transacted at a public or private meeting of the Cabinet including any of its Committees and Sub-Committees

(b) Any decision taken by an individual member of the Cabinet

(c) Any executive decision taken by an Officer in accordance with Part 3 of this Constitution

22.3. Where a member of an Overview and Scrutiny Board or Committee (including its Sub-Committees) requests a document which falls within Rule 22.2 the Leader must provide that document as soon as reasonably practicable and in any case no later than 10 clear working days after the Leader receives the request.

22.4. Subject to Rule 22.5 the Chairman, or in the absence of the Chairman, the Vice-Chairman of the Overview and Scrutiny Board is entitled to see papers in relation to private decisions of the Cabinet before the decision is made.

22.5. Overview and Scrutiny Committee members will be entitled to any such document or part of a document that contains Exempt or Confidential Information – as detailed in 'Appendix 1' unless the Monitoring Officer determines that the information is not relevant to an action or decision they are reviewing or scrutinising or any review contained in any programme of work of the Overview and Scrutiny Board or Committees.

22.6. Where the Leader so determines, a member of the Overview and Scrutiny Board or Committees will not be entitled to:

(a) any document that is in draft form;

(b) the advice of a political advisor.

22.7. Where the Leader or Monitoring Officer determines that a member of the Overview and Scrutiny Board or Committees is not entitled to a copy of a document or part of any such document, under rules 22.5 and 22.6 above, the Leader or Monitoring Officer as applicable must provide the Overview and Scrutiny Board or relevant Committee with a written statement setting out their reasons for that decision.

23. Additional rights of access for Councillors

23.1. All Councillors will be entitled to inspect any document which is in the possession or under the control of the Leader and/or the Cabinet, including its Committees or Sub-Committees, and contains material relating to any business to be transacted at a public meeting; any business previously transacted at a private meeting; any decision made by a Portfolio Holder; or an Executive decision by an Officer unless in the opinion of the Monitoring Officer it contains Confidential orExempt Information as set out in Appendix 1 or it contains the advice of a political advisor.

23.2. All Councillors will be entitled to inspect any document (except those available only in draft form) in the possession or under the control of the Leader or the Cabinet including its Committees and Sub-Committees which relates to any Key Decision unless Rule 22.5 above applies.

23.3. In relation to public meetings, where a document is required to be available for inspection by all Councillors under Rule 23.1 it must be available for at least 5 clear working days before the meeting except where the meeting is convened at shorter notice or an item is added to an agenda at shorter notice in which case the document must be available for inspection when the meeting is convened or the item is added to the agenda.

23.4. In relation to private meetings, decisions made by a Portfolio Holder or Executive decisions made by an Officer, where a document is required to be available for inspection by all Councillors under Rule 23.1 it must be available within 24 hours of the meeting concluding or where an Executive decision is made by a Portfolio Holder or Officerwithin 24 hours of the decision being made.

23.5. These rights are in addition to any other rights to access information provided by law they may have.

Appendix 1 - Descriptions of Exempt Information

Exempt Information means information falling within the following categoriesas set out within the relevant legislation (subject to any qualification):

(a) Information relating to any individual.

(b) Information which is likely to reveal the identity of an individual.

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

(d) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

(e) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

(f) Information which reveals that the authority proposes—

  (i) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or

  (ii) to make an order or direction under any enactment.

(g) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Qualifications

Information falling within the above descriptions is not exempt information if it is required to be registered under:

(a) the Companies Acts (as defined in Section 2 of the Companies Act 2006);

(b) the Friendly Societies Act 1974;

(c) the Friendly Societies Act 1992;

(d) the Co-operative and Community Benefit Societies Act 2014;

(e) the Building Societies Act 1986; or

(f) the Charities Act 2011.

Information is not exempt information if it relates to proposed development for which the Local Planning Authority may grant itself planning permission or permission in principle pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.

Information which

(a) falls within any of the descriptions above; and

(b) is not prevented from being exempt by the previous two qualifications is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

B. Cabinet Procedure Rules

1. Meetings of the Cabinet

1.1. The Cabinet will meet as indicated in the Council's Programme of Meetings. The Cabinet or the Leader may agree to change the date of any programmed meeting, to cancel a meeting or to arrange additional meetings as it/they see fit. Locations of meetings will be published in the Calendar of Meetings.

1.2. The Cabinet may meet in public or in private, subject to legal requirements and the Access to Information Procedure Rules set out in this Constitution.

1.3. The Leader will chair meetings of the Cabinet or in their absence, the Deputy Leader will preside. Where both the Leader and Deputy Leader are absent, the Members present, may appoint one Member of the Cabinet to preside.

1.4. Attendance by other Councillors and the public shall be in accordance with the Access to Information Procedure Rules, by invitation under Rule 1.5 below, or as set out Rules 4.1 to 4.2 below.

1.5. The Cabinet may invite any person considered appropriate to its meetings to discuss matters of mutual interest or concern or to advise. Such persons may only be given access to Confidential and/or Exempt Information on terms to be decided by the Monitoring Officer so as to ensure that the Access to Information Procedure Rules are observed.

2. Quorum at meetings of the Cabinet

2.1. The quorum for meetings of the Cabinet is as set out in the Council Meeting Procedure Rules.

3. Taking of decisions by the Cabinet

3.1. Cabinet decisions, including those taken under delegated powers, shall not take effect until they have been recorded in writing, as required under the Access to Information Procedure Rules, and shall not be implemented where the right of Call-In has been exercised until the Call-In process has been concluded. Records of Cabinet decisions must be confirmed at the next meeting.

4. Councillors attending and speaking at Cabinet Meetings

4.1. The Chairman of the Overview and Scrutiny Board shall be entitled to attend any formal public meeting of the Cabinet and to speak to any matter on the agenda for that meeting.

4.2. Other Councillors not previously described above may also speak at such meetings with the permission of the Leader or person presiding in their absence.

5. Business at Cabinet Meetings

5.1. The business to be transacted at meetings of the Cabinet will be set out in an Agenda for the meeting in question, subject to any requirements or exemptions under the Access to Information Procedure Rules.

5.2. The Agenda may be supported by additional papers prepared by the Officers or by or on behalf of other bodies, subject to requirements about disclosure of Confidential or Exempt Information.

5.3. The Cabinet is obliged to consider matters referred to it by the Overview and Scrutiny Board or Committees, or by the Full Council for consideration under the Overview and Scrutiny Procedure Rules.

5.4. The Access to Information Procedure Rules will apply to notice of meetings, agendas, and access to reports and background papers. Where matters are for decision, the Agenda must stipulate those which are Key Decisions and those which are not, in accordance with the Access to Information Procedure Rules.

5.5. The Cabinet will, at each formal meeting, confirm the record of decisions taken at its previous meeting as a correct record.

5.6. The Monitoring Officer or their nominated representativeshall be responsible for preparing and distributing the Agenda for Cabinet meetings, attending meetings for the purpose of advising the Cabinet on matters within their area of responsibility and recording decisions as required under this Constitution.

5.7. In taking decisions, the Cabinet must satisfy itself that it has before it adequate and appropriate advice from its service, legal and financial advisers who shall be present at any meeting where a decision is being taken and that advice is taken into consideration in determining the matter. Where there is any doubt about whether the Cabinet has the legal power to make the decision or an issue of probity arises then advice must be obtained from the Monitoring Officer and the Section 151 Officer.

5.8. Any member of the Cabinet may require the Monitoring Officer to place an item on the Agenda for a stipulated meeting of the Cabinet.

5.9. The Monitoring Officer will ensure that any matters referred to the Cabinet by Full Council or the Council's Overview and Scrutiny Board or Committees are placed on the Agenda for the next appropriate meeting of the Cabinet.

5.10. The Chief Executive, the Monitoring Officer and/or the Section 151Officer can include an item for consideration on the Agenda of a Cabinet Meeting. In pursuance of their statutory duties they can require that a Special Meeting of the Cabinet be convened.

5.11. Business cannot be conducted at formal meetings of the Cabinet unless it is included in the Agenda for the meeting. Where it is urgent, the requirements of the Access to Information Procedure Rules must be complied with.

5.12. The Cabinet will report to the Council as required under the Access to Information Procedure Rules on any matter which is classified as a Key Decision and is dealt with under special urgency procedures.

5.13. Questions, statements and petitions can be submitted by members of the public at meetings of the Cabinet in accordance with Council Procedure Rule 28 and Appendix 6 of the Council Procedure Rules.

6. Voting at Cabinet Meetings

6.1. Voting at Cabinet meetings will be by a show of hands and any Member may require, immediately after the vote is taken, that the record of decision of the meeting record how they voted or abstained. Where there are equal votes cast, the Leader, or in their absence, the person presiding, will have a second and casting vote. Voting for any office or appointment, including any paid appointment, where more than one person is nominated shall be by secret ballot conducted in accordance with Council Procedure Rule 17.

7. Cabinet Committees/Sub-Committees

7.1. The Cabinet may appoint such Committees or Sub-Committees as it considers necessary and appropriate to assist in the discharge of its functions. In making such appointments, the Cabinet must specify the name of the Committee/Sub-Committee, its membership (including its Chairman and, if appropriate, Vice-Chairman) and the terms of reference of the body.

8. Motion under Meeting Procedure Rule 13

8.1. A mover of a motion under Meeting Procedure Rule 13 which has been referred to the Cabinet for consideration must attend the meeting of the Cabinet when their motion is under consideration and explain the motion. The mover of the motion will be advised of the date and time of the meeting when the matter is to be considered and they will be sent a copy of the relevant papers.

9. Resolving disputes

9.1. In the case of any dispute during the proceedings of the Cabinet the relevant parts of this Constitution will apply and after considering the application of the relevant provisions, the person presiding at the meeting will rule on the issue in question and their ruling will be final.

10. Reserves/substitute members

10.1. There shall be no reserve or substitute members of the Cabinet.

11. Conflicts of Interest

11.1. Where the Leader or any Cabinet Member has a conflict of interest, they will follow the requirements of the Council's Code of Conduct for Councillors.

11.2. If all (or a majority) of the Members of the Cabinet present have a conflict of interest then consideration will be given to applying to the Monitoring Officer for a dispensation from the provisions of the Code.

11.3. If the discharge of a Cabinet function has been delegated to another body or individual and a conflict of interest arises, then it will fall to the body or individual who delegated the matter to take the decision. Where that body or individual also has a conflict of interest then action set out in Rule 11.2 shall be considered.

C. Overview and Scrutiny Procedure Rules

1. How Overview and Scrutiny operates

1.1. For the avoidance of doubt, any Procedure Rule applying to a Committee shall also apply to the Overview and Scrutiny Board.

1.2. The Board and Committees will perform the functions as set out in Article 6 at Part 2 of this Constitution.

1.3. No Councillor may be involved in scrutinising a decision in which they have been directly involved. Where the relevant Overview and Scrutiny Committee has been engaged as part of the decision-making process of a decision subject to Call-In the Monitoring Officer shall have discretion to refer the consideration of the Call-In to another Overview and Scrutiny Committee.

2. Forward Plan

2.1. The proposed work of the Overview and Scrutiny Committees will be set out in a forward plan.

2.2. The forward plan of the Overview and Scrutiny Committees shall consist of work aligned to the principles for the function, as set out in this Constitution.

2.3. The Overview and Scrutiny Committees will consult with other parts of the Council as appropriate, including the Cabinet, on the preparation of any forward plan. They should also take into account the resources, including Councillor availability, Officer and financial resources, available to support their proposals.

2.4. The Overview and Scrutiny Committees may take suggestions from a variety of sources to form their forward plans. This may include suggestions from members of the public, Officers of the Council, Portfolio Holders, the Cabinet and Council, members of the Committee, and other Councillors who are not on the Committee.

2.5. All suggestions for Overview and Scrutiny work will be accompanied by detail outlining the background to the issue suggested, the proposed method of undertaking the work and likely timescale associated, and the anticipated outcome and value to be added by the work proposed. No item of work shall join the forward plan of any Overview and Scrutiny Committee without an assessment of this information.

2.6. Members of the public may make suggestions for Overview and Scrutiny work. Suggestions will be made in writing and accompanied by the detail outlined at 2.5 above. A facility will be made for members of the public to make suggestions for overview and scrutiny work on the Council's website. Suggestions will be considered by the relevant Overview and Scrutiny Committee. The Overview and Scrutiny Committees will maintain oversight of suggestions made by the public and will assess the value to be added by the work suggested when determining whether to exercise their powers in this respect. Any member of the public raising an item under this Rule shall be precluded from raising the

matter again for a period of 12 months from the date it is considered by the Committee.

2.7. Where Portfolio Holders, the Cabinet or Council request/s that Overview and Scrutiny undertake a specified piece of work, the relevant Overview and Scrutiny Committee shall respond as soon as it may consider it possible to do so, to the request. The Committee will assess the value to be added by the work suggested when determining whether to exercise its powers in this respect. Where it chooses to exercise its powers in relation to the request, it will report back its findings and any recommendations to Cabinet and/or full Council in accordance with Rules 7.1-7.4 below. Where it chooses not to exercise its powers in relation the request, it will provide reasons for this to the body that made the original request.

2.8. All Councillors have the right to suggest that an item be considered for Overview and Scrutiny. The item must be relevant to the functions of the Overview and Scrutiny Committee to which the request is made. Councillors must make this suggestion in writing to the Scrutiny Officer who will arrange for the publication of the request on the next available agenda of the relevant Overview and Scrutiny Committee agenda. The request will be accompanied by the information as set out at 2.5 above. The Overview and Scrutiny Committee shall consider the request, assess the value to be added by the work proposed and determine whether the matter shall join the forward plan. Where a decision is made by the Committee not to exercise its powers in relation to the matter the Committee must provide its decision to the Councillor making the request, giving reasons for this.

2.9. Any Councillor raising an item under Rule 2.8 above shall be precluded from raising the matter again for a period of 12 months from the date it is considered by the Committee.

2.10. The Overview and Scrutiny Board shall undertake Overview and Scrutiny of Crime and Disorder issues, as required by legislation, at least once a year.

2.11. Consideration will be given at the scoping stage as to how others, in addition to Councillors and Officers of the Council, may be engaged in the work of Overview and Scrutiny and the benefit that this engagement will bring to the work. This may include, but is not limited to, contribution from subject experts with relevant specialist knowledge and/or expertise; representatives of stakeholder groups and service users.

2.12. Overview and Scrutiny has a key role in the development of the Budget and Policies of the Council. The Overview and Scrutiny Committees may make proposals to the Cabinet or Full Council for development or review of key strategies, plans and policies to the extent that they relate to matters within the respective terms of reference for each Committee.

2.13. Once any forward plan has been approved, a copy will be published with the agenda for each meeting of the Overview and Scrutiny Committees and available to any Councillor on request.

2.14. The Overview and Scrutiny Board will maintain oversight of all forward plans relating to the Overview and Scrutiny function. The purpose of this oversight is to ensure a balance of resource is available across the function and all overview and scrutiny work is adding value to the Council as a whole. The Overview and Scrutiny Board may comment on or make recommendations in relation to the forward plans of other Overview and Scrutiny Committees as it sees appropriate.

3. Commissioned Work

3.1. When considering additions to its forward plan, the Overview and Scrutiny Committees may commission work to be undertaken outside of Committee meetings in accordance with Article 6 at Part 2 of this Constitution. When commissioning work, the Committees will take into account the availability of resources as highlighted at 2.3 above. Bodies commissioned by the Overview and Scrutiny Committees may have conferred upon them the power to act on behalf of the parent Committee in considering issues within the remit of the parent Committee and making recommendations directly to Portfolio Holders, Cabinet, Council or other bodies or people within the Council or externally as appropriate.

4. Rights of Overview and Scrutiny Committee members to information

4.1. The Overview and Scrutiny Committee will have access to the Cabinet's Forward Plan and timetable for decisions and intentions for consultation.

4.2. In addition to their rights as Councillors, members of the Overview and Scrutiny Committee have the additional right of access to documents, and to notice of meetings as set out in the Access to Information Procedure Rules in Part 4 of this Constitution.

4.3. Nothing in this paragraph prevents more detailed liaison between the Cabinet and the Overview and Scrutiny Committees as appropriate. Regular, informal dialogue between the two is considered good practice to ensure that the Overview and Scrutiny function can understand developing Cabinet priorities, discuss and assess the value that Overview and Scrutiny can provide and contribute in a timely way to policy development.

5. Councillors and Officers giving account

5.1. The Overview and Scrutiny Committees may scrutinise and review decisions made or actions taken in connection with the discharge of any Council function or matters which affect the Council's area or the inhabitants of that area. As well as reviewing documentation, in fulfilling its scrutiny role, it may require the Leader, any Portfolio Holder or Officer to attend before it to provide information in relation to matters within their remit. It is the duty of those persons to attend if so required.

5.2. Where any Councillor or Officer is required to attend the Overview and Scrutiny Committee under this provision, the Chairman of that Committee will inform the

Scrutiny Officer, who will inform the Councillor or Officer in writing giving at least seven clear working days' notice of the meeting. The notice will state the nature of the item on which they are required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to the Overview and Scrutiny Committee will require the production of a report, then the Councillor or Officer concerned will be given reasonable and sufficient notice to allow for its preparation.

5.3. Where, in exceptional circumstances, the Councillor or Officer is unable to attend on the required date, then the Committee shall consider, in consultation with the Councillor or Officer, an alternative date for attendance.

5.4. Officers should not be expected to enter, and should avoid being drawn, into discussions of politically contentious matters and any Officer input should be consistent with the requirements for political impartiality.

5.5. The requirements of any protocols on Councillor/Officer relationships and the Code of Conduct must be adhered to where an Officer is attending an Overview and Scrutiny Committee.

6. Attendance by others

6.1. With reasonable notice, the Overview and Scrutiny Committees may invite individuals other than those referred to in Rules 5.1 -5.5 to address it, to discuss issues of local concern and/or answer questions.

6.2. Where the Overview and Scrutiny Committees conduct investigations (for example with a view to policy development), the Committee may ask individuals to attend to give evidence at its meetings, which are to be conducted in accordance with the following principles:

(a) The investigation is to be conducted fairly and all members of the Committee will be given the opportunity to ask questions of attendees, and to contribute and speak

(b) Those assisting the Committee by giving evidence will be treated with respect and courtesy

(c) The investigation will be conducted so as to maximise the efficiency of the investigation or analysis

7. Reports from the Overview and Scrutiny Committee

7.1. The Overview and Scrutiny Committees will report on findings of their work to Cabinet and Full Council, as appropriate according to the matter under review and recommendations being made.

7.2. Once recommendations have been formed, the Overview and Scrutiny Committee will submit a formal report for consideration by the Cabinet, or where the Leader has delegated decision-making to a Portfolio Holder, the Portfolio Holder (if the proposals relate to an Executive Function and are consistent with

the existing Budgetary and Key Policy Framework); or to Full Council as appropriate (if the recommendation would require a departure from or a change to the agreed Budget and Key Policy Framework).

7.3. Where recommendations have been submitted, Full Council or the Cabinet shall consider the report of the Overview and Scrutiny Committee within two months (or the next available meeting in the case of the Council). A response will be provided to the Overview and Scrutiny Committee indicating what action, if any, the Cabinet or Full Council proposes to take.

7.4. Where the Overview and Scrutiny Committee submits recommendations for consideration by a Portfolio Holder, the Portfolio Holder must consider the report and respond in writing to the Overview and Scrutiny Committee within two months of receiving it indicating what action, if any, the Portfolio Holder proposes to take. The Portfolio Holder must also attend a future meeting of the Overview and Scrutiny Committee to present their response.

8. Where the Decision Maker is an External, non-Council Organisation

8.1. Where that organisation has a statutory duty to respond to the Committee, a written response shall be requested within the timescale required or, if mutually agreed, by another set deadline so the response can be placed on the agenda of the next scheduled meeting of the Committee, if appropriate.

8.2. Where that organisation does not have a statutory duty to respond to the Committee, a written response shall be invited within 2 months.

8.3. Where scrutiny is being undertaken in relation to the Council's statutory Health or Crime and Disorder Scrutiny functions this will be done in accordance with the relevant legislation and statutory guidance.

9. Joint Committees

9.1. Joint Overview and Scrutiny Committees may be established with other councils to provide for effective Overview and Scrutiny of a particular matter. This includes making provision for joint Overview and Scrutiny Committees relating to Health, and to Crime and Disorder, as permitted under legislation.

10. Call-in

10.1. All requests for Call-In shall be considered by the Overview and Scrutiny Board.

10.2. Call-in is the exercise of Overview and Scrutiny's statutory power to review an Executive decision which has been made but not carried out. Call-In should only be used in exceptional circumstances. This Rule shall apply to a decision of the Cabinet, the Leader, Portfolio Holder or an Officer that is a Key Decision and there are reasonable grounds that one of the following is applicable:

(a) The decision was not made in accordance with the principles of decision-making set out in Article 12 of this Constitution

(b) The decision was neither published in accordance with the requirements for the Cabinet Forward Plan and not subject to the 'general exception' or 'special urgency procedures' set out in this Constitution

(c) The decision is not in accordance with the Key Policy Framework or Budget

10.3. When a decision is made by the Cabinet, a member of the Cabinet, or a Committee or Sub-Committee of the Cabinet, or a Key Decision is made by an Officer with delegated authority from the Cabinet, the decision shall be published, by electronic means, and shall be available at the Main Officeof the Council normally within 2 clear working days of being made. All Councillors will be sent an electronic record of all such decisions within the same timescale.

10.4. Subject to any urgency provisions a decision taken and to which Rule 10.3 above refers will not come into force, and may not be implemented, until the expiry of 5 clear working days after the decision was made, recorded and published in accordance with Rule 10.3.

10.5. Where a decision referred to in Rule 10.3 has been made, any three or more members of the Overview and Scrutiny Board, or alternatively 10 Councillors who are not members of the Cabinet, may submit a Call-In notice, in writing, within the period specified in Rule 10.4 above, to the Monitoring Officer or their nominated representative. Voting education membersof an Overview and Scrutiny Committee may only sign a Call-In request when the matter relates to an education function. Where the notice is valid, the decision cannot be implemented until the procedures in this section have been followed. The Monitoring Officer will consider the Call-In request and confirm its validity or otherwise. A valid Call-In request must comply with the following:

(a) Have the correct number of signatures

(b) Give reasons for the Call-In. The reasons must set out the grounds upon which the Call-In is based with reference to Rule 10.2 above and the evidence to support the grounds. Reasons must be legitimate and not designed to create an obstacle to or delay the proper transaction of business nor should they be vexatious, repetitive or improper in any other way.

10.6. Where, as a result of a corporate electronic system failure or planned shutdown, the issuing of or access to decisions is prevented; or the submission of a Call-In notice by electronic means in accordance with the Council's Call-In provisions is prevented, the periods for notification or submission shall be extended by the period of delay, provided that period is in excess of four hours. When, in the opinion of the Monitoring Officer, the period of delay is likely to extend beyond two clear working days, they shall agree with the Chairman of the Overview and Scrutiny Board, alternative arrangements to avoid any delay in implementing Cabinet decisions not subject to Call-In.

10.7. The decision subject to Call-In will be referred to the first available meeting of the relevant Overview and Scrutiny Board, or to a specially convened meeting

of the Board should the Chairman of the Board consider this to be appropriate in the circumstances.

10.8. The Board, having considered the matter, may decide to offer no advice and in which case the decision may be implemented immediately. Where advice is offered, the Cabinet will reconsider the decision in light of the advice of the Board.

10.9. Where a matter is considered and advice is offered by the Overview and Scrutiny Board, its advice will be submitted to the Cabinet for a decision to be made on the matter. The Cabinet shall consider the advice, but shall not be bound to accept it in whole or in part. It shall have sole discretion to decide on any further action to be taken in relation to the decisions in question, including confirming, with or without amendment, the original decision or deferment pending further consideration, or making a different decision. There are no further rights to enable a Councillor to submit a Call-In notice. The decision may then be implemented.

10.10. Once the Overview and Scrutiny Board has decided to offer advice or not to offer advice, no further Call-In notices may be served in respect of that matter subject to the decision in question. This does not prevent the matter being scrutinised further by an Overview and Scrutiny Committee after the decision has been implemented in accordance with these Rules.

10.11. A submitted Call-In notice can only be withdrawn with the written consent of sufficient of the signatories such as to reduce the number of signatories to below the relevant threshold set out in 10.5 above.

10.12. The Call-In facility does not apply to the determination of a Motion under Meeting Procedure Rule 12 (Notices of Motion) – Appendix 2.

Call-in and Urgency

10.13. The Call-In procedure set out above shall not apply where the decision being taken by the Cabinet, the Leader, Portfolio Holder or an Officer is urgent. A decision will be urgent if any delay, caused by the Call-In process, would be likely to seriously prejudice the Council's or the public's interests. The Chairman of the Overview and Scrutiny Board or, in their absence, the Vice-Chairman or in their absence the Chairman of the Council must agree that the decision should be treated as urgent, and that the Call-In procedure should not apply. In the absence of the Chairman of the Council, the Vice-Chairman's consent shall be required. In the absence of all of the above Councillors, the Chief Executive's, or their nominee's, consent shall be required.

11. Councillor Call for Action

11.1. Any Councillor may submit a Councillor Call for Action. The Councillor Call for Action is intended to be a process of last resort and therefore a Councillor must demonstrate that reasonable steps have been taken to resolve the matter including a response from the relevant Portfolio Holder and the Chief Executive. The Councillor Call for Action will be placed on the next available agenda of the

Overview and Scrutiny Board. It is for the Overview and Scrutiny Board to determine how it wishes to respond to the Councillor Call for Action and, in the case of refusal to undertake a review, then reasons must be provided.

12. The Party Whip

12.1. The use of the Party Whip is incompatible with the role of Overview and Scrutiny and shall not be used.

13. Procedure at Overview and Scrutiny Committee Meetings

13.1. Matters to be considered will be set out in an Agenda, together with appropriate and relevant supporting papers.

13.2. The Overview and Scrutiny Committee shall consider the following business:

(a) Record of the last meeting

(b) Declarations of interest

(c) Public items

(d) Consideration of any matter referred to the Committee by Full Council or by the Cabinet

(e) Consideration of any matter referred to the Committee for advice in relation to Call-In or a decision

(f) Responses of the Cabinet on reports of the Overview and Scrutiny Committee

(g) The business otherwise set out on the agenda for the meeting

(h) The Overview and Scrutiny Committee's forward plan, including requests for items of scrutiny from Councillors in accordance with the procedure set out in this Constitution.

D. Meeting Procedure Rules

Sub Part A – Council meetings

1. Council meetings

1.1. Full Council will decide when its meetings will take place. Details will be contained in a Calendar of Meetings which will be approved by the Council. References to "The Council" in this Sub Part of the Constitution mean "Full Council" unless otherwise stated.

1.2. Meetings will be held at a time and a place (or places) to be agreed by the Council. The Chairman, or the Council, can agree to hold a meeting at a different place or time.

1.3. An Extraordinary Meeting can be called by the Chairman, or at least 25% of Councillors can ask the Chairman, in writing, to call an Extraordinary Meeting. If the Chairman does not agree, then those Councillors can call the meeting by giving written notice to the Monitoring Officer. The Monitoring Officer, in consultation with the Chairman, may also call an Extraordinary Meeting.

2. Chairman and Vice-Chairman of the Council

2.1. At the Annual Meeting, the Council will elect its Chairman and Vice-Chairman.

2.2. The Chairman of the Council, or in their absence the Vice-Chairman (who will have the same powers and duties as the Chairman), will preside at meetings of the Council. Where both the Chairman and Vice-Chairman are absent, the Council will appoint another Councillor, other than a member of the Cabinet, to chair the meeting, who will have the same powers and duties as the Chairman.

3. Quorum

3.1. No business shall be dealt with at a Council meeting if there are fewer than one quarter of Councillors who are members of that body present at the meeting. Where the meeting has started, and the number of Councillors present is fewer than one quarter of the number of Councillors, the Chairman will adjourn the meeting. Where the Chairman does not give a date and/or time for the consideration of the remaining business, all business not completed will be considered at the next meeting.

4. What the Council can decide

4.1. The Council will decide such matters as required by the law, and those matters set out in Part 3 of this Constitution.

5. Order of business

5.1. Business shall be dealt with in the order in which it is set out in the agenda unless the Council decides otherwise.

6. Urgent Business

6.1. Business cannot be dealt with at a Council meeting unless it is included in the Agenda or unless the Chairman has agreed that it is urgent and cannot wait until the next meeting. The Chairman must give the reasons for urgency, which must be recorded in the minutes of the meeting.

7. Confirmation of Minutes

7.1. Minutes of the last Council meeting must be confirmed at the next ordinary meeting of the Council.

7.2. Only matters relating to the accuracy of the minutes can be raised, which must be done by way of a motion which is proposed, seconded and voted upon. Where no issues are raised, or after the motion has been dealt with, the Chairman shall sign the minutes.

8. Record of Cabinet Decisions and Minutes of Committees and Sub-Committees

8.1. The Record of Decisions of the Cabinet and the minutes of any other Committees will be submitted to the next ordinary meeting of the Council.

8.2. The Record of Decisions will be noted and the Minutes will be received by a decision of the Council.

8.3. Any question about the accuracy of any matter before the Council from the Cabinet or a Committee must be considered and determined by the Cabinet or that Committee at its next meeting. It is not a matter for the Council.

9. Matters for decision by the Council

9.1. All matters for decision by the Council (except any urgent items) shall be included with the Agenda.

9.2. When the item is reached on the Agenda, the Leader, the relevant Portfolio Holder or the Chairman of the relevant Committee will, where appropriate, move the recommendation or advice of the Cabinet or Committee, or endorsement of a Cabinet or a Committee decision. Another Councillor may second the motion and may reserve the right to speak until later in the debate.

9.3. The Chairman cannot ask the Council to agree to withdraw a recommendation of the Cabinet or a Committee under Appendix 3, paragraph 10 unless new and relevant information has become available after the decision of the body concerned. The information must be disclosed to the Council.

10. Motions moved without notice

10.1. Appendix 1 lists those motions and amendments which can be moved at a Council meeting without notice.

11. General Questions by Councillors at Council meetings

11.1. A Councillor may ask the Chairman, the Leader, a Portfolio Holder or the Chairman of a Committee any question about a matter which the Council, the Cabinet or the Committee has powers, duties or responsibilities.

11.2. Questions must be sent in writing to the Monitoring Officer or their nominated representative at least five clear working days before the meeting. In calculating the period the date of the meeting and the date of submission of the question are not included in the calculation.

11.3. The Chairman may agree to take urgent questions where they consider that it has not been possible for a Councillor to give the required notice, provided that a copy of the question is given to the Monitoring Officer before the meeting starts.

11.4. A question will be rejected by the Chairman in consultation with the Monitoring Officer where it falls within one of the following:

(a) It does not relate to a matter for which the Council/Committee has a responsibility, or which affects the Council's administrative area

(b) It is defamatory, frivolous, offensive, vexatious, unlawful, solely or mainly rhetorical or otherwise improper

(c) It requires the disclosure of Confidential or Exempt Information as defined by the Access to Information Procedure Rules Appendix 1

(d) It names or identifies individual service users, Officersor members of staff of partner agencies

(e) It is considered to be inappropriate for the particular meeting

(f) It duplicates a question that has been asked within the preceding six months

11.5. A Councillor may ask no more than two questions at any meeting, but the Councillor may not ask their second question until other Councillors, if any, have asked their first questions, subject to the Chairman's discretion.

11.6. Subject to Rule 11.5 questions will be asked in the order of receipt and answered without discussion. In replying, the Councillor answering the question will use their reasonable endeavours to address the matters raised in the question. The Councillor to whom the question is addressed may decline to answer any question or may: reply direct, refer the question to another appropriate Councillor to respond, reply by reference to a publication, reply by written answer with a copy to such other Councillors as the Council agrees, or refer the question to an appropriate Committee or to the Cabinet.

11.7. Following the answer to each question, the questioner may ask a supplementary question which relates to the initial answer. A reply may not be given if the question is: not related to the initial answer; is unduly lengthy; or is

inappropriate. The Councillor answering the supplementary question will decide whether or not to reply.

11.8. Where a question submitted under this Rule relates to a matter that appears on the Agenda for that meeting, the question shall be put and answered in accordance with this Procedure Rule, at the start of the consideration of that matter, and the time taken to deal with such questions will not form part of the 30 minutes set aside for General Questions.

11.9. The time allowed for Councillors to ask questions under this Rule will be a maximum of 30 minutes but is otherwise a matter for the discretion of the Chairman who, in exercising his discretion, will have regard to the business to be transacted at the meeting and the objective of ensuring that the meeting is managed efficiently.

12. Public participation at Council meetings

12.1. A public speaking time and public question facility will apply to Council meetings, as detailed in Appendix 6.

13. Notices of Motion

13.1. A notice of motion must relate to matters for which the Council has responsibility or which affect its area.

13.2. The arrangements for submitting and dealing with notices of motion are set out in Appendix 2.

14. Rules of Debate

14.1. The rules of debate to be followed at Council meetings are set out in Appendix 3.

15. Rescission of earlier resolution

15.1. Subject to Rule 15.2, at a meeting of the Council, no motion or amendment shall be moved to rescind any resolution of the Council which was passed within the preceding six months or which is to the same effect as one which has been rejected within that period.

15.2. Such a motion may be moved if:

(a) It is recommended by the Cabinet or a Committee

(b) Notice of such motion has been given under Rule 13 and signed by at least one quarter of Councillors.

16. Voting

16.1. Voting will be by a show of hands or where practical and the means are available to those present, by electronic means.

16.2. When a Councillor asks for a recorded vote to be taken, and one quarter of Councillors present stand in their places to support the request, the vote will be recorded to show whether each Councillor voted for or against the motion or abstained.

16.3. A recorded vote will not be taken if the vote has already begun to be taken by a show of hands.

16.4. A Councillor may require, after a vote is completed, that the minutes of the meeting record how they voted or abstained.

16.5. Where there are equal votes cast for a motion or amendment the Chairman or the person presiding will have a second or casting vote.

17. Offices and Appointments

17.1. A secret ballot will be held to elect the Chairman and Vice- Chairman of the Council, or Councillors to any office or position where more than one person is nominated.

17.2. If a secret ballot is held and no person receives more than half of the votes cast, the name of the person with the least number of votes will be withdrawn. Further ballots will be held until one person receives a clear majority.

17.3. The Chairman, or person presiding, will have a second or casting vote where the votes are equal.

18. Election of Chairman of Committees and Sub-Committees

18.1. It will be for the members of the relevant Committee to elect the Chairmen and Vice-Chairmen annually.

18.2. The Councillor elected to each office must be a member of the relevant Committee or Sub-Committee.

18.3. Where a vacancy occurs in any office, an election will be held at the next ordinary meeting of the Council or Committee unless the Council or Committee decides otherwise.

18.4. The election will be conducted in accordance with Rule 17above.

18.5. Where a Chairman and Vice-Chairman are absent from a meeting of the relevant body, a Chairman will be appointed from those members of the body present, provided the meeting is quorate and subject to any restrictions on the eligibility of Cabinet members for appointment.

Sub Part B – Committee and Sub-Committee Meetings

19. Programme of Meetings

19.1. Meetings of Committees and Sub-Committees will be set out in the Calendar of Meetings approved by the Council annually. There will be a presumption against alterations to the date, time and venue for meetings.

19.2. When it is necessary to alter the date, time and/or venue of a meeting, or to arrange a special meeting, the Monitoring Officer will consult the Chairman of the relevant Committee or Sub-Committee before any action is taken.

19.3. The Chairman of the Committee or Sub-Committee will then determine the matter.

20. Quorum at Committees and Sub-Committees

20.1 The quorum of a meeting of the Council's Boards, Committees and Sub-Committees will be one third of the number of voting Members or three voting Members, whichever is the greater, except for the Cabinet which will be three to include the Leader or in his or her absence, the Deputy Leader**.** The quorum for the Childrens Services Overview and Scrutiny Committee shall be one third of members of the Committee excluding the voting co-optees.

21. Minutes of Committees and Sub-Committees

21.1. The minutes of a Committee or Sub-Committee must be confirmed at its next meeting.

21.2. Only matters relating to the accuracy of the minutes can be raised. Where accuracy is questioned, this must be by a motion which is proposed, seconded and voted upon.

21.3. Where no issues of accuracy are raised, or after any motion has been dealt with, the Chairman shall sign the minutes.

21.4. The minutes of any Sub-Committee must be submitted to the next meeting of the parent Committee by the Sub-Committee Chairman.

21.5. Councillors may ask a question or comment on any minute. The Chairman of the Sub-Committee will then reply. There will be no debate on any question or comment raised under this procedure and no further motions can be moved.

21.6. Where a Councillor has a question or comment on an Exempt or Confidential minute, the question or comment must be given in writing to the Monitoring Officer or their nominee at least one hour before the start of the meeting.

21.7. Any question about the accuracy of any minute of a body must be considered and determined by that body at its next meeting.

22. Motions moved without Notice at Committees and Sub-Committees

22.1. Appendix 1 lists those motions and amendments which can be moved without notice.

23. Rules of Debate at Committees and Sub-Committees

23.1. Appendix 3 sets out the rules of debate.

24. Voting

24.1. Voting at Committee and Sub-Committee meetings will be by a show of hands.

24.2. A Councillor may require, after a vote is completed, that the Minutes of the meeting record how they voted or abstained.

24.3. Where there are equal votes cast for a motion or amendment, the person presiding at the meeting will have, and must exercise, a second or casting vote.

25. Offices and Appointments

25.1. A secret ballot will be held to elect or appoint Councillors to any office or position where more than one person is nominated.

25.2. If a ballot is held where more than two nominations are made and no person receives more than half the votes cast, the name of the person with the least number of votes will be withdrawn. Further ballots will be held until one person receives a clear majority.

25.3. Rule 17.3 will apply in cases where the votes are equal.

26. Mover of a Motion at Council under Rule 13: Attendance at Committee and Sub-Committee

26.1. Where a motion has been referred under Rule 13 from the Council to a Committee or Sub-Committee for consideration and report, the mover of the motion must attend the meeting and explain the motion.

26.2. The mover of the motion will be advised of the date and time of the meeting at which the matter is to be considered and they will be sent a copy of the relevant papers.

27. Requests by Councillors for items of business to be included on agendas of a Committee or Sub-Committee

27.1. Appendix 5 to these Procedure Rules sets out details of the process by which a Councillor can ask for an item of business to be included on the agenda of Committee or Sub- Committee meeting.

28. Questions, Statements and Petitions Submitted by Members of the Public

28.1. The Council has a procedure to enable members of the public to submit questions, make statements and present petitions at ordinary meetings of its Committees and Sub- Committees. This is set out in Appendix 6.

29. Committee and Sub-Committee Agenda - Urgent items of business

29.1. Generally, business will only be transacted at meetings of Committees and Sub-Committees which appears in the agenda and which has been available for public inspection at least five clear working days before the meeting or, where the meeting is convened at short notice, from the time the meeting is convened.

29.2. The Chairman of the Committee or Sub-Committee may agree to deal with an item of business at the meeting if, in their opinion, the matter is urgent given the circumstances requiring a decision. The Chairman's ruling and the reasons for urgency will be recorded in the minutes of the meeting.

30. Substitute Members

30.1. A Political Group may, by notice to the Monitoring Officer, vary its representation on a Committee or Sub-Committee in accordance with the procedure set out in Appendix 4 of these Procedure Rules.

31. Attendance of Councillors at Committees and Sub-Committees of which they are not members

31.1. Notwithstanding their rights as a member of the public, a Councillor may attend any meeting of a Committee or Sub-Committee to which they have not been appointed, for the purposes of performing their duties as a Councillor, including when Exempt or Confidential business is transacted subject to the provisions of the Access to Information Rules.

31.2. A Councillor will be provided with access to a copy of the agenda and relevant papers when they arrive at the meeting, subject to the Access to Information Rules set out above.

31.3. The Councillor has no right to vote but may speak with the consent of the Chairman of the meeting.

32. Overview and Scrutiny Board/Committees/Sub-Committees

32.1. In applying these Rules to the Overview and Scrutiny Board, Overview and Scrutiny Committees and Sub-Committees, regard shall be had to the Overview and Scrutiny Procedure Rules which are contained in Part 4 of this Constitution.

Sub Part C – General Provisions

33. Records of Attendance

33.1. The Monitoring Officer will keep a record of Councillors attending any meeting of the Council, the Cabinet, any Committee, or Sub-Committee.

34. Disclosure of Confidential/Exempt Matters

34.1. No Councillor shall disclose to any person the whole or any part of the contents of any agenda, report or other document which is marked “confidential” or “not for publication” unless and until the document has been made available to the public or the press by or on behalf of the Council, the Cabinet, a Committee or Sub-Committee.

34.2. No Councillor shall disclose to any person other than a Councillor any matter arising during the proceedings of the Council, the Cabinet, any Committee, or Sub-Committee and which comes to their knowledge by virtue of their office as a Councillor where such disclosure would prejudice the interest of the Council or would be contrary to law.

34.3. No Councillor shall disclose to any person any decision or proceedings of that body except when one of the following applies (provided that nothing in this paragraph shall authorise disclosure which would contravene Rule 35.1 or Rule 35.2):

(a) When a report on the matter has been circulated to the Council by that body

(b) When the decision has become public knowledge

(c) When the matter comes within the powers of that body and a final decision has been made upon it

35. Disorderly conduct by Councillors

35.1. If at a meeting any Councillor, in the opinion of the person presiding, misconducts themselves in any way, the person presiding or any other Councillor may move “That the Councillor be not further heard”. The motion, if seconded, shall be put and determined without discussion.

35.2. If the Councillor continues the misconduct after a motion under the Rule 35.1 has been carried, the person presiding may: either move “That the Councillor do leave the meeting” (in which case the motion shall be put and determined without seconding or discussion); or adjourn the meeting.

35.3. In the event of general disturbance by Councillors at any meeting which, in the opinion of the person presiding, renders the due and orderly dispatch of business impossible, the person presiding, will have the power to adjourn the meeting.

36. Disturbance by members of the Public

36.1. If a member of the public interrupts the proceedings at any meeting the person presiding shall warn them. If they continue, the person presiding shall order their removal from the meeting. In cases of general disturbance in any part of the meeting room open to the public, the person presiding shall order that part to be cleared.

37. Variation and revocation of Procedure Rules

37.1. Any motion to vary or revoke these Rules shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

38. Suspension of Procedure Rules

38.1. Any of the Procedure Rules may be suspended to the extent permitted within the Rules and the law in respect of any business at a meeting of the Council, Cabinet, a Committee or Sub-Committee where its suspension is moved.

38.2. A motion to suspend Procedure Rules shall not be moved without notice (that is under Procedure Rule 10) unless there shall be present at least one-half of the Members of the Council or that Committee or Sub-Committee respectively. The extent and duration of the suspension will be proportionate to the result to be achieved taking into account the purposes of the Constitution set out in Article 1.

39. Interpretation of Procedure Rules

39.1. The ruling of the person presiding as to the construction or application of any of these Procedure Rules, or as to any proceedings of the Council, shall not be challenged at any meeting.

40. Submission of Notices by Councillors – Electronic Means

40.1. A Councillor may communicate, by electronic means, any notice under any of the Council's Procedural Rules to initiate any process or procedure provided it is clear that the notice has been originated by that Councillor.

Appendix 1 - Procedure Rules 10 - Motions which may be moved without Notice

1. Appointment of a Chairman of the meeting at which the motion is made.

2. Motions relating to the accuracy of the minutes of the Council, a Committee or Sub-Committee.

3. That an item of business specified in the summons should have precedence.

4. Reference to the Council, a Committee, Sub-Committee, or the Cabinet.

5. Appointment of or appointment to Committees, Sub-Committees, or the Cabinet occasioned by an item mentioned in the summons to the meeting.

6. Receipt of Records of Decisions and Minutes of Committees and Sub-Committees

7. Adoption of recommendations of the Cabinet, Committees and Sub-Committees and any consequent resolutions.

8. That leave is given to withdraw a motion.

9. Receipt of reports of officers and any consequent resolutions.

10. Extending the time limit for speeches.

11. Amendment to motions.

12. That the Council proceed to the next business.

13. That the question be now put.

14. That the debate be now adjourned.

15. That the Council do now adjourn.

16. Suspending Procedure Rules, in accordance with Procedure Rule 38.

17. Motion under Section 100A(4) of the Local Government Act 1972 to exclude the press and public.

18. That a Councillor named under Procedure Rule 35 should not be heard further or should leave the meeting.

19. Giving consent of the Council where consent of the Council is required by these Procedure Rules.

Appendix 2 - Procedure Rule 12 - Notices of Motion

1. Procedure

Notice of every motion (other than a motion which under Procedure Rule 10 may be moved without notice) shall be given in writing, signed by the Councillors giving the notice, and delivered, at least seven clear working days before the next meeting of the Council, to the office of the Monitoring Officer by whom it shall be dated, in the order in which it is received. In accordance with Procedure Rule 40.1 such Notice can be provided electronically.

2. Motions to be set out in Agenda

The agenda for every ordinary meeting of the Council will set out all motions of which notice has been duly given, unless the Councillor giving the notice has intimated in writing, when giving it, that they proposed to move it at some later meeting, or has since withdrawn it. The motions will be listed in the summons according to whether they relate to Cabinet or non-Cabinet functions but otherwise in the order in which they have been received.

3. Withdrawal of Motion which is before the Council

Where a notice of motion is before the Council having been formally moved and seconded and the mover wishes subsequently to withdraw it, they,with the consent of the seconder, may do so in writing and with the consent of the Chairman of the Council again in writing.

4. Motions not moved

If a motion set out in the agenda is not moved either by a Councillor who gave notice of it or by some other Councillor on their behalf it shall, unless postponed by consent of the Council, be treated as withdrawn and shall not be moved without fresh notice.

5. Dealing with the Motion

Subject to 6 below there is a presumption that the motion will be debated and dealt with at the Council meeting to which it is submitted and there shall be no automatic referral to another body of the Council.

6. Automatic reference to the Cabinet – Cabinet Function

If the subject of any motion of which notice has been duly given comes solely within the powers, duties and responsibilities of the Cabinet, it shall, when it has been moved and seconded, stand referred to the Cabinet to determine. The mover on formally moving the motion has the right to speak to the motion. The seconder may also speak to the motion. The Chairman will allow a period of fifteen minutes for a debate on any such notices of motion. This period shall include any speeches made by the mover and seconder of the

motion in question. At the end of the debate if sooner or upon the expiration of the fifteen minutes, the appropriate Cabinet Member shall have an opportunity to respond. No speeches including the response shall exceed five minutes. No amendments to the motion may be moved. The motion will then stand referred to the Cabinet.

There are no rights of “call in” or “reference to the Council” where the Cabinet has discharged a motion submitted under this Procedure Rule.

Appendix 3 - Meeting Procedure Rules 13 and 23 - Rules of Debate

1. Motions and Amendments

No motion or amendment shall be discussed unless it has been proposed and seconded. Where required by the Chairman, motions or amendments shall be put in writing and handed to the Chairman before they are further discussed or put to the meeting. At meetings other than those of the full Council, the Chairman of that meeting may, at their discretion, allow a motion or amendment to be put which is not in writing, provided that the Chairman has concluded that the wording of the motion or amendment is understood by all members of the body concerned. This requirement does not apply to motions submitted under Procedure Rule 13.

2. Seconder's Speech

When seconding a motion or amendment a Councillor may advise the Chairman that they will reserve their right to speak until a later period in the debate.

3. Only One Councillor to Stand at a Time

When speaking at a Council meeting a Councillor shall stand and address the Chairman. While a Councillor is speaking the other Councillors will remain seated, unless rising on a point of order or in personal explanation.

4. Content and Length of Speeches

A Councillor will confine their speech to the question under discussion, a personal explanation or a point of order. Except as indicated below, in the case of speeches made by Councillors when the Council is agreeing a budget, or where the Council, Committee or Sub-Committee otherwise agrees, no speech will exceed three minutes.

In advance of the meeting at which the Council is due to agree a budget, the Council's Political Groups may agree a protocol which makes provision for a limited number of speeches to be made on behalf of each Political Group, and which exceed the three minute limitation contained in these Rules. The Chairman will have discretion as to how such a protocol will be implemented at the meeting and, where no agreement can be reached between the Political Groups, whether and (if so) how any extension of the three minute limitation might be permitted to operate.

5. When a Councillor may speak again

At a Council meeting a Councillor who has spoken on any motion shall not speak again whilst it is the subject of debate, except:

(a) To speak once on an amendment moved by another Councillor

(b) If the motion has been amended since they last spoke, to move a further amendment

(c) If their first speech was on an amendment moved by another Councillor, to speak on the main issue, whether or not the amendment on which they spoke was carried

(d) In exercise of a right of reply given by paragraph 11 or 13 of this Appendix

(e) On a point of order referring to the specific Procedure Rule

(f) By way of personal explanation

(g) To move one of the motions specified in 12(b) to (j), below when the procedure in those paragraphs shall be followed

At Cabinet, Committees or Sub-Committees Councillors may, at the discretion of the Chairman, speak more than once.

6. Amendments to Motions

An amendment must be relevant to the motion and shall propose to do one of the following:

(a) To leave out words

(b) To leave out words and add others

(c) To insert or add words

but such amendment shall not have the effect of negating the motion before the Council.

7. Number of Amendments

Only one amendment may be moved and discussed at a time. No further amendment shall be moved until the amendment under discussion has been disposed of.

8. Status of Amendments

If an amendment is lost, another amendment may be moved on the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.

9. Alterations to Motions or Amendments

A Councillor may alter a motion or amendment of which they have given notice and may also, with the consent of the seconder, alter a motion or amendment which they have moved. In both cases, the consent of the Council (the Committee or Sub-Committee) is required. There should be no discussion on whether consent should or should not be given.

10. Withdrawal of Motion

A motion or amendment may be withdrawn by the mover provided the seconder and the meeting, without discussion, agree. Once the mover has asked for permission to withdraw, there should be no further discussion, unless the meeting refuses to agree to the request.

11. Right of Reply

The mover of the motion shall have a right to reply at the close of the debate on the motion, immediately before it is put to the vote. If an amendment is moved, the mover of the original motion shall have a right of reply at the close of the debate on the amendment but shall not otherwise speak on it. The mover of the amendment shall have the right of reply to the debate on their amendment immediately before the mover of the original motion.

12. Motions which may be moved during debate

When a motion is under debate no other motion shall be moved except the following:

(a) To amend the motion

(b) To adjourn the meeting

(c) To adjourn the debate

(d) To proceed to the next business

(e) To suspend Procedure Rules

(f) To refer a matter to Full Council, Cabinet, a Committee or Sub-Committee for consideration or reconsideration

(g) That the question be now put

(h) That a Councillor be not further heard

(i) By the Chairman under Procedure Rule 35, that a Councillor do leave the meeting

(j) A motion under Section 100A(4) of the Local Government Act 1972 to exclude the public

13. Closure Motions

A Councillor may move, without comment, at the conclusion of a speech of another Councillor, “That the Council proceed to the next business”, “That the question be now put”, “That the debate be now adjourned”, or “That the Council do now adjourn”. When one of these Motions has been seconded the Chairman shall proceed as follows:

(a) On a motion to proceed to next business - unless in their opinion the matter before the meeting has been insufficiently discussed, they shall first give the mover of the original motion the right of reply, and then put to the vote the motion to proceed to next business

(b) On a motion that the question be now put - unless in their opinion the matter before the meeting has been insufficiently discussed, they shall put to the vote the closure motion that the question be now put and, if it is passed, give the mover of the original motion the right of reply before putting the motion to the vote

(c) On a motion to adjourn the debate or the meeting - if in their opinion the matter before the meeting has been insufficiently discussed on that occasion they shall put the adjournment motion to the vote without giving the mover of the original motion the right of reply on that occasion

14. Points of Order

A Councillor may rise on a Point of Order or in Personal Explanation and shall be entitled to be heard immediately. A Point of Order shall relate only to an alleged breach of a Procedure Rule or statutory provision and the Councillor shall specify the Procedure Rule or statutory provision and the way in which they consider it has been breached. A Personal Explanation shall be confined to some material part of a former speech by them which may appear to have been misunderstood in the current debate.

15. Ruling of Chairman on a Point of Order/Personal Explanation

The ruling of the Chairman of the meeting on a Point of Order or on the admissibility of a Personal Explanation shall not be open to discussion and shall be final.

16. Respect for the Chair

At the Council meeting whenever the Chairman rises during a debate a Councillor then standing shall sit down and the Council shall be silent. In Committee or Sub-Committee meetings, whenever the Chairman rises from their seat, the Councillors should remain in their seats and the Committee or Sub-Committee shall be silent.

Appendix 4 – Substitute Members - Meeting Procedure Rule 31

1. A Political Group may, by notice to the Monitoring Officer or their nominated representative, appoint a substitute member from within its Group for a meeting of a Committee or Sub-Committee.

2. Members of the Cabinet shall not be nominated as substitutes for any Overview and Scrutiny Committee or Regulatory Committee.

3. Where a Political Group intends to vary its representation on a Committee or Sub-Committee, the Group Leader (or their nominated representative) shall inform the Monitoring Officer or their nominee prior to the meeting, and the Substitute Member shall inform the Chairman at the beginning of the meeting. The outgoing member shall cease to be the Political Group's representative on that Committee or Sub-Committee for the duration of that meeting or any adjournment of it, and that substitute Councillor shall become the representative on the Committee or Sub-Committee for the same period. At the end of the meeting, the outgoing Member shall resume their representation on the Committee or Sub-Committee in question.

4. On receipt of a Notice under this Procedure Rule the Monitoring Officer shall, at the meeting (prior to the commencement of the main business) inform the Committee or Sub-Committee.

5. For the avoidance of doubt, there are no substitute arrangements in respect of the Cabinet.

Appendix 5 - Meeting Procedure Rule 27 - Agenda items submitted by Councillors

1. This Rule does not apply to special meetings of Committees and Sub-Committees or to the Cabinet.

2. A Councillor may, by notice given to the Monitoring Officer or their nominated representative no later than ten clear working days before the appropriate meeting, request that an item of business be included on the agenda of a Committee or Sub-Committee.

3. A Councillor may not give notice of more than one item of business for any one meeting. The notice shall state the nature of the business and shall include the signature of that Councillor.

4. This procedure shall not apply where the item of business, if agreed, would have the effect of rescinding or amending any resolution passed by a Committee or Sub-Committee of the Council within the preceding 12 months.

5. Items arising from such notices shall appear on the agenda at the end of the Part 1 or 2 business (public and non-public business).

6. This procedure will apply to Councillors exercising their rights under The Local Government Act 2000 as amended by Section 9FC of the Localism Act 2011, to request that an item be included on the Agenda of the Overview and Scrutiny Board or an Overview and Scrutiny Committee where the items is within the remit of that particular body. It should be read in conjunction with the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution. The restrictions in paragraph 3 above on the number of items shall not apply.

Appendix 6 – Public Questions, Statements and Petitions - Meeting Procedure Rules 12 and 28

1. Members of the public may ask questions at meetings of the Full Council, Cabinet, and Committees of the Council. The protocol for questions is as follows:

   (a) Subject to the requirements of this Protocol, a member of the public who lives or works in the area of the Council may submit a written question to the Leader of the Council, a Portfolio Holder or the Chairman of the Council or of a Committee of the Council.

   (b) A person wishing to ask a question shall submit the question in writing which must be received by the Monitoring Officer or their nominate d representativefour clear working days before the meeting of the Council at which it is to be asked. The person's name and address must be included. In calculating this period the date of the meeting and date of submission are to be excluded.

   (c) A question shall relate to Council business, shall not normally exceed 100 words in length and shall be so framed as to elicit information rather than make a statement. No member of the public may ask more than four questions in any one financial year.

   (d) Questions shall be provided to Councillors prior to the commencement of the Council meeting and copies made available for others attending the meeting. No discussion shall be allowed upon questions or answers.

   (e) The person asking the question shall attend the meeting to read out their question or nominate another person to read out the question on their behalf, and to hear the answer. If someone is unable to attend and fails to nominate someone to attend on their behalf, the question will not be read out, but will be responded to by way of written answer.

   (f) If questions are unsuitable in form, frivolous, defamatory, derogatory or relate to a matter which the Council would be likely to consider in the absence of the press and public, the Chairman of the Council shall have the right to rule the question out of order.

   (g) In exceptional cases members of the public who do not live or work in the administrative area of the Council but who are directly affected by a decision or potential decision of the Council can submit a question in accordance with the above procedure and the Monitoring Officer will consider the relevance and in consultation with the Chairman confirm the validity or otherwise of the question.

2. Members of the public may make statements at meetings of the full Council, Cabinet, and Committees of the Council. The protocol for statements is as follows:

(a) Subject to the requirements of this protocol, a member of the public who lives or works in the area of the Council may submit a written statement to the Council, Cabinet or a Committee of the Council.

(b) A person wishing to make a statement under this protocol shall submit the statement in writing which must be received by the Monitoring Officer or their nominated representative by midday the day before the meeting of the Council at which it is to be raised. The person's name and address must be included.

(c) A statement put under this protocol shall relate to business on the agenda, and shall not normally exceed 100 words in length.

(d) Statements shall be printed in order of receipt and circulated to Councillors prior to the commencement of the Council meeting. No discussion shall be allowed upon statements.

(e) The person making the statement shall normally attend the meeting to read out their statement. However, persons may, if they prefer, ask for an officer of the Council to read out their statement.

(f) If statements are unsuitable in form, frivolous, defamatory, derogatory or relate to a matter which the Council would be likely to consider in the absence of the press and public, the Chairman shall have the right to rule the statement out of order.

(g) In exceptional cases members of the public who do not live or work in the administrative area of the Council but who are directly affected by a decision or potential decision of the Council can submit a statement in accordance with the above procedure and the Monitoring Officer will consider the relevance and in consultation with the Chairman confirm the validity or otherwise of the statement.

3. Members of the public may present petitions at meetings of the Council, Cabinet and Committees of the Council. The protocol for petitions is as follows:

(h) Subject to the requirements of this protocol, a member of the public who lives or works in the area of the Council may submit a petition to the Council, Cabinet or a Committee of the Council.

(i) A person wishing to submit a petition under this protocol shall submit the petition to the Monitoring Officer at the main office of the Council by midday the day before the meeting of the Council at which it is to be raised.

(j) Petitions shall be printed in order of receipt and circulated to Councillors prior to the commencement of the Council meeting. No discussion shall be allowed upon petitions.

(k) The person submitting the petition shall normally attend the meeting and shall have three minutes to present the petition. However, persons may, if they prefer, ask for an officer of the Council to read out the petition and numbers of signatures to it.

(l) If statements are unsuitable in form, frivolous, defamatory, derogatory or relate to a matter which the Council would be likely to consider in the absence of the press and public, the Chairman shall have the right to rule the statement out of order.

(m) In exceptional cases members of the public who do not live or work in the administrative area of the Council but who are directly affected by a decision or potential decision of the Council can submit a petition in accordance with the above procedure and the Monitoring Officer will consider the relevance and in consultation with the Chairman confirm the validity or otherwise of the petition.

4. The time for questions,statements and petitions from members of the public shall normally commence immediately after the item 'Code of Conduct' on the Council agenda and shall be restricted to a total of 15 minutes, or at the discretion of the Chairman of the Council or the Chairman of the meeting, provided that where a question to which an answer is to be given is not reached within the time limit, a written answer shall be provided to the questioner within two working days of the meeting and a copy e-mailed to all Councillors.

1. This procedure does not apply to Planning Committee, Licensing Committee or Appeals Committee. A separate protocol will be established for public representations relating to matters considered at these Committees, such protocol to be published on the website.

E. Financial Regulations

1. The Financial Regulations are contained within a sepatate document marked “Financial Regulations” and published as an Appendix to this Constitution. For the avoidance of doubt the Financial Regulations form part of this Constutiton.

F. Officer Employment Procedure Rules

1. General

1.1. Officers within the Council are employed, appointed, designated or engaged on behalf of the whole Council and not by parts of the Council or individuals.

1.2. The employment, appointment, designation or engagement of all Officerswill be in compliance with the law and any policies and procedures of the Council.

1.3. Generally (except for certain Senior Officer appointments) the function of appointment and dismissal of, and taking disciplinary action against, an Officer of the Council must be discharged on behalf of the Council by the Head of the Paid Service or by an Officer nominated by them.

2. Recruitment and Appointment of Officers

2.1. Subject to the provisions of these Procedures, the recruitment, designation and appointment of Officers will be conducted in accordance with the law and the Council's policies and procedures.

2.2. Any candidate for any designation or appointment with the Council who knows that they are related to a Councillor or Officer of the Council shall, when making application, disclose, in writing, that relationship to the Director of Human Resources and Organisational Design ("Director of HR & OD"). A person who deliberately fails to disclose such a relationship shall be disqualified from designation or appointment and, if designated or appointed, shall be liable to dismissal.

2.3. Every Councillor and Officer of the Council shall disclose to the Director of HR & OD any relationship known to them to exist between them and any person they know is a candidate for a designation or appointment by the Council.

2.4. Any candidate for designation or appointment who directly or indirectly seeks the support of a Councillor or Officer of the Council in any designation or appointment shall be disqualified and, if designated or appointed, shall be liable to dismissal. A Councillor shall not solicit for any person in respect of any designation or appointment with the Council but may give a written testimonial of a candidate's ability, experience or character.

2.5. Persons shall be deemed to be related to a candidate or Officer if they are a spouse, partner (i.e. member of a couple living together), parent, parent-in-law, grandparent, child, stepchild, adopted child, grandchild, child of partner, brother, sister, uncle, aunt, nephew or niece or the spouse or partner of any of the preceding persons.

2.6. In the case of a dispute under paragraph 2.5 above about the status of a relationship in relation to an appointment, the Director of HR& OD will rule and such ruling will be applied.

2.7. The fDirector of HR & OD will ensure that the provisions of these Rules are reflected, as appropriate, in application forms or in any accompanying detailed procedures for each post, following advertisement.

3. Responsibility for Human Resources Matters

3.1. Subject to any matters reserved to the Council, the Cabinet is responsible for the development of Corporate Human Resources policies; determining and monitoring such policies; and the operational implementation of those policies, including the development of practices and procedures to support them.

4. Appointment of Head of the Paid Service, Chief Officers (Tier 2 Appointments), Monitoring Officer and Section 151 Officer

4.1. The appointment to the above posts will be made by Full Council following a process arranged by the Director of HR & OD as set out below.

4.2. Where the Council proposes to appoint to one of the posts above, the Director of HR & OD will oversee the arrangements for filling the vacancy in consultation with the Leader of the Council. The Director of HR & OD will make arrangements which will include convening a member panel which will not be a formal Committee of the Council, but will contain relevant members and include at least one opposition member and at least one member of the Cabinet.

4.3. The Director of HR & OD shall, in consultation with the member panel they have convened:

(a) Draw up a statement specifying the duties of the Officer post and any qualifications or guidelines to be sought in the person to be appointed

(b) Make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it

(c) Make arrangements for a copy of the statement mentioned above to be sent to any person on request

(d) Where a post has been advertised as required above, the member panel, Director of HR & OD and any other person the Director of HR & OD considers appropriate to support the process will select from the applications a short list of qualified candidates and will then interview those included in the short list

4.4. Following the interview of candidates, the panel will come to a view as to the most suitable person for the position.

4.5. The Committee must advise the Central Implementation Team Lead Officer for Human Resources of:

(a) the name of the person in question; and

(b) any other particulars which the Committee consider are relevant to the appointment.

4.6. Within two clear working days of interview the Director of HR & OD will notify each member of the Cabinet of:

(a) The name of the person and any other information they consider relevant to the appointment

(b) The period within which any objection to the making of the offer is to be made by the Leader on behalf of the Cabinet to the Director of HR & OD; such period shall not exceed five clear working days.

4.7. A recommendation to Full Council must wait until:

(a) The Leader has, within the period of the notice under paragraph 4.5 above, notified the Director of HR & OD that neither they nor any member of the Cabinet has any objection to the making of the offer; or

(b) The period of the notice under paragraph 5.6 above has expired without objection; or

(c) The Director of HR & OD is satisfied that any objection received from the Leader within the notice period is not material or is not well founded. In this regard, where necessary, the advice of the Monitoring Officer should be sought.

4.8. Where following the above procedure there are no objections to the proposed appointment or any objections are not upheld, the Director of HR & OD will recommend that person for appointment at the next meeting of the Full Council or at a specially convened meeting of the Council. If the Council approve the recommendation, then a formal offer of appointment can be made.

4.9. Where following the interviews the Director of HR & OD in consultation with the panel are of the view that there is no suitable candidate, they will re-advertise the post.

4.10. Where Full Council does not approve the recommendation, it shall indicate how it wishes to proceed.

5. Dismissal of Head of Paid Service, Statutory Chief Officers, Non-Statutory Chief Officers and Deputy Chief Officers

5.1. The requirements of the Local Authorities (Standing Orders)(England) Regulations 2001 ("the Regulations") will be followed in respect of those posts which fall within the definitions of Head of Paid Service, Statutory Chief Officer, Non-Statutory Chief Officer and Deputy Chief Officer.

5.2 In regard in particular to the dismissal of the Head of Paid Service, Monitoring Officer or Section 151 Officer the Council by way of this paragraph formally

adopts the statutory procedure as set out in Regulation 6 and Schedule 3 of the Local Authorities (Standing Orders) (England) Regulations 2001.

6. Appointments/dismissal of other Officers

6.1. Where any appointments are made to positions other than those referred to in paragraph 5 above, or where such persons are dismissed, these shall be the responsibility of the Head of Paid Service, or another Officer to whom they have delegated that responsibility.

PART 5
CODE OF CONDUCT AND COUNCILLOR/OFFICER PROTOCOL

Code of Conduct for Councillors

1. Introduction

1.1. The Council has a statutory duty to promote and maintain high standards of conduct by its councillors and co-opted members. Section 27(2) of the Localism Act 2011 ("The Act") requires the Council to adopt a Code of Conduct. This Code of Conduct sets out the conduct that is expected of councillors and co-opted members when acting in that capacity.

1.2 The Code of Conduct is to be interpreted in a way that is consistent with the following principles:

Selflessness	Councillors should act solely in terms of the public interest.
Integrity	Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty and Integrity	Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned.
Leadership	Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2. General obligations

2.1. A Councillor must -

(a) comply with this Code of Conduct and any other of the Council's policies, protocols and other procedures relating to the conduct of Councillors including the Protocol for Councillor/Officer Relations at Appendix B;

(b) treat others with respect;

(c) when using or authorising the use by others of the Council's resources act in accordance with the Council's reasonable requirements;

(d) take into account any relevant advice provided by the Section 151 Officer; or Monitoring Officer, when reaching decisions on any matter;

(e) inform the Monitoring Officer of the offer of any gifts and hospitality that they estimate has a value of more than £50 and the name of person offering the gift or hospitality and, if accepted, the reason for acceptance.

2.2. A Councillor must not –

(a) do anything which may cause the Council to breach any of its duties under the equalities legislation;

(b) bully any person;

(c) intimidate or attempt to intimidate any person who is or is likely to be –

(i) a complainant,

(ii) a witness, or

(iii) involved in the administration of any investigation or proceedings, in relation to an allegation that a Councillor (including them) has failed to comply with this Code of Conduct;

(d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council;

(e) disclose information given to them in confidence by anyone, or information acquired by them which they believe, or ought reasonably to be aware, is of a confidential nature, except where –

(i) they have the consent of a person authorised to give it;

(ii) they are required by law to do so;

(iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or

(iv) the disclosure is reasonable and in the public interest; and is made in good faith and in compliance with the Council's reasonable requirements;

(f) prevent another person from gaining access to information to which that person is entitled by law;

(g) behave in a way which could reasonably be regarded as bringing their role or the Council into disrepute;

(h) use or attempt to use their position improperly to confer on or secure for them or any other person, an advantage or disadvantage;

(i) use the Council's resources improperly for political purposes (including party political purposes).

3. Interests

3.1. A Councillor must register any disclosable pecuniary interest (see Appendix A) that they or their husband or wife, civil partner or any person that they are living with as husband or wife or civil partner, as if they are their own interests.

3.2. A Councillor must register any local interest. A local interest exists where a Councillor is a member of an external body or organisation where that membership involves a position of control or significant influence on the outside body or organisation concerned. This includes those external bodies and organisations to which the Council appoints representatives.

3.3. A Councillor must register any disclosable pecuniary interests and local interests with the Monitoring Officer within 28 days of:

(a) being elected or appointed to office;

(b) this Code of Conduct being adopted;

(c) declaring an unregistered interest at a meeting of the Council; and

(d) becoming aware of any new interests or changes in those interests.

3.4. A Councillor who is aware or ought reasonably to be aware that they have a disclosable pecuniary interest or a local interest in any business of the Council who attends a meeting of the Council at which that business is discussed, must disclose to the meeting the existence and nature of the interest at the beginning of the meeting or when it becomes apparent that they have such an interest. Where information about an interest has been agreed with the Monitoring Officer to be sensitive, the Councillor need only declare the existence of the interest.

3.5. A Councillor who has a disclosable pecuniary interest in any business of the Council must not take part in the consideration of that business and must withdraw from the room where the meeting is being held unless they have been granted a dispensation by the Monitoring Officer.

4. Monitoring and review

4.1. This Code will be kept under review by the Standards Committee which will consider any changes required and make recommendations as appropriate to Full Council.

Disclosable Pecuniary Interests

1. For the purposes of this Appendix

"the Act" means the Localism Act 2011;

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

"director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

"M" means the person M referred to in section 30 of the Act;

"councillor" includes a co-opted member;

"relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

"relevant person" means M or any other person referred to in section 30(3)(b) of the Act; and

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000(b) and other securities of any description, other than money deposited with a building society.

2. The following are disclosable pecuniary interests.

Subject	*Prescribed description*
Employment, office, trade, or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment of financial benefit from a trade union within the

	meaning of the Trade Union and Labour Relations (Consolidation) Act 1992
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority– (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the relevant authority
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer
Corporate tenancies	Any tenancy where (to M's knowledge)– (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest
Securities	Any beneficial interest in securities of a body where- (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either- (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class

PROTOCOL FOR COUNCILLOR/OFFICER RELATIONS

1. INTRODUCTION

1.1. This Protocol governs relations between Councillors and Officers.

1.2. Its purpose is to assist the smooth running of the work of the Council by:

- promoting trust, openness, fairness and honesty by setting out some ground rules;
- defining roles so as to:
  - be clear about responsibilities – who does what
  - avoid conflict, and
  - prevent duplication or omission

1.3. This Protocol applies to Councillors, Co-opted Members, and Officers. Unless the context indicates otherwise, Officer means a person employed by the Council, a person engaged directly by the Council to provide services or employed by an organisation that has contracted with the Council.

1.4. The Standards Committee will review the content and operation of this Protocol from time to time. Any Councillors or Officer suggestions for changes to it should be passed to the Monitoring Officer or Chief Executive who will bring them forward to the Standards Committee.

1.5. Councillors and Officers must follow this Protocol at all times.

1.6. Breaches of this Protocol by a Councillor may result in a complaint to the Council's Standards Committee.

1.7. Breaches by an Officer may lead to disciplinary action.

2. THE RELATIONSHIP BETWEEN COUNCILLORS AND OFFICERS

2.1. A recognition of, and respect for, the respective roles and responsibilities of Officers and Councillors is vital and mutual trust, respect and courtesy is key.

Councillors <u>should:</u>

1. respect Officers' professional integrity;
2. not involve Officers in any criticism of the position or conduct of other Councillors or Officers which is, or could be construed as being, of a personal or party political nature;
3. not apply pressure on Officers to:
   (a) change their professional opinion or advice

(b) do anything which they are not empowered to do or which is against an Officer's professional judgment

(c) take any action which the officer considers to be unlawful or illegal or which could amount to maladministration or breach any relevant Codes of Conduct, including professional codes of conduct

4. not do anything that compromises, or which is likely to compromise, the impartiality of Officers or those who work for or on behalf of the Council;

5. in seeking advice and support, have due regard to the seniority of the Officer with whom they are dealing;

6. not purport to exercise line management control over an Officer or issue any formal instruction to an Officer;

7. not disclose at a meeting open to the press and public, by comment to the media or by any other means to any person outside the Council, personal or confidential information which relates to a Council employee, past or present, except with that employee's consent;

8. not comment publicly on individual staff issues or perceived capability of individual staff. This does not prevent Councillors from exercising their legitimate right to hold Officers to account at relevant Council meetings;

9. ensure that all communication between them and Officers, including written communication, does not bring the Council into disrepute, or lead to the breakdown of mutual trust, respect and courtesy in Officer/Councillor relations;

10. endeavour to give timely responses to enquiries from Officers;

11. avoid personal close familiarity with Officers.

<u>Officers should:</u>

1. respect the political perspective of Councillors;

2. co-operate with all reasonable requests from Councillors and endeavour to give timely responses to enquiries from Councillors;

3. not seek to take advantage of Councillors or to cause them embarrassment or difficulties in the performance of their roles;

4. not act to frustrate the proper political objectives of Councillors;

5. not seek to influence a Councillor to make a decision in their favour;

6. not discuss with a Councillor personal matters concerning themselves or another individual Officer. This does not prevent Officers raising on a personal basis and in their own time a matter with their Ward Councillor;

7. not make claims or allegations to Councillors about other Officers;

8. maintain confidentiality;

9. perform their duties effectively, efficiently and with political neutrality;

10. behave in a professional and courteous manner;

11. be helpful to Councillors and understand and respect their roles, workload and pressures;

12. avoid personal close familiarity with Councillors;

13. report to their manager, the Monitoring Officer or the Chief Executive should a Councillor put pressure on them to deal with a matter outside Council procedure or policy;

14. comply with the current Codes and Protocols applicable to Officers;

2.2. All Councillors have the same rights and obligations in relationships with Officers and should be treated equally. Where a political group forms the majority Administration it is recognised that the relationship between Officers, particularly Senior Officers, and the Administration will differ from that with opposition groups. Officers must ensure that, even when they are predominantly supporting the Leader and Cabinet Portfolio Holders, that their political neutrality is not comprised.

2.3. Councillors and Officers must be particularly aware of the image of the Council at meetings open to the public and should treat each other with respect and courtesy regardless of an individual's personal, political or professional views. Meetings require a degree of formality to be adopted, both in the conduct of business and in the manner in which participants are addressed in order to maintain public confidence.

2.4. Councillors may make written/oral representations to the relevant Senior Officer about issues raised by Officers with them as their ward Councillor, but the Councillor must:

- avoid getting inappropriately involved in, for example, the internal office management, discipline and/or other employment related issues, because of actions of the Councillor(s) may be held to be the actions of the Council, as an "employer";
- avoid taking a proactive part to represent or in any other way advocate on behalf of any such Officer in any staffing issues or disciplinary procedures brought by the Council against any such Officer.

3. OFFICER ADVICE TO POLITICAL GROUPS AND OTHER MEETINGS

Officer Advice to Political Groups

3.1. Officers serve the Council as a whole and not exclusively any Political Group, combination of Groups or individual Councillor. Officers must treat Political Groups and individual Councillors in a fair and even handed manner.

3.2. There is statutory recognition of Political Groups. It is common practice for such Groups to give preliminary consideration to matters of Council business in advance of such matters being considered by the relevant formal Council body. Officers may on occasions be called upon to support and contribute to such deliberations by Political Groups but must at all times maintain a stance which

is politically impartial. The support provided by Officers may range from a briefing meeting with a Chairman or Cabinet Portfolio Holder before a meeting, to a presentation to a Political Group meeting.

3.3. Any advice given to a Political Group or Councillor will be treated with the strictest of confidence by the Officers concerned and not be accessible to any other Political Group(s). Factual information upon which any advice is based will be available to all Political Groups.

3.4. When Officer attendance is requested for Political Group meetings:

1. the request to attend a Political Group meeting must be made through the Chief Executive or appropriate Senior Officer (Director or above);
2. such a request can only be made in relation to Council business not Party policies or business;
3. at the meeting Officers will:-
   (a) provide relevant information and advice on Council business only and not on matters which are purely of a party political nature and must at all times do so in a way which is politically impartial;
   (b) normally leave during the deliberations of the Political Group on the issue – to avoid any appearance of impropriety or misunderstanding;
   (c) respect the confidentiality of any Political Group discussion at which they are present; Councillors must not do anything which compromises or is likely to compromise Officers' impartiality. This must not prevent an Officer providing feedback to other Senior Officers as appropriate.

3.5. The duration of an Officer's attendance at a Political Group meeting will be at the discretion of the Group, but an Officer may leave at any time if they feel it is no longer appropriate to be there.

3.6. An Officer accepting an invitation to the meeting of one Political Group must not decline an invitation to advise another Group about the same matter. They must give substantially the same advice to each.

3.7. An Officer must be given the opportunity of verifying comments and advice attributed to them in any written record of a Political Group meeting.

3.8. No Councillor will refer in public or at meetings of the Council to advice or information given by Officers to a Political Group meeting.

3.9. Political Group meetings perform an important part in the preliminaries to Council decision-making. However, they are not formal decision-making bodies of the Council and are not empowered to make decisions on behalf of the Council. Conclusions reached at such meetings do not rank as Council decisions.

3.10. The presence of an Officer confers no formal status on such meetings in terms of Council business and must not be interpreted as doing so.

3.11. The principles of this section apply to informal meetings of Cabinet.

Officer Advice to Other Meetings

3.12. Officers are available to attend meetings called under the arrangements set out in the Constitution and as specified in this Protocol. Other meetings such as area/community forums, public meetings, local meetings, consultations arranged by Councillors are not official business meetings of the Council. Officers will not attend such other meetings unless authorised/agreed by the relevant Senior Officer.

4. LOCAL WARD ISSUES

4.1. To enable them to carry out their Ward role effectively, Councillors need to be fully informed about matters affecting their Ward. Senior Officers must ensure that all relevant staff are aware of the requirement to keep Ward Councillors informed, thus allowing Councillors to contribute to the decision-making process and develop their representative role.

4.2. This requirement is particularly important:

- during the early stages of policy development, where practicable;
- in relation to major or sensitive operational matters;
- whenever any form of public consultation exercise is undertaken;
- during an Overview and Scrutiny process.

4.3. When a public meeting is organised by Officers to consider a local issue, all the Councillors representing the Wards affected must be invited to attend the meeting. Similarly, when Officers undertake any form of consultation on a local issue, the Ward Councillors should be notified at the start of the exercise.

4.4. If Ward Councillors intend to arrange a public meeting on a matter concerning some aspect of the Council's work, they can invite a relevant Officer to attend if they so wish. Provided that the meeting has not been arranged on a party political basis an Officer may attend but is not obliged to do so and the meeting may be held in Council-owned premises.

4.5. Officers will not be able to attend such meetings in the immediate run-up to Council elections.

4.6. Officers must never be asked to attend Ward or Constituency Political Party meetings.

4.7. In seeking to deal with residents' queries or concerns, Councillors must not seek to place Officers under undue pressure to deal with their query in a way which circumvents the usual Council procedures. Officers may not be able to carry out the work required by Councillors in the requested timescale and may

need to seek instructions from their managers. Corporate Customer response times apply.

4.8. If any of the Members of Parliament (MPs) are involved in a local issue, Officers may invite the MP, in addition to the Ward Councillors. If Officers consider this is not appropriate for any reason they may meet the MP separately.

5. CORRESPONDENCE INCLUDING EMAILS

5.1. Official correspondence written on behalf of the Council must normally be in the name of the relevant Officer rather than in the name of a Councillor. It may be appropriate in some circumstances, for example representations to a Government Minister for letters to appear in the name of the appropriate Councillor, for example, the Leader – but this should be only in exceptional circumstances. Letters that, for example, set up meetings, create obligations or give instructions on behalf of the Council should never be sent out in the name of a Councillor.

5.2. The Chairman may correspond in their own name.

5.3. Correspondence which creates legally enforceable obligations or gives instructions on behalf of the Council must never be sent in the name of a Councillor.

6. IF THINGS SHOULD GO WRONG

6.1. Councillors or Officers with questions about the implementation or interpretation of this Protocol should seek guidance from the Monitoring Officer.

6.2. If Councillors believe that an Officer has breached this Protocol or have concerns about the conduct, behaviour, or performance/capability of an Officer they should raise the matter direct with that Officer's manager or Director; where the Officer concerned is a Director the matter should be raised with the Chief Executive; and when the Officer is the Chief Executive, with the Monitoring Officer.

6.3. In all cases, the Officers with whom the concerns have been raised will report back to the Councillor concerned, giving as much information as they can as to the conclusions they have reached.

6.4. This procedure is only appropriate where their issues arise in the Councillor's capacity as a Member of the Council, rather than as a service user or individual affected by the Council's decision. In such cases their concerns should be dealt with in accordance with the Council's complaints procedure.

6.5. If Officers are concerned about the conduct of a Councillor they should raise the matter with their Manager or Director as appropriate. The Manager will discuss the matter with their Director, who will seek to resolve it to the Officer's satisfaction, in consultation with the Monitoring Officer, where appropriate. The aim of these discussions is to resolve the matter by conciliation, rather than by more formal means. Nevertheless, it must be recognised that Officers, like any

members of the public, may make an allegation of a breach of the Code of Conduct for Councillors and can also use the procedures set out in the Council's Bullying and Harassment policy.

6.6. Where the concerns are about potential unlawful conduct of an Officer or Councillor, the Whistleblowing Policy or other Council policies may be relevant.

For further advice, please contact:

Monitoring Officer

[contact details to be inserted]

APPENDIX C

ARRANGEMENTS FOR DEALING WITH ALLEGATIONS OF BREACH OF THE CODE OF CONDUCT FOR COUNCILLORS

1. INTRODUCTION

1.1. The Council is required to adopt arrangements to deal with complaints that councillors have breached the Code of Conduct.

1.2. The following process will apply from the 1 April 2019. This process will be actively reviewed by the Standards Committee during the first 12 months of the new Council and the Committee will make recommendations as to any changes to the process it considers appropriate.

2. PROCESS

- Complaint received by Monitoring Officer (MO).
- MO provides details of the complaint to the Councillor within three working days of receipt and seeks an initial response and advises of the right to speak to the Independent Person (IP).
- The Councillor, within five working days or longer at discretion of the MO, provides an initial response to the complaint.
- The Chair of Standards Committee in consultation with councillors of the Standards Committee and MO decides whether:
  - There is no breach of the Code and no further action should be taken; or
  - There is a potential breach of the Code and informal resolution is appropriate, to include for example mediation, training, apology, advice; or
  - There is a potential breach of the Code and the MO should undertake or commission and investigation into the complaint with a view to a report then being considered by the Standards Committee.
- The Councillor and Complainant will be kept informed and will be notified of the outcome of the initial consideration by the Chair and members of the Committee.
- Where there is no further action to be taken, or the matter is dealt with by information resolution, the MO shall report on such outcomes by way of an updating report to the Standards Committee which will retain oversight of the arrangements.
- Where the matter is considered at a meeting of the Standards Committee further to an investigation, this will be at a formal meeting of the Committee

subject to the relevant Procedure Rules contained in Part 4 of this Constitution.

Appendix B – Overview and Scrutiny Design Papers

Background to O&S Design Working Group structure recommendations

At the first meeting of the O&S Design Working Group, a set of principles for added value scrutiny were agreed. These are attached as Appendix 1 and outlined in the boxes below. A number of other agreements were made as follows:

1. Do Members agree that the BCP Council O&S model should be based on good practice rather than the O&S function of one of the three preceding authorities? Yes.
2. In order to harness existing good practice, would the working group like to invite evidence from other BCP members of good practice in their own councils? Yes – invite all BCP members and service directors to disseminate call for evidence by email.
3. Do Members agree that the principles outlined in Appendix 1 should underpin the design of O&S in the new authority? Yes
4. Do members agree that the O&S function should remain under review and development for the first 18-24 months of the BCP Council's life, in order to ensure that it is fit for purpose? Yes.
5. To ensure all scrutiny activity is linked to clear objectives, do Members agree that the initial O&S model should be agile and flexible to be built upon during this period as Council priorities emerge? Yes.

Taking account of the decisions above, and the agreed principles for scrutiny in BCP (Appendix 1), the following recommendations are made. The recommendations and reasons are based on best practice and the opportunity to consider new ways of working; and seek to provide a structure that will best align to these agreed principles.

The diagram of the O&S structure at Appendix 2 accompanies this document and aligns to the recommendations below.

Development of recommendations

The O&S Design Working Group met a total of four times in addition to attending opportunities offered for all Councillors to contribute to the design of O&S arrangements, in order to hear views expressed. At their meeting on 2 November, O&S Design Working Group members worked with the Centre for Public Scrutiny to discuss the recommendations as outlined below, with amendments made by the group. The recommendations were discussed with the Governance Task and Finish Group on 14 November who provided further comment and steer on the design. All members of BCP were invited to discuss and contribute to the design at a Councillor workshop on 20 November, led by the Centre for Public Scrutiny; and a consideration of the draft constitution at the Shadow Overview and Scrutiny meeting on 10 December. Submission of comments was also invited by email with a number received by Councillors and Officers. All comments made at meetings and received by email were taken account of by the O&S Design Working Group in their work. On 10 December the Shadow Overview and Scrutiny Committee made a formal resolution to support the proposals as outlined below which were used to inform the drafting of the O&S pages within the Constitution.

Agreed Principle 1

Contributes to sound decision making in a timely way by holding decision makers to account as a 'critical friend'.

Recommended reflection of this principle in the new O&S structure:

1) A main scrutiny body (the Overview and Scrutiny Board) meets monthly, tracking the meetings of the council executive.
2) This body has responsibility for a wide range of council services and establishes its own sub-committees (on going in-depth monitoring), task and finish groups (time limited in-depth inquiries), working groups (one-off meetings) and rapporteurs (individual members investigating and reporting back on an issue).
3) Portfolio Holders are required to account for their area at themed meetings of this Board.
4) Call – in is undertaken by the Overview and Scrutiny Board.
5) All statutory responsibilities are held by the Overview and Scrutiny Board with the exception of the scrutiny of Executive functions for Health and Adult Social Care, and Children's Services. These areas will be held to account by separate scrutiny committees which maintain a reporting link to the Overview and Scrutiny Board.

Reasons for recommendations -

Meeting frequency –

- A structure that can effectively hold decision makers to account will include sufficient opportunity to contribute to decisions as and when required. Good practice elsewhere and recent practice in the Shadow Authority suggests that monthly meetings of an O&S body, tracking the meetings of the Executive, will provide maximum opportunity for this.
- Although O&S work programming should not depend on being reactive to Executive decisions, there will inevitably be a need to consider and make recommendations on 'big ticket items' when these arise – this format of meetings provides this opportunity, whilst any fewer than monthly meetings may limit this opportunity.

Scrutiny body terms of reference –

- Executive decisions can be held to account in a variety of ways – in one O&S Committee, or a number of Committees split out according to themes or service area. A greater number of bodies requires a lower meeting frequency of these bodies to ensure sufficient resource, which limits the ability to hold the executive account as and when required (see meeting frequency, above).
- Fewer scrutiny bodies has emerged as good practice in recent years, as this requires sharper work prioritisation and recognises the limited resources that scrutiny – and scrutiny members - have at their disposal.
- Fewer bodies does not limit the ability to scrutinise a wide range of service areas, but instead requires the use of more agile and flexible ways of working (eg. working groups and sub-committees - see principle 6 below), selected with intent to a targeted piece of scrutiny. Targeted

and carefully scoped scrutiny of this kind is more likely to have a clear outcome and add value. An example of this may be scrutiny of the council's financial sustainability, which is not service based but would be expected to be a priority of the new council to ensure aims of transition and transformation are met and the financial outlook of the council is sound. A sub- committee on this matter would build on the work done in this area by the Shadow O&S Committee to date.

- The tendency to 'fill' agendas of multiple scrutiny bodies is also reduced as the number of bodies reduces. Filling agendas with areas of interest can often lead to a lack of outcome based scrutiny. This will waste scrutiny resource but also have a negative impact on the esteem carried by scrutiny within the wider council. The recent Government Select Committee on Overview and Scrutiny highlighted that councils report that lack of esteem for scrutiny can be one of the most limiting factors in its effectiveness. Anything that negatively impacts on the esteem of scrutiny in the organisation should be avoided where possible.
- There are clear lines of accountability between Portfolio Holders and the O&S Committee which can otherwise be unclear with a structure containing a wide number of service based committees.
- Portfolio Holders and service areas can be held to account in themed meetings of the O&S Committee. Good practice shows that themed meetings can allow for a more rounded consideration of interdependent issues, and can provide clearer opportunities for stakeholders and experts in the area to be invited to contribute.
- Increasingly, areas of council work can be cross – cutting and decisions are not always contained within one service area. There is a risk that splitting out responsibility for decisions across a number of O&S bodies can prevent a full and rounded consideration of a matter and add unnecessary additional layers of governance – special joint meetings or the passing of a recommendation to scrutinise from one scrutiny body to another. Giving responsibility for the majority of scrutiny functions to one O&S body can eliminate the potential for issues to be considered in isolation or in an untimely way owing to the governance arrangements required to undertake scrutiny in accordance with the constitution.

Call in –

- A call-in function is required by law, enabling O&S members to ask that an Executive decision is reconsidered prior to implementation. There is no good practice to suggest that this must be undertaken in any particular way. It would seem appropriate that the body with the most responsibility for cross-cutting issues undertakes this role.

Statutory Scrutiny

- Health and Adult Social Care, and aspects of Children's Services are areas of scrutiny that must be undertaken by statute, and are also known to be high risk areas. As these are known priorities, it is appropriate that scrutiny of these areas is undertaken by two separate committees for these purposes. The Shadow O&S Committee is aware that Children's Services has also been highlighted as an area of higher risk through transition to the new council and warrants dedicated scrutiny.
- The complexity of work in these areas and ineffective scrutiny has led to failings in the areas of child protection and health scrutiny in other councils in recent years (eg. Rotherham and Mid Staffordshire). It is appropriate that the new council reflects these learnings and associated risk in its structure.
- Responsibility for these functions can be delegated directly to these scrutiny bodies, with statutory co-opted members elected to the Children's Services body.

- An expectation of close dialogue and annual reporting to the main scrutiny body would ensure scrutiny resource for these bodies is considered amongst all scrutiny priorities.
- Meeting frequency likely to be required between 6 weekly and quarterly – for consideration.

Resource

- The level of resource available to a scrutiny function must form part of the consideration of the design of the function. In these circumstances of transition to a new council, the dedicated officer resource to support scrutiny in the new authority is not yet known, but in light of financial constraints is unlikely to be high. Members should note that some councils with a high level of scrutiny output have full officer teams at their disposal to undertake scrutiny work, research and co-ordination to support scrutiny members, in addition to the servicing of scrutiny committee meetings. In the anticipated absence of such a resource, BCP will need to be mindful of the need to carefully prioritise its scrutiny work, both in the form of the number of committee meetings requiring servicing and the level of additional work commissioned (sub-committees, working groups, task and finish work etc). Officers of the wider organisation will also be required to support scrutiny and will have a finite amount of resource. Members' resource in being able to attend meetings and undertake proactive work between meetings must also be balanced against the usual induction and learning process required for new councillors, refresher training for returning councillors, familiarisation with new wards and new areas of responsibility from councillors who have not yet served on an upper tier authority. In light of this, it would be advisable for members to take a conservative approach to their design of an O&S function, to ensure that resource is not overreached by the model designed.

Agreed Principle 2

A member led and owned function – seeks to continuously improve through self- reflection and development.

Recommended reflection of this principle in the O&S structure:

6) O&S Members have responsibility for commissioning own sub-committees, task and finish groups and working groups to undertake the substantive amount of the council's scrutiny work.
7) O&S Members can establish a system of rapporteurs, allowing non-Executive members to informally track and report back on activity within council services and under Portfolio Holders.
8) All council members have the opportunity to be engaged in the work of scrutiny through a mechanism for all members, and the Executive, to suggest areas of scrutiny to the Overview and Scrutiny Board. O&S members may commission work in response to these suggestions, taking account of likely outcome and value to be added.
9) The Overview and Scrutiny Board maintains a scrutiny work programme for the full O&S function - including sub committees and statutory panels - to ensure O&S member ownership of the collective O&S priorities.
10) The Overview and Scrutiny Board co-ordinates the self - assessment and reporting of annual scrutiny outcomes to full council and the value added by scrutiny activity.
11) The Overview and Scrutiny Board is responsible for co-ordinating and prioritising the training needs of the whole scrutiny function.

Reasons for recommendations -

Commissioning

- Through a structure that relies on the commissioning of work based on desired outcome, rather than a pre-established number of service based scrutiny panels, members are able to take more ownership of scrutiny as a value-added process.
- Part of member ownership is the responsibility for demonstrating the value of scrutiny. In 'making a case' for work, members are actively scoping anticipated benefits before commissioning. This means that scrutiny undertaken is more likely to add value and contribute to the level of esteem for scrutiny in the wider organisation, which assists in it having influence.

Member Engagement

- Providing a mechanism for all members to 'make a case' for scrutiny will assist in the wider engagement of all non – Executive members. It is also good practice for all non-Executive members to be given the opportunity to service on sub-committees, task and finish groups and working groups. This ensures that the group is established on the basis of skills, knowledge and members with a passion for the subject matter.
- O&S members are not overburdened with work and the activity in working groups and sub-committees is spread across all non-Executive members.

- A known concern of scrutineers can be that they don't see the impact of their work. Commissioned work is more likely to be carefully scoped and thus have a more tangible outcome. This provides more motivation for those undertaking the scrutiny work that their work is making a difference.
- A rapporteur system further provides opportunity for engagement of non-Executive members based on experience and interest, and provides an additional resource for scrutiny. Members undertaking this role will need to be proactive, and this model can assist in embedding the skill of being a confident and proactive scrutineer across the wider non-Executive member corps.

Work Programme

- Oversight of one work programme, for all of scrutiny, by scrutiny members ensures scrutiny members can more easily take ownership of scrutiny activity and effectively prioritise. This also guards against agendas being officer driven, with officers bringing items to scrutiny to 'tick a box' rather than based on the value likely to be added by scrutiny's engagement in the matter.

Self – assessment and annual reporting

- Self- assessment of work undertaken will encourage members to reflect on the value they have added in their scrutiny work. Reporting on own activity in this way is considered best practice. Communicating this to the wider council will assist with stakeholders' understanding of the value that O&S can bring.
- Through annual self-reporting, O&S members will be able to identify established sub-committees that may require formalising on a permanent basis in the council's constitution, and remunerated chairmanships on the basis of the level of workload. Annual reporting provides the mechanism for this reflection.

Agreed Principle 3

Enables the voice and concerns of the public to be heard and reflected in the Council's decision making process

Recommended reflection of this principle in the O&S structure:

12) A dedicated O&S Committee is established with responsibility for engaging the public (see Appendix 3 for draft terms of reference)
13) Lines of accountability to decision makers are as transparent as possible to aid public understanding and engagement in holding decision makers to account.
14) Consideration on how the public, community groups and subject experts can be used is built into all scoping work for commissioned overview and scrutiny.

Reasons for recommendations –

Enabling the voice and concerns of the public

- Overview and Scrutiny has the ability to work in a more flexible and informal way than Cabinet or Council meetings which are usually of a formal nature. When considered within the whole decision making structure, Overview and Scrutiny is an appropriate place to engage the community and take account of the public voice.
- Many councils find it very difficult to bring the public voice into overview and scrutiny work without significant resource in taking meetings into the community, or heavily promoting scrutiny work through social media such as twitter, facebook and blogs. Establishing a dedicated place for this will provide more opportunity for public engagement and also bring the need for it into sharper focus. It can otherwise be easy for a council with limited public engagement or resource to do little more to encourage it than provide opportunity for public speaking on each agenda.
- A recent review for the Borough of Kensington and Chelsea noted that the public are unlikely to engage in a committee where there are other items on the agenda. It is understandable that reports of a technical nature on a committee agenda do not set the tone for an inviting and unintimidating experience for members of the public. In providing a dedicated body for engagement with the public, this limiting factor is removed.
- A dedicated Committee for public engagement will provide opportunity for two – way dialogue: the public can input with questions, issues of concern or areas that they may wish the council to investigate or change. The council can also consult the public via such a committee – for example on what should be included in the annual overview and scrutiny work plan. In this way, the council is demonstrating that it is more outward looking and has the opportunity to respond to the public on issues raised. This should lead to a scrutiny work programme that makes a difference to the public and communities rather than being inward looking.
- The concept of a dedicated 'Listening Committee' has been piloted by the Borough of Kensington and Chelsea in response to the tragedy of Grenfell. This follows a trend for other councils that have been involved in failings – sexual exploitation in Rotherham, NHS failings in Mid Staffordshire – to

make changes to engender more public engagement. This is because it has been identified by inquiries into these failings that the council needed to do more to 'test' the information provided by decision makers. In some cases, this criticism was directed at scrutiny members. The need for better 'triangulation' of information is increasingly accepted to be imperative to good scrutiny - in short – testing what officers/ Portfolio holders or external decision makers are telling scrutiny by consulting other sources of information, which could include data, service user experience or the views of subject experts. The establishment of a committee to support the public voice and triangulation would represent an inventive opportunity and a marker that the council intends to follow this best practice path in its scrutiny considerations.

Transparency

- With a number of different Portfolio holders, service areas and scrutiny panels the 'route' in for a member of the public who wants to engage in a particular issue can become complicated to negotiate as the three will rarely align in one committee. As soon as changes are made to a portfolio or service area, this can affect which scrutiny panel should be best placed to have responsibility for this area. In a period of transformation, as the new council will be entering, it will be very difficult to maintain a good level of transparency in this respect across a number of scrutiny panels. Providing one main body for the majority of scrutiny responsibilities will make this clearer. Providing a dedicated body for public input will further assist.

Political scrutiny

- Whilst politics should not play a major part in scrutiny, clearly, scrutiny will be affected by the political make up of a council. A large opposition may use scrutiny to challenge for challenge's sake, whilst a large majority may lead to a lack of organic public scrutiny where much of the real scrutiny takes place in political group meetings that are not public. Enabling maximum opportunity for public input into scrutiny will assist in cutting through this to bring a different voice into scrutiny. This was evidenced by a recent Bournemouth LGA Peer Review into Equality and Diversity, which recommended that a greater public voice in Bournemouth's scrutiny work would provide greater challenge within the scrutiny process.

Agreed Principle 4

Engages in decision making and policy development at an appropriate time to be able to have influence.

Recommended reflection of this principle in the O&S structure:

15) Scrutiny meetings track decision makers (see recommendation 1 above) whilst retaining sufficient capacity for flexible, informal work that will provide O&S with insight into council activity and input into early policy development.

Reasons for recommendations -

Meeting Frequency

- See principle and recommendation 1 above.

Informal working

- Informal scrutiny work is increasingly considered to be good practice and where much of scrutiny's value can be found. Engaging in a policy discussion at a Committee meeting requires the information to be developed to a level suitable for public consumption - by this stage it is often too late for scrutiny to have any real influence and so its value in considering this issue is questionable. By engaging in dialogue with decision makers at an early stage, often informally, O&S can better understand developing policy ideas and isolate areas where it can contribute to the policy – an example of this may be seeking public views on a particular aspect that the Executive would not have capacity to do.
- Much of council work is now of a complex governance nature – involving external delivery bodies, arms- length management bodies or external partners. Regardless of complexity, scrutiny has a responsibility to understand and engage in this. In a recent publication, the Centre for Public Scrutiny recommended that keeping up to speed on complicated service delivery issues is poorly – suited to a traditional committee-type setting. Informal meetings between scrutiny members and those responsible for delivery (particularly partners) will mean that members can more accurately keep a 'watching brief' on how things are – ready to escalate things to scrutiny where necessary. In addition to recommended practice, this model of informal working has been embraced by the Shadow O&S Committee to allow it to keep pace with Shadow activity and identify appropriate items for full committee scrutiny.
- The use of rapporteurs is another tool in scrutiny's informal working options – see principle 2 above and 6 below.

Scrutiny influence

- Much of the success of scrutiny rests on it having influence within the wider organisation. To have influence, it must also have esteem, and parity of esteem between the executive and scrutiny, and how to achieve this, is likely to be a key element of the refreshed scrutiny guidance to be issued by Ministry for Housing, Communities and Local Government later this year. Whilst there is a council

wide responsibility towards this, scrutiny members themselves must ensure that the work they undertake can add value. Undertaking work in a timely way will be key to realising this value and having influence. A simple example of this may be how scrutiny considers decisions of the executive. Engaging post decision, to retrospectively discuss and pass views on the decision will lead to frustration within the organisation and no influence on the overall decision. Engaging prior to a decision provides scrutiny the opportunity to discuss and make recommendations to the executive on the decision. Engaging at an early stage enables scrutiny to influence the shaping of the decision itself.

Agreed Principle 5

Contributes to and reflects the vision and priorities of the new council.

Recommended reflection of this principle in the O&S structure:

16) Scrutiny structure has sufficient capacity to contribute to the development of the new council vision and priorities.
17) Scrutiny structure is kept under review and 'built' during the first 18-24 months of the new council's life to ensure that it can properly reflect the council's, and resulting overview and scrutiny, priorities.
18) The support of the Centre for Public Scrutiny is sought in a review of the O&S structure as outlined at 17 above, to ensure that O&S members continue to be aware of good working practices in O&S and these are reflected within the function.

Reasons for recommendations -

Capacity to contribute to the development of vision and priorities

- In the early years of the new council's life, much of the council priorities are likely to relate to transformation, which O&S members will want to understand and contribute to. There will be a continuing need to maintain close oversight of the council's financial sustainability, ensure that there is no detriment to service users as a result of the transition to the new council and as with any council, there will be key projects and initiatives that the council is involved in and O&S will want to contribute to. In this context, a commissioning model for scrutiny in the next few years will provide it with the flexibility to determine its own priorities amongst this, rather than be restrained to traditional service based scrutiny which may keep scrutiny busy, but away from the critical areas of council work for that time. Importantly, O&S members with the power to commission work will be in control of this workload and prioritisation.

Review and build of structure over 18-24 months

- Equipping the O&S members with the power to establish its own sub-committees and working groups will ensure that the O&S function can adapt to emerging priorities and accompanying work pressures – see also principle 2 and 'commissioning' above.
- It will not be possible for O&S members to anticipate a fully-fledged ideal structure at this stage for the new council, as the priorities, vision and service areas for this council are not yet known. The support originally offered by Cfps to BCP in its design of scrutiny anticipated a greater opportunity to design, followed by a period of reflection to understand if the function was fit for purpose for the new authority. The stages have been condensed owing to the timescales available, but the gradual building of a new structure post Vesting Day, followed by a review of its effectiveness after approximately 24 months remains a recommendation for members to follow to ensure it is fit for purpose.
- O&S Design members have asked for examples of good practice from BCP members and officers to inform this design. Responses received were considered by the O&S Design Working Group.

Continuing the build and reflection of the O&S function post Vesting Day will allow for further exploration of members insights and examples of good practice, as appropriate.

Agreed Principle 6

Agile – able to respond to changing and emerging priorities at the right time with flexible working methods.

Recommended reflection of this principle in the O&S structure:

19) Members recognise the value of 'task and finish' style working and provide opportunity and capacity within the structure for a variety of working methods.

Reasons for recommendations –

Agility

- Being able to undertake work in a timely way and anticipate a meaningful outcome is key to scrutiny's success. This can be hard to achieve within the restrictions of formal Committee meetings, which may meet every 2-3 months. Scrutiny members may wish to consider an arising issue and contribute a view to the Executive, with a week or two's capacity in which to achieve this. Members may want to talk to service users or members of the public in a targeted session, or hold informal briefings and discussions with officers to better understand a potential issue. Establishing a structure that enables flexible working methods in addition to committee meetings will provide the ideal opportunity for agility. Members should also note that the recent Select Committee review focused on the success to be found in task and finish/ working group styles of scrutiny work, over the traditional committee setting. To facilitate this good practice, the formal structure of committee meetings must be of a suitable number to allow for sufficient officer and member capacity in this respect (see 'Resource' under Principle 1 above). Some examples of scrutiny ways of working are outlined below - members may also have suggestions as to other ways of working that can be considered for the new authority:

- **Working Groups** – a small group of members and officers gathered to consider a specific issue and report back to a full committee, or make recommendations to cabinet with delegated powers, within a limited timescale. Usually meets once or twice, and is often non-public.

- **Sub-Committees** – a group of members delegated a specific aspect of the main committee's work for ongoing, in-depth monitoring. May be time limited or be required as a long- standing committee. Sub-Committees are often well suited to considering performance based matters that require scrutiny oversight. Usually meets in public. A good example of this is the Borough of Poole Sub- Committee, which considered LGR matters on behalf of the Business Improvement Overview and Scrutiny Committee.

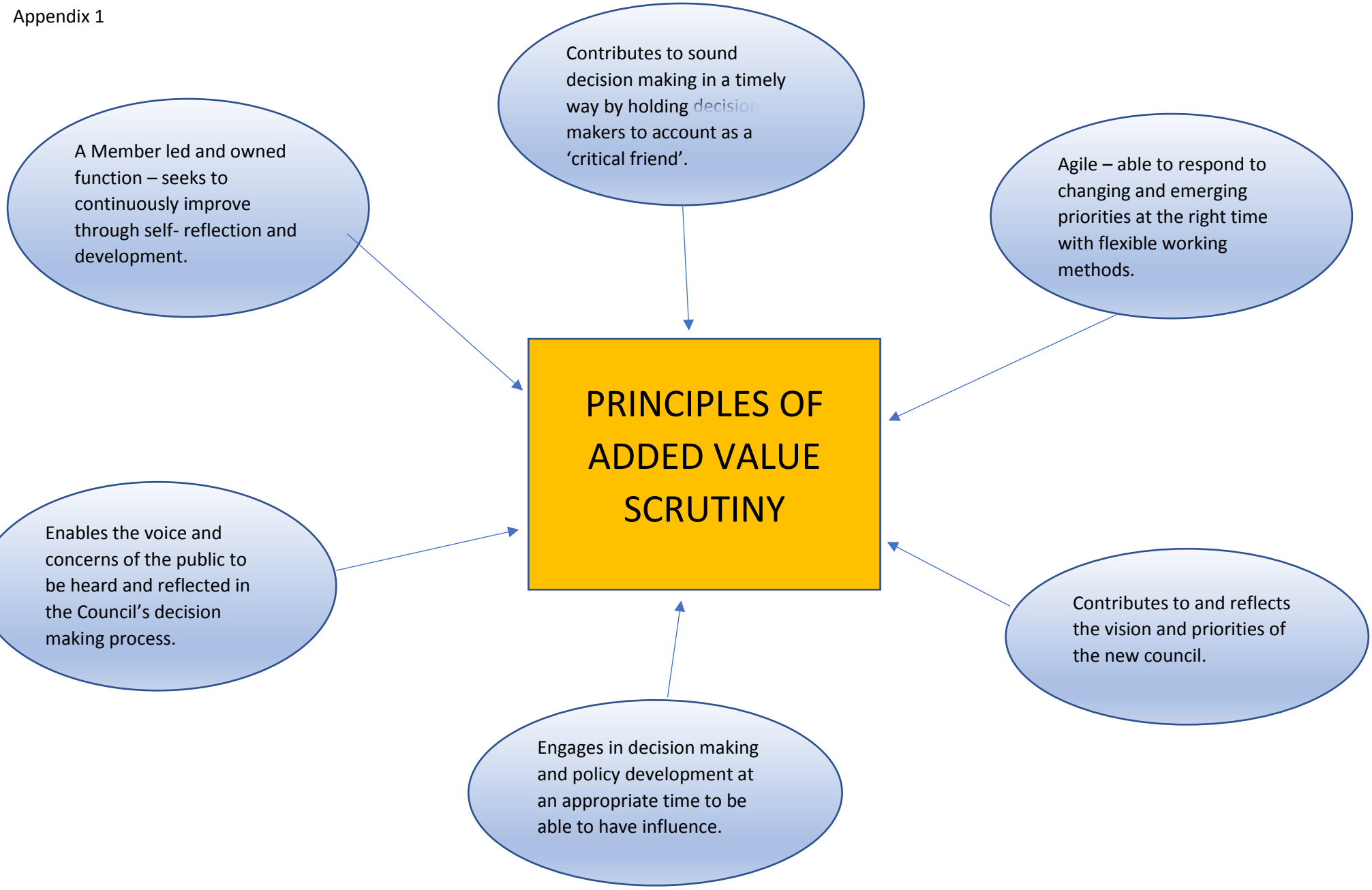
- **Task and finish groups** – a small group of members tasked with investigating a particular issue and making recommendations on this issue, with the aim of influencing wider council policy. The area

of investigation will be carefully scoped and will culminate in a final report, usually with recommendations to Cabinet or Council. Task and finish groups may work over the course of a number of months and take account of a wide variety of evidence, which can be resource intensive. For this reason the number of these groups must be carefully prioritised by scrutiny members to ensure the work can progress at an appropriate pace for the final outcome to have influence. Many councils will see task and finish groups as the area in which scrutiny can make the most meaningful difference within the whole decision making process.

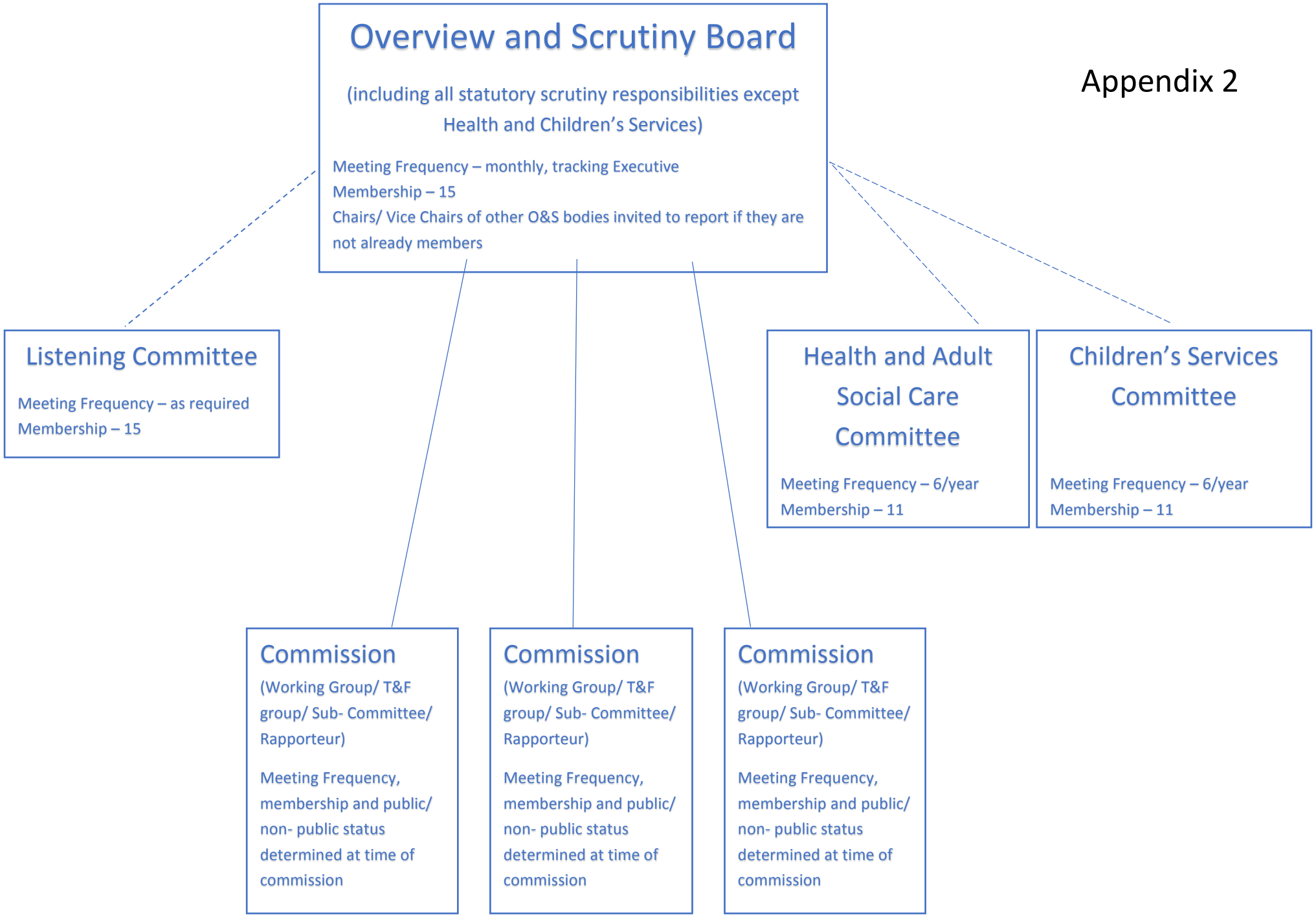
- **Inquiry Days** – with a similar purpose to task and finish groups, inquiry days seek to understand and make recommendations on an issue by talking to a wide range of stakeholders and considering evidence relating to that issue, within one or two days. Inquiry days have similarities to the work of Government Select Committees. Inquiry days are highly resource intensive but can lead to swift, meaningful outcomes and recommendations that can make a difference to council policy.

- **Rapporteurs or scrutiny member champions**
  Individual members or pairs of members tasked with investigating or maintaining oversight of a particular issue and reporting back to the main committee on its findings. A main committee can use these reports to facilitate its work prioritisation. Rapporteurs will undertake informal work to understand an issue – such as discussions with officers and Portfolio Holders, research and data analysis. Rapporteur work enables O&S members to collectively stay 'ahead of the game' in terms of understanding council activity whilst spreading the workload and thus accessing a resource that would otherwise be unachievable. It also avoids valuable committee time being taken up with briefings in favour of more outcome based scrutiny taking place at committee.

Appendix 1


Contributes to sound decision making in a timely way by holding decision makers to account as a 'critical friend'.
A Member led and owned function – seeks to continuously improve through self- reflection and development.
Agile – able to respond to changing and emerging priorities at the right time with flexible working methods.
PRINCIPLES OF ADDED VALUE SCRUTINY
Enables the voice and concerns of the public to be heard and reflected in the Council's decision making process.
Contributes to and reflects the vision and priorities of the new council.
Engages in decision making and policy development at an appropriate time to be able to have influence.

Appendix 2


Overview and Scrutiny Board
(including all statutory scrutiny responsibilities except Health and Children's Services)
Meeting Frequency – monthly, tracking Executive
Membership – 15
Chairs/ Vice Chairs of other O&S bodies invited to report if they are not already members
Listening Committee
Meeting Frequency – as required
Membership – 15
Health and Adult Social Care Committee
Meeting Frequency – 6/year
Membership – 11
Children's Services Committee
Meeting Frequency – 6/year
Membership – 11
Commission
(Working Group/ T&F group/ Sub- Committee/ Rapporteur)
Meeting Frequency, membership and public/ non- public status determined at time of commission
Commission
(Working Group/ T&F group/ Sub- Committee/ Rapporteur)
Meeting Frequency, membership and public/ non- public status determined at time of commission
Commission
(Working Group/ T&F group/ Sub- Committee/ Rapporteur)
Meeting Frequency, membership and public/ non- public status determined at time of commission

Suggested Objectives, Measures of Success and Terms of Reference

Objectives:

- To provide a mechanism within the decision- making structure for the Council to hear directly from residents in a dedicated space.
- For residents to be able to share their views directly with the Council.
- For residents to see and hear that the Council is listening, understanding and responding to what residents are telling them.
- To provide an opportunity for the Council to work with residents and community groups in shaping the emerging vision and priorities of the new Council.
- To ensure that the Listening Committee is open and accessible to all residents, and that everyone who attends can contribute
- For Overview and Scrutiny to engage the public in its work, particularly inquiry work into a particular subject, through the Listening Committee, with the purpose of shaping policy.
- For Overview and Scrutiny to seek to triangulate information provided to it through other sources by sourcing wider views via the Listening Committee.
- For the Listening Committee to report back on the outcomes related to issues raised.
- To ensure that the Listening Committee and its work operates in a way that uses the opportunities available through the Council's social media channels, website and printed press, with the aim of ensuring that residents and community groups are aware of the opportunity to engage with the Council.
- To seek to understand trends in community issues through ward Councillors raising them to the Committee as appropriate.
- For Councillors to work with community groups in their ward role to assist them in bringing forward issues to the Listening Committee.
- To test the process and learn how to improve going forward.
- For outputs to inform other Council work including policy development, priority setting and the Overview and Scrutiny work programme.

Signs of Success:

1) A wide range of people engage (through attendance and online engagement), including those who are not already speaking with the Council.

2) Participants feel comfortable to share with Councillors and with each other.

3) All voices are heard.

4) Improved trust that residents will be heard.

5) Improved confidence in listening to residents.

6) Residents receive information useful to them.

7) The Council makes use of resident insights and feedback.

8) Residents share feedback on the mechanics and aspiration of the Listening Committee including ideas for going forward.

Terms of Reference

General

1. The Committee will meet every 2 months, with meetings held in the community where appropriate given the agenda.

2. The Committee will consist of 15 members.

3. The Chair and Vice Chair will be invited to attend meetings of the O&S Board, as non-voting members if they are not also members of the Board, to report on the activity of the Listening Committee. In line with good practice, the Chair and Vice Chair will maintain good dialogue with the lead members of all bodies within the O&S structure.

Public Participation

4. To receive questions, statements and petitions from members of the public to be submitted in accordance with timescales and process set out in the constitution. This will include opportunities for online submission of issues.

5. To receive, by agreement with the Chairman, presentations from community groups and forums on an issue of public interest or concern. The purpose of this is to provide Overview and Scrutiny with insight into issues at a local level

6. To consider information received at 4 and 5 above and direct action as appropriate. In all cases the Chair has discretion to deal with issues that arise in an agile and appropriate way. This may include but is not limited to:

    a. a request for officer information to be circulated to Councillors outside of the meeting on the matter raised;

    b. a request that the community group undertakes further work on a matter or work with other groups in order to further an issue, and report back to the Council at a later date;

    c. a request for an officer report to be received at a forthcoming meeting, or other O&S body as appropriate;

    d. a request for the relevant Portfolio Holder to address the Committee (or other O&S body as appropriate) and member of the public, on the matter raised;

    e. delegation to the Chairman of the Committee to discuss the matter further with officers and report back to a future meeting on proposed action;

    f. a request to the Overview and Scrutiny Board that the matter be considered with a view to commissioning additional O&S work (eg. a Sub-Committee, Task and Finish Group, Working Group or Rapporteur on the matter);

7. In all cases, the outcome at 6 above will be supplied to the member of public or community group. An invitation will also be extended to the member of the public or group to attend a future meeting where the matter is to be considered further.

8. Opportunities for the public to engage in meetings of the Committee will be advertised on the Council's social media channels and in the Council's printed press. In their ward role, Councillors will also promote this opportunity.

9. Each agenda will include an item to allow for Councillors to raise known ward issues to the Committee.

Council led engagement

10. The Council may consult the public, its groups and communities via the Committee, on issues of importance and to inform policy shaping. This may include but is not limited to:

    a. consultation on the proposed work programme of Overview and Scrutiny to ensure it reflects community need;

    b. the seeking of residents' and service user views in a 'call for evidence' to inform Overview and Scrutiny inquiries;

    c. consultation on the vision and priorities of the Council.

11. Where a final report or policy is produced in response to information sought at 10 above, those members of the public who have engaged with the Council in this respect will be informed of the outcome.

This page is intentionally left blank

BOURNEMOUTH, CHRISTCHURCH AND POOLE (BCP) COUNCIL

FINANCIAL REGULATIONS live from 01/04/19

FRONT COVER & CONTENTS

PART A	STATUS OF FINANCIAL REGULATIONS
PART B	FINANCIAL MANAGEMENT ROLES AND RESPONSIBILITIES
PART C	FINANCIAL PLANNING AND BUDGETING
PART D	FINANCIAL MONITORING AND CONTROL
PART E	INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT
PART F	FINANCIAL SYSTEMS AND PROCEDURES
PART G	PROCUREMENT AND CONTRACT PROCEDURES
PART H	EXTERNAL ARRANGEMENTS (Including Partnerships, External funding bids and Trading)
APPENDIX 1	CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS
APPENDIX 2	FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE
APPENDIX 3	HOT TOPICS
APPENDIX 4	MINOR AMENDMENTS AND EDITING LOG

Within these Regulations **Chief Finance Officer** (CFO) means:

- Officer with statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Operating Officer.
- Or those officers authorised to act on his/her behalf. (in accordance with Financial Services Scheme of Delegation)

DETAILED TABLE OF CONTENTS

SECTION	HEADING	PAGE
Front Cover	Front Cover	1
Detailed Table of Contents	Detailed Table of Contents	2-3
Part A STATUS OF FINANCIAL REGULATIONS	Purpose	4
	Statute	4
	Scope	4
	Compliance	4-5
	Maintenance and Upholding the Regulations	5
Part B FINANCIAL MANAGEMENT ROLES AND RESPONSIBILITIES	Principles	6
	Members	6
	Officers	6-7
	The Head of Paid Service (HPS)	7
	The Monitoring Officer (MO)	7
	The Chief Finance Officer (CFO)	7-8
	The Chief Internal Auditor (CIA)	8
	Managers	9
	All Employees	9-10
PART C FINANCIAL PLANNING AND BUDGETING	Principles	11
	Members	11-12
	Revenue Budget (the Budget)	12
	Capital Budget (the Capital Programme)	13
	Financial Implications of Decisions	13
PART D FINANCIAL MONITORING AND CONTROL	Principles	14
	Control of Revenue Budgets	14-15
	Control of Capital Budgets	15-16
	Virement	16
	Revenue Carry Forwards Between Years	16-17
PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)	Principles	18
	Members	18
	Internal Control	19
	Internal and External Audit (and other Inspections)	19-20
	Prevention of Theft, Fraud and Corruption (including Bribery)	20-21
	Risk Management	21
PART F FINANCIAL SYSTEMS AND PROCEDURES	Principles	22
	Accounting	22-23
	Income	23-24
	Expenditure on works, goods and services	25-26
	Expenditure on salaries, wages, allowances and expenses	26-27
	Banking (including Petty Cash & Imprest Accounts)	27
	Treasury Management, Financing & Leasing	28
	Taxation	28-29
	Asset Management	29-30
	Insurance	30-31
	Recharges and Internal Trading Accounts	31

DETAILED TABLE OF CONTENTS - CONTINUED

SECTION	HEADING	PAGE
Part G PROCUREMENT & CONTRACT PROCEDURES	Principles	32
	Standards	32-33
	Contract Conditions – Common to all types of supply	33-34
	Contract Conditions – Specific to works	34
	Contract Conditions – Specific to goods and services	35
	Procurement thresholds and governance – Goods, services, works and concessions	36
	Supporting notes on procurement thresholds and governance	37-38
	Emergencies, waivers, exemptions, defined circumstances and breaches of financial regulations relating to procurement	39
	Emergencies	39
	Waivers	39-40
	Exemptions	40
	Defined Circumstances	40-42
	Breaches	42
Part H EXTERNAL ARRANGEMENTS	Principles	43
	Partnerships, Shared Services & Joint Working	43
	External Funding	44
	Trading (including providing discretionary services to third parties and the public)	44-45
GLOSSARY	Common Terms	46
	Acronyms	47
APPENDIX 1 CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS	Introduction	48
	Revenue Virements	49
	Capital Virements	50
	The Capital Programme – approving new schemes in-year and changes to funding in-year	50
	Income	51
	Expenditure	52-53
	Treasury Management	54
	Asset Management	54-55
	External Trading	56
	Other delegations - business rate relief	56
APPENDIX 2 FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE	Functions of the Audit & Governance Committee	57
APPENDIX 3 CONTRACTS TO BE EXECUTED BY DEED (& SEALED ACCORDINGLY)	Contracts to be executed by deed (& sealed accordingly)	58
APPENDIX 4 HOT TOPICS	Hot Topics	59-60
APPENDIX 5 AMENDMENTS LOG	Minor amendments and editing log	61
BACK COVER	Back Cover	62

PART A STATUS OF FINANCIAL REGULATIONS

PURPOSE

1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs.

STATUTE

2 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (CFO) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities and form part of the Council's Constitution.

SCOPE

3 The Regulations set out the Council's requirements in respect of:

- Financial management roles and responsibilities
- Financial planning and budgeting
- Financial monitoring and control
- Internal control, audit and risk
- Financial systems and procedures
- Procurement activity
- External arrangements

4 The Regulations apply to the control of both the General Fund finances (including BCP maintained schools) and the Housing Revenue Account (including any neighbourhood accounts therein). Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by their respective Boards. *For the avoidance of doubt the Regulations apply to Poole Housing Partnership (PHP) where projects, programmes and resources are charged directly to the BCP Housing Revenue Account (Poole neighbourhood account).*

5 Appendix 1 to the Regulations comprises the 'Corporate Schedule of Financial Delegations' which sets out the approved financial limits within which officers and Members may conduct the Council's business. This schedule does not apply to BCP maintained schools who will operate their own schemes of delegation.

6 The Regulations are supported by a series of financial procedures and strategies which provide more detailed direction on the arrangements in respect of:

- Counter theft, fraud and corruption policy (including money laundering guidance and reporting)
- Risk management strategy
- Financial document retention
- Income collection and local debt recovery systems
- Asset management including disposals and acquisitions
- Procurement strategy and code

COMPLIANCE

7 These Regulations, and the appendices, apply to every Member and officer of the Council and to anyone acting on its behalf, including agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body.

8 All Council Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is undertaken in accordance with the law, properly authorised, and achieves value for money. In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

9 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.

10 The term 'Manager' used throughout the Regulations refers to members of the Council's extended management team including the Chief Executive, Executive Directors, Service Directors, Heads of Service and Team Managers as appropriate and as they relate to the specific matters set out within these Regulations. For maintained schools the Governing Body is defined as the 'Manager' for the purposes of these Regulations.

11 If decisions have been formally delegated to others, such as to The Head Teacher or to individuals as specified in Service Unit Schemes of Delegation, reference to the term 'manager' in these Regulations should be read as referring to them.

MAINTAINING AND UPHOLDING THE REGULATIONS

12 The CFO is responsible for:

a. Maintaining and updating these Regulations and the Corporate Schedule of Financial Delegations. Minor amendments and editing changes, including in year changes necessary to align with new or revised legislation or UK law, are logged on page 61.
b. Ensuring that any revisions affecting the powers of Members are approved by Council on the recommendation of the Council Leader and in consultation with the Monitoring Officer (MO).
c. Reviewing and reissuing the Financial Procedures as necessary to support the effective operation of these Regulations.
d. Reporting, where appropriate, any breaches of these Regulations to Members on at least an annual basis.
e. Reporting to Members all waivers and exemptions of Regulations, requested by Service Units and approved by him/her during the course of any financial year which he/she has delegated authority to determine.
f. Interpreting and/or arbitrating should any uncertainty or dispute arise pursuant to these Regulations in consultation with the MO.

13 The Regulations are subject to an annual 'evolution' which will be approved by Council and will incorporate:

a. Minor amendments and editing changes, described at 12a above, into the relevant section of the Regulations.
b. Changes of a more fundamental nature, as identified by a proportionate officer working group made up from representatives of Service Units and Schools.

14 For transparency purposes all changes in the annual 'evolution' will be flagged using red text, this will enable both experienced and inexperienced users of the Regulations to clearly identify where changes have occurred year on year. Changes from previous years 'evolution' will be incorporated into standard colour text, only the latest 'evolution' is shown in red text.

15 A summary of the Regulations 'evolutionary' history is shown below:

- 1st April 2019 – Regulations of BCP Council

PART B FINANCIAL MANAGEMENT ROLES AND RESPONSIBILITIES

PRINCIPLES

1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.

2 All Members and officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

MEMBERS

3 Members' responsibilities for the overall management of the Council's financial affairs are exercised through:

- **Council,** which is responsible for approving the Council's Key Policy Framework as defined within the Constitution and for setting the budget.

- **The Leader and Cabinet – "the Executive",** which is responsible for recommending the key policy framework and budget to Council; making decisions in respect of the executive functions of the Council in accordance with the Key Policy Framework and Budget approved by Council. Executive decision making can be delegated to a formally constituted committee of the Cabinet, an individual Portfolio Holder, an officer or a joint committee in accordance with the Scheme of Delegation as set out in the Council's Constitution.

- **The Audit & Governance Committee,** which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, oversight of audit, governance, counter fraud and corruption, risk management and treasury management activity. This Committee's full functions and responsibilities are set out in Appendix 2.

- **The Standards Committee**, which is responsible for promoting and maintaining high standards of conduct amongst Members. In particular, it is responsible for advising the Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the Code.

OFFICERS

4 Officer responsibilities for the overall management of the Council's financial affairs are variously set out by legislation, the provisions of the Council's Constitution and the Council's Corporate and Service Unit Schemes of Delegation.

5 Certain legislation requires the Council to designate particular officers as the 'appropriate officer' for the performance of certain functions. 'Appropriate Officer' functions include the responsibilities of the Head of Paid Service (HPS), the Monitoring Officer (MO) and Chief Finance Officer (CFO) in managing the overall financial affairs of the Council. Formal recognition is also given to the particular responsibilities and functions of the Council's Chief Internal Auditor (CIA) in accordance with best practice advice and guidance. The role of the CIA is set out in CIPFA's 'The Role of The Head of Internal Audit'.

THE HEAD OF PAID SERVICE (HPS)

6 The HPS is designated as the Chief Executive and is responsible for the corporate and strategic management of the Council. He/she is responsible for establishing the management style, direction and leadership of the organisation including overall staff management arrangements, monitoring performance and achievement. The HPS is responsible, together with the MO, for the system of record keeping in relation to Council's decisions.

THE MONITORING OFFICER (MO)

7 The MO is responsible for promoting and maintaining high standards of financial conduct and provides support to the Standards Committee. The MO is also specifically responsible for:

a. Reporting any actual or potential breaches of the law or maladministration to Council and/or to Cabinet.
b. Ensuring that procedures for recording and reporting key decisions are operating effectively.
c. Ensuring that Cabinet decisions and the reasons for them are made public.
d. Ensuring that all Council Members are aware of decisions made by the Cabinet and of those made by Portfolio Holders, officers, or a joint committee which has delegated Cabinet responsibility.
e. Advising all Members and officers about who has authority to take a particular decision.
f. Maintaining an up-to-date Constitution and reporting any proposed changes to Council for approval.

THE CHIEF FINANCE OFFICER (CFO)

8 The CFO has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2011(and as amended)
- The Local Authorities Goods and Services Act 1970
- The Local Government Acts 2000 and 2003
- The Localism Act 2011

9 The CFO's responsibilities include:

a. The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurances, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
b. Determining the contents of Financial Procedures and ensuring compliance with these and Financial Regulations.
c. Preparing the Revenue Budget, and reporting to the Council on the robustness of the estimates and the adequacy of reserves.

d. Preparing the Capital Programme, ensuring effective forward planning and sound financial management in its compilation.
e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting, and taking action if overspends or shortfalls in income emerge.
f. Reporting to Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
h. Maintaining an adequate and effective internal audit function and effective counter theft, fraud and corruption arrangements.
i. Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
k. Preparing and publishing the Council's annual statement of accounts and governance statement for approval by Audit & Governance Committee in accordance with all applicable codes of practice on local authority accounting.
l. Making proper arrangements for the audit of the Council's accounts in accordance with statutory and legislative provisions.
m. Preparing and implementing an effective treasury management strategy, and effecting all investments and borrowings within the limits imposed by the Council.
n. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
o. Ensuring that effective asset management arrangements are in place.
p. Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.

10 The CFO may allocate his/her day-to-day responsibilities to an appropriate representative in accordance with the Financial Services Scheme of Delegated Authority to Officers and/or the Corporate Schedule of Financial Delegations.

THE CHIEF INTERNAL AUDITOR (CIA)

11 The CIA is designated by the CFO as part of his/her Service Unit Scheme of Delegation further to Part 3 (Schedule 1) of the Council's Constitution and plays a key role in providing assurance to the Members, the CFO, the HPS and corporate Management Team about the probity, practical deployment and effectiveness of financial management at the Council.

12 The CIA has rights of access to information and data held by officers or Members of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and Members of the Council outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local tax payers.

MANAGERS

13 Whilst the CFO has overall responsibility for the finances of the Council, managers are responsible for the day-to-day management of their respective Unit's finances. Their responsibilities in relation to financial management include:

a. Promoting and ensuring compliance with these Regulations and associated Financial Procedures, and taking corrective action in the event of any non-compliance.
b. Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by the CFO.
c. Ensuring that the financial implications of all proposals, or any matter which is liable to materially affect the resources of the Council, are agreed with the CFO or his/her nominated representative in advance of any decision making report to Members.
d. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
f. Complying with the Council's counter theft, fraud and corruption policy and reporting suspected fraud and financial irregularities immediately to internal audit for investigation.
g. Complying with the Council's risk management strategy and notifying the CFO immediately of significant risks to the Council's financial position.
h. Ensuring that all financial transactions are recorded through the main accounting system.
i. Assisting cash flow through timely billing of income due and minimising advance payments wherever possible.
j. Ensuring that all expenditure incurred complies with the requirements of these Regulations, the procurement code and has the necessary budgetary approval.
k. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
l. Ensuring that all claims for funds, including grants, are compiled and submitted by the due dates.
m. Ensuring the proper security and safe custody of all assets under their control.
n. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the prior approval of the CFO.
o. Ensuring that financial authorities are operated in accordance with the limits contained within the Corporate Schedule of Financial Delegations (Appendix 2), and that a written record of authorised officers is maintained.

ALL EMPLOYEES

14 In addition to the specific responsibilities set out above the Council expects all employees to:

a. Act in good faith, adopting the highest standards of integrity, propriety and impartiality in accordance with the 'Nolan principles' (7 principles of public life which apply to all people appointed to work in local government).

1. Selflessness
Holders of public office should act solely in terms of the public interest.

2. Integrity
Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity
Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability
Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness
Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty
Holders of public office should be truthful.

7. Leadership
Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs.

b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions in accordance with advice and requirements of the CFO.
d. Comply with these Regulations, the associated Financial Procedures and any additional guidance issued to ensure the effective control of the Council's resources.
e. Co-operate in audits of the Council's financial systems.
f. Report any suspected financial irregularities for investigation to the Chief Internal Auditor.

PART C FINANCIAL PLANNING AND BUDGETING

PRINCIPLES

1 The purpose of financial planning and budgeting is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.

2 Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. The Budget is the financial expression of the Council's ambitions and priorities. The budget process must ensure that resources are:

- Required in accordance with the law and properly authorised.
- Used only for the purpose of achieving approved policies, objectives and service priorities.
- Held securely for use when required.
- Used appropriately to avoid waste, inefficiency and/or loss.

It is unlawful for the Council to budget for a deficit.

3 As such the Budget sets agreed parameters around the annual resource allocations, activities and functions of Service Units and their services and is constructed within the context of a medium term financial plan (MTFP). The MTFP represents a multi-year forecast (usually 3 or more years) to identify and address those issues which have medium to long term implications for the Council.

4 The Capital Programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, and major items of plant, equipment and vehicles.

5 To enable Members to make informed decisions, all Council, Cabinet and Committee reports must incorporate a separate section on 'financial implications'. Reports must show the costs or savings of proposals together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations and must be produced in consultation with the CFO or his/her nominated representative.

MEMBERS

6 Members' responsibilities for financial planning and budgeting are exercised through:

- **Council,** which is responsible for approving the Council's key policy framework and for setting the Budget. This approval encompasses:
  - All the plans and strategies making up the Policy Framework, including the Council's corporate plan/strategy.
  - The MTFP.
  - The revenue budget (The Budget), proposed by the Cabinet to Council for approval on the advice of the CFO. The Budget will include details of proposals for local taxation levels, contingency funds and use of and levels of all reserves.
  - The capital budget (The Capital Programme).

Council may amend the Budget and the Capital Programme or ask the Cabinet to reconsider it before approving in exceptional circumstances in consultation with the CFO.

- **The Cabinet** is responsible for proposing the key policy framework and budget to Council. Cabinet is also responsible for monitoring performance against revenue and capital budgets and taking executive decisions to deliver priorities, within the Budget and key policy framework agreed by the Council. It is responsible for issuing guidance on the detail of the Budget in consultation with the CFO as soon as possible following the Budget's approval by Council.

REVENUE BUDGET (THE BUDGET)

7 The CFO is responsible for:

a. Advising the Council on the Cabinet's budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act 1972. (Council may amend the Revenue Budget or ask the Cabinet, in consultation with the CFO, to reconsider it before approving)
b. Ensuring that an annual Revenue Budget and Council Tax Report are prepared in the context of a medium term financial plan for consideration by Cabinet and approval by Council.
c. Maintaining a resource allocation process that properly reflects the Council's policy framework, ambitions and priorities.
d. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
    - legal requirements
    - medium-term planning prospects and known issues
    - the corporate strategy and Council priorities
    - available resources
    - spending pressures
    - government initiatives and public policy requirements
    - internal policy directives
e. Advising the Cabinet and Council on a prudent level of reserves and any appropriate contingency provisions.
f. Undertaking the statutory consultation with NDR payers.
g. Issuing detailed procedures to managers on the preparation of Revenue Budget estimates.

8 Managers are responsible for:

a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the CFO, ensuring that these are a realistic reflection of agreed priorities, and advising Cabinet Members on service implications. (see d. above)
b. Establishing detailed budgets for each service area in advance of the financial year (along with indicative estimates for the two years thereafter) and requiring such budgets to be properly managed by responsible named budget holders.
c. Integrating financial and budget plans with service planning.
d. Ensuring that any earmarked reserves held are applied to their intended purposes.
e. Giving due and proper regard to the asset management concerns of the wider organisation in planning service delivery, consulting in advance with the Corporate Property Officer (CPO) in any financial planning or budgeting decision to be made relating to the use of Council land and property.

CAPITAL BUDGET (THE CAPITAL PROGRAMME)

9 The CFO is responsible for:

a. Ensuring that a multi-year rolling Capital Programme (usually 3,4 or 5 years) is prepared for consideration by the Cabinet for recommendation to Council for approval as part of the MTFP and annual budget setting process.
b. Issuing strategic guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions.
c. Issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
d. Ensuring that the revenue implications of the Capital Programme are contained within the Revenue Budget and MTFP.
e. Ensuring that all schemes relying on the use of prudential borrowing powers are properly appraised and provide value for money.
f. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
g. Issuing detailed procedures to managers on the preparation of capital budget estimates.
h. Ensuring that sources of funding (general fund, capital grants, self-financing, etc.) are identified for the entire Capital Programme.

10 Managers are responsible for:

a. Complying with the guidance issued by the CFO regarding capital schemes and controls and in the preparation of the Capital Programme.
b. Ensuring that all capital schemes put forward for consideration have been properly appraised and that each scheme and estimate includes a project plan, progress targets, and sets out the funding sources including all associated revenue expenditure.
c. Undertaking a comprehensive annual review of the Capital Programme and consequential revenue expenditure, for inclusion in the MTFP.

FINANCIAL IMPLICATIONS OF DECISIONS

11 The CFO is responsible for:

a. Issuing guidance in relation to the presentation of financial implications within the Council's decision making processes.
b. Ensuring the adequacy of the financial implications information presented within individual decision making reports and for appropriate sign-off.

12 Managers are responsible for:

a. Ensuring that all decision making reports properly set out the financial implications of the proposed actions in accordance with guidance issued by the CFO.
b. Arranging for all financial implications to be validated and formally signed-off by the CFO, or his/her nominated representative, prior to their progression through the approval process.
c. Consulting with relevant parties where there may be financial implications for other Cabinet Members, Committees or Service Units.

PART D FINANCIAL MONITORING AND CONTROL

PRINCIPLES

1 To ensure the Council does not exceed its overall budget, Service Units (and appropriate corporate projects and programmes where relevant) are required to manage their own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.

2 Any forecasted revenue overspends or income shortfalls should be mitigated through a compensating underspend or over-achievement of income elsewhere. Any under-spending or over-achievement of income cannot be carried forward from one year to the next without the approval of the CFO, and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.

3 No expenditure may be incurred on a capital project unless the project has been approved in accordance with the Corporate Schedule of Financial Delegations (Appendix 1) or as part of the annual Council approval of the Capital Programme. Any forecast overspending must be contained within the overall Capital Programme and reported to the approved senior officer Capital Programme Board. Similarly variations to the approved budgets for capital schemes and re-phasing or slippage between years must be reported to the approved senior officer Capital Programme Board and approved in accordance with the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).

4 The term virement refers to transfers of budgets between or within cost centres. Virement may only be used in the very specific circumstances set out in the Regulations and the Corporate Schedule of Financial Delegations (Appendix 1).

CONTROL OF REVENUE BUDGETS

5 The CFO is responsible for:

a. Establishing and maintaining a robust framework of budget management and control which ensures that:
   - Budget management is exercised within annual cash limits and the MTFP.
   - Appropriate, accurate and timely information is available to corporate Management Team, managers and budget holders that enable budgets to be monitored and controlled effectively.
   - Revenue expenditure is recorded on the Council's financial systems and is committed only against approved budget headings and associated structure of detailed cost centres.
   - All officers responsible for committing expenditure comply with these Regulations.
   - Each cost centre is allocated to a named budget holder determined by the relevant manager.
   - Significant variances from budget are investigated and reported by budget holders on a regular basis.

b. Monitoring and controlling the quantum of income and expenditure against budget allocations overall. He/she must ensure monitoring reports are prepared for corporate Management Team and Members' consideration on a regular basis

throughout the financial year (to be determined and advised by the CFO) and a report after the year end setting out the revenue outturn.

c. Ensuring that budget monitoring reports include:
   - Sufficient information and explanatory notes to allow Portfolio Holders to fully exercise their duties in respect of the resources for which they have portfolio responsibilities.
   - Explanations of all variations to cost centres which are projected to be in excess of £100,000.
   - Information which summarises the delivery of any savings programmes.
   - Information which summarises available contingencies, balances and reserves.

6 Managers are responsible for:

a. Ensuring that effective budgetary control arrangements exist and are observed within their respective Service Units, or in respect of any projects or programmes for which they are responsible in accordance with these Regulations.
b. Ensuring spending remains within the relevant cash limits by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
c. Ensuring that expenditure is coded correctly and committed only against approved budget headings.
d. Supporting the regular reporting of financial performance, variances, and forecasts within the areas of their responsibility to Cabinet by the CFO.
e. Reporting to Cabinet and Council as necessary the financial implications of any new in-year proposal or amendment that will:
   - Create financial commitments in future years;
   - Change existing policies, initiate new policies or result in existing policies ceasing to operate;
   - Materially extend or reduce the Council's services.

CONTROL OF CAPITAL BUDGETS

7 The CFO is responsible for:

a. Ensuring that governance arrangements are in place to regularly review progress against the Capital Programme.
b. Maintaining a record of the current capital budget and expenditure on the Council's financial systems, and ensuring compliance with financial reporting standards.
c. Reporting to Cabinet the financial position against the approved Capital Programme.
d. Ensuring that governance arrangements are in place, via an approved senior officer Capital Programme Board, to review proposed changes to the Capital Programme before subsequent approval by Cabinet.

8 Managers are responsible for:

a. Ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by Cabinet. Equally, no scheme requiring Government or other body sanction and/or funding either in full or part may begin until the sanction and/or funding has been officially confirmed.
b. Support the monitoring and reporting of capital expenditure and receipts against approved capital budgets, on project slippage and variations, and on any changes in projected expenditure.

c. Reporting to Cabinet if proposed sources of funding are not secured.
d. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.

VIREMENT

9 The term virement refers to transfers of resources between or within approved cost centres or budget headings and Service/Business Plans for both revenue and capital purposes. A virement does not create any net additional budget. Instead the virement mechanism exists to enable the Cabinet, Managers and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Managers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be affected after the year end to retrospectively fund over or under spending unless approved in advance by the CFO.

10 The CFO is responsible for:

a. Controlling and administering the virement mechanism in accordance with guidance and limits set out in the Corporate Scheme of Financial Delegations, Appendix 1.
b. Recording approved virements in the Council's financial systems and reflecting the impact of these in budget monitoring reports to the Cabinet.

11 Managers are responsible for:

a. Ensuring all proposed virements complies with the limits and approval requirements set out in the Corporate Scheme of Financial Delegations, Appendix 1.
b. Notifying all proposed virements in writing to the CFO or his/her representative.

12 Council shall approve allocations of resources from approved contingencies and reserves in excess of the approved contingencies and reserves recommended by Cabinet.

13 Cabinet shall approve allocations of resources from approved contingencies and reserves.

REVENUE CARRY FORWARDS (VIREMENTS) BETWEEN YEARS

14 Medium term financial planning (usually between 3 to 5 years) allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. In doing so it is important to ensure a suitable mechanism to allow for the carry forward of in-year budget under or overspends - in effect a virement of resources between accounting years – as deemed necessary by the CFO for MTFP purposes. The ability to choose to do so can serve to:

- Empower budget holders to think beyond immediate service needs and plan over longer time frames to achieve significant changes and improvements and make best use of resources.
- Hold budget holders to account for their budget management performance in so far as budget overspends will not be written down at the end of each financial year but will have to be dealt with on an on-going basis.

15 Carry forwards (virements) between years are not ‘automatic’ and will not be routinely determined. Where they are determined to be necessary by the CFO, in the context of the MTFP, and are subsequently approved by the Cabinet:

- Carry forward (previous year) overspending will constitute a first call on in year service budgets.
- Carry forward (previous year) underspending must normally be spent in year on one-off proposals/projects usually of an ‘invest to save’ nature aimed at reducing on-going service pressures in future.

16 All internal surpluses arising from in-house trading activities/business units shall be retained for the benefit of the Council subject to any provision to do otherwise set out in the MTFP.

17 BCP maintained schools’ balances will be treated in accordance with the provisions set out in the agreed LMS Framework.

PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)

PRINCIPLES

1 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.

2 Audit is a key management tool that Members and senior officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements.

3 Legislation requires that the Council provides for both internal and external audit.

External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money.

Internal audit evaluates and reports on the adequacy of the Council's control systems in securing the proper, economic, efficient and effective use of resources.

4 There is a basic expectation that Members and all officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.

5 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by Members, employees, customers of its services, third party organisations contracting with it, or other agencies or individuals with which it has any business dealings.

6 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

MEMBERS

7 Members' responsibilities for internal control, audit and risk management are exercised through:

- **Council,** which has formal responsibility for upholding proper practice and the good governance of the Council as a whole.
- **The Cabinet,** which is responsible for ensuring effective systems of management and financial control are exercised across the organisation..
- **The Audit & Governance Committee,** which is responsible for keeping under review all aspects of the Council's audit and governance arrangements, risk management framework and internal control environment. A full list of the Audit & Governance Committee's responsibilities can be found at Appendix 2.

8 Members have a role to support and promote a zero tolerance culture towards theft, fraud and corruption.

INTERNAL CONTROL

9 The CFO is responsible for:

a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations and other relevant statements of best practice.
b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Annual Governance Statement (AGS) for inclusion in the Council's Annual Statement of Accounts.

10 Managers are responsible for:

a. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
b. Complying with the controls set down in these Regulations and the Financial Procedures.
c. Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
d. Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

INTERNAL AND EXTERNAL AUDIT (and other inspections)

11 The CFO is responsible for:

a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations Act 2011and further to Section151 of the Local Government Act 1972.
b. Ensuring that the rights and powers of internal and external auditors and fraud investigators are upheld at all times across the organisation.
c. Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
d. Ensuring that audit plans and resulting activities are reported to the Audit & Governance Committee.

12 The CIA is responsible for:

a. Notifying the External Auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
b. Ensuring effective liaison between internal and external audit functions.
c. Overseeing the management, planning, reporting and conduct of all internal audits and counter fraud work.
d. Preparing an Annual report and opinion for Members' consideration.

13 Managers are responsible for:

a. Ensuring that auditors (internal and external) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.

b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
c. Implementing audit recommendations within agreed timescales.

14 The Council may be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time, all Members and officers of the Council will cooperate fully with such inspections as necessary.

PREVENTION OF THEFT, FRAUD AND CORRUPTION (including Bribery)

15 The CFO is responsible for:

a. Developing, maintaining and implementing an Anti-Fraud & Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
b. Advising on the controls required for fraud prevention and detection.
c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
d. Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010. *(or as updated)*

16 The Chief Internal Auditor (CIA) has the right to:

a. Determine the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required.
b. Require any Member or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
c. Refer investigations to the Police in consultation with the CFO and MO; under normal circumstances the relevant service manager would also be consulted.
d. Access all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council.
e. Refer cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.

17 Managers are responsible for:

a. Complying with the Council's Anti Fraud & Corruption Policy.
b. Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
c. Reporting cases of suspected theft, fraud or irregularity to the Chief Internal Auditor immediately for investigation, and complying with the Council's Whistleblowing Policy.
d. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
e. Maintaining local staff registers of interest within their service areas.

18 All employees are responsible for:

a. Complying with the Council's Anti Fraud & Corruption Policy.
b. Reporting cases of suspected theft, fraud or irregularity immediately for investigation, if needs be via the Council's Whistleblowing Policy.
c. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
d. Ensuring that they are familiar with the Employee Code of Conduct or Code of Conduct for School Employees and its requirements to declare personal interests and record offers of gifts and hospitality.

RISK MANAGEMENT

19 The CFO is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.

20 Managers are responsible for:

a. Implementing the Council's Risk Management Strategy.
b. Integrating risk management within business planning and performance management arrangements.
c. Mitigating, monitoring and reporting on risks.
d. Maintaining and testing business continuity plans.
e. Giving due regard to specialist advice in areas such as health and safety, insurance, crime and fire prevention.

PART F FINANCIAL SYSTEMS AND PROCEDURES

PRINCIPLES

1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. A financial system is defined as any system (computerised or not) and associated procedures used for making and recording the financial transactions of the Council. This includes:

- **Accounting** The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors detected promptly and rectified.
- **Income** Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. All reasonable efforts will be made to collect monies owed to the Council and debts will only be written off once all reasonable actions to pursue the debt have been exhausted or where it would prove uneconomical to pursue.
- **Expenditure on works, goods and services** Expenditure may be incurred where budgetary provision is available and where payment is made through corporate ordering and invoicing processes, using a corporately approved purchasing card, by entering into a formal contract arrangement or through raising a payment requisition.
- **Expenditure on salaries, wages, allowances and expenses** Expenditure may be incurred where budgetary provision is available and where payment is made through the Council's combined human resource and payroll system.
- **Banking** All transactions through the Council's bank accounts must be properly processed, recorded and reconciled.
- **Treasury management, financing and leasing** Effective strategies must be maintained for the investment of cash balances and for borrowing and leasing.
- **Taxation** Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for and that losses, fines and penalties are avoided.
- **Asset management** The Council's assets must be properly recorded, safeguarded from loss/harm and utilised effectively, and any acquisitions/disposals undertaken in a controlled manner.
- **Insurance** Appropriate insurance cover is necessary to indemnify the Council against the possibility of financial costs which may arise from certain unplanned events and claims such as damage to its property, injury to employees or to the public.
- **Recharges and internal trading accounts** The Council is required to allocate all of its back-office costs to service areas in compliance with accounting codes of practice.

ACCOUNTING

2 The CFO is responsible for:

a. Determining the Council's main accounting (and budgeting) system for the preparation of the Council's accounts and for monitoring all income and expenditure.

b. Determining any other financial systems which may sit outside of the main accounting system, and ensuring that these are sound and properly integrated and interfaced.
c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems, and ensuring that supporting records and documents are retained.
d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
e. Preparing the Council's consolidated accounts, balance sheet and Annual Governance Statement (AGS) for audit and publication, and issuing guidance (including a detailed timetable and plan) to ensure achievement of statutory deadline.
f. Ensuring all relevant staff are trained and competent in the use of the main accounting system.
g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for the Council's main accounting system.

3 Managers are responsible for:

a. The financial management of Service Units, cost centres, projects or programmes for which they are responsible, further ensuring that proper accounting and financial systems exist incorporating adequate internal controls to safeguard against waste, loss or fraud.
b. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the CFO.
c. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
d. Ensuring that the use of any Service Unit financial system (and changes to existing, including upgrades/new versions) has the express approval of the CFO, and is adequately documented, tested and interfaced with the main accounting system and all relevant staff have been properly trained in its use.
e. Complying with the timetables required by the CFO to enable the production of consolidated accounts, budgets and statutory information.
f. Ensuring staff are aware of and have access to these Regulations and any supplementary advice and guidance issued by the CFO.
g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for any Service Unit financial system.

INCOME

4 The CFO is responsible for:

a. Providing all necessary corporate systems for the administering of invoicing, credit notes, income collection and debt recovery.
b. Approving any local Service Unit procedures, systems and documentation used where for whatever good reason corporate systems cannot be used.
c. Ensuring that claims for Government grants and other monies are made properly and promptly.
d. Ensuring that all monies received are properly receipted and recorded and banked promptly.
e. Administering the process for writing off irrecoverable debts, and monitoring and reporting on write off levels.
f. Issuing advice and guidance on the detailed procedures to be followed in writing off bad debts from the accounts.

g. Recommending and implementing the Council's debt management policy in consultation with Management Team for approval by Cabinet.

5 Managers are responsible for:

a. Ensuring that fees and charges for the supply of goods and services are reviewed at least annually, consulting with the CFO and Portfolio Holder on the financial effect of the review, and obtaining Cabinet approval for any proposal to introduce new charges. *(For managers in BCP maintained schools consultation/approval is instead required from the Chair of Governors)*
b. Collecting all income from within the budgets for which they are responsible.
c. Collecting payment at point of sale wherever possible, to improve cash flow, using the system provided by the CFO.
d. Timely initiation of 'sales invoices' in respect of all fees and charges due using the system provided by the CFO.
e. Administering any local systems for invoicing, income collection and debt recovery as approved by the CFO which must properly segregate duties between staff raising accounts and those responsible for income collection.
f. Complying with the Corporate Schedule of Financial Delegations, Appendix 1, when writing off debts, when waiving, suspending or refunding fees, charges or contributions and maintaining appropriate records of those decisions.
Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Cancellations/Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose.
g. Providing operational data and information to ensure that claims for Government grants and other monies due are made properly and promptly.
h. Issuing official receipts for all cash and cheque income and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored. *(except in BCP maintained schools where the Chair of Governors can agree proportionate arrangements)*
i. Keeping all income received in secure storage prior to banking and ensuring cash holdings do not exceed insurance limits.
j. Ensuring that cash income is never used to cash personal cheques or used to make any other payments.
k. Ensuring that where post, likely to contain money, is opened locally at least two staff are present to properly identify, record and safeguard. (It is accepted this may not always be practical, in such cases managers must agree alternative arrangements with the CFO).
l. Ensuring all income received is paid in fully and promptly in the form in which it was received into an approved bank account or into the Council's main Cash Office, also ensuring all details are properly recorded on paying in slips which are retained for audit purposes.
m. Reporting immediately, to the Money Laundering Reporting Officer (MLRO) (the Chief Internal Auditor), all instances of attempts by customers to pay for works, goods or services in cash :
    - that are in excess of £5,000 but lower than £10,000;
    - that are suspicious in any way such as, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

In such instances the Manager must accept the cash and not make any further enquiries into the matter themselves or share the information with anyone except the MLRO and their respective SUH. Under no circumstance should the customer handing over the cash be told of the reporting to the MLRO nor should a formal record on any personal file of the reporting to the MLRO be made otherwise a criminal offence may be committed.

n. Any cash payment in excess of £10,000 must be refused.

EXPENDITURE ON WORKS, GOODS AND SERVICES

6 The CFO is responsible for:

a. Ensuring that an effective overarching Procurement Strategy is in place (Purpose, Principles and Priorities).
b. Ensuring that effective Procurement Regulations (Part G) are in place and which are supported by detailed procurement guidance on the ordering, certification and payment for all works, goods and services. (The Procurement Code).
c. Agreeing any exceptions to the normal procurement process outlined in the Procurement Regulations (Part G).
d. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
e. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services outside of the Council's main purchasing/ordering system.
f. Agreeing the use and administering the issuing of p-cards and processing of resulting payments.
g. Agreeing the use of all pre-loaded payment cards.
h. Approving any payment in advance for goods or services exceeding £20,000 or in excess of 6 month if the amount exceeds £1,000*(except where 'defined circumstances apply Part G)*
i. Approving any payments in advance for works*(except where 'defined circumstances apply' Part G)*

7 Managers incurring expenditure on works, goods and services are responsible for:

a. Complying with the requirements of the Council's Procurement arrangements set out in Part G of these Regulations.
b. Ensuring that all purchase orders are raised using the Council's corporate purchasing system [1] prior to any works, goods and services being received or paid for [2]. The Council has a "No Purchase Order, No Pay Policy" except for the following circumstances where a purchase orders is not required for:
   - payments made on the basis of a formal stage payment contract
   - payments made on the basis of a formal periodic payment contract (the periodic payment may be fixed or variable in value)
   - statutory or legislative charges, levies or fines (including those for taxation, pension fund)
   - purchases appropriately made through petty cash, p-card (procurement /payment cards) or pre-loaded card
   - continuous charges for utilities supply
   - periodic payments such as rents or rates
   - treasury management payments
   - payments to volunteers
   - expenditure incurred on the Housing Revenue Account(or where the CFO has agreed that Poole Housing Partnership may incur expenditure on the Council's behalf posting directly to the General Fund)
   - payments made from CFO approved interfaced Council database systems (such as Children's and Adult Social Care systems)
   - exceptions agreed with the CFO (for BCP maintained schools the Chair of Governors may agree other circumstances where purchase orders are not required)
c. Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Corporate Schedule of Financial Delegations (Appendix1).
d. Receipting all works, goods and services on the corporate purchasing system.
e. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.

1 BCP maintained schools may use alternative purchase order systems
2 In exceptional circumstances, to be agreed by the CFO, verbal, email or in person orders may need to be raised retrospectively in the Council's corporate purchasing system using the 'Confirmation order' facility

f. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
g. Gaining CFO approval for any payments in advance for goods or services exceeding £20,000 or in excess of 6 months *(except where 'defined circumstances apply', see Part G)*
h. Gaining CFO approval for any payments in advance for works. *(except where 'defined circumstances apply', see Part G)*
i. Gaining CFO approval for the use of p-cards and pre-loaded cards.
j. Ensuring that all p-cards and pre-loaded cards are appropriately controlled, that transactions are reviewed and authorised by the relevant line manager, are for proper business purposes and are supported by receipts which must be stored electronically on the 'receipt imaging' function.
k. Reporting any lost or stolen p-cards or pre-loaded cards immediately to the Chief Internal Auditor.

EXPENDITURE ON SALARIES, WAGES, ALLOWANCES & EXPENSES (including making 'on-payroll' payments for non salaries as directed in law by HMRC)

8 Council is responsible for determining how officer support for executive and non-executive roles within the Council will be organised. The Head of Paid Services/Chief Executive Officer is responsible for overall staff management arrangements including ensuring that proper systems of evaluation are used in determining remuneration.

9 The CFO is responsible for ensuring that the Head of Human Resources (HHR) operates sound arrangements for the payment of salaries, pensions and expenses to officers and members.

10 The HHR is responsible for:

a. Providing a corporate payroll system for recording all payroll data and generating payments to employees and Members, including payment of pensions and expenses.
b. The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.
c. Completing all HM Revenues & Customs (HMRC) returns regarding PAYE and providing advice and guidance on employment related taxation.
d. Maintaining an accurate and up to date record of the Council's establishment.
e. Agreeing with BCP maintained schools the use of any local payroll arrangements having been adequately assured that the alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.
f. Agreeing with managers all circumstances where a wage or salary is to be paid outside of the main HR/payroll system.
g. Agreeing all 'on payroll' arrangements, required by HMRC, for payments to individuals not directly employed by the Council. (e.g. IR35 tax)
h. Agreeing the use of the corporate payroll system for recording payroll data and generating payments to employees of third party organisations. (and where a fee or charge is applied agreeing this with CFO)

11 Managers incurring expenditure on salaries, wages, allowances and expenses are responsible for:

a. Controlling resources and containing staff numbers within approved establishment and budget levels.
b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.

c. Ensuring that the HR/Payroll system is updated promptly of starters and leavers, and all information relating to employees pay and expenses.
d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in the Council's human resources policies.
e. Ensuring that any overpayment (error) is recovered. Managers do not have delegated authority to write-off any overpayment.
f. Ensuring that all expenses claims are reviewed and authorised by the relevant line manager prior to payment. Staff subsistence should never be paid or reimbursed using p-cards, pre-loaded cards or petty cash, the Council's HR/payroll system must be used to reimburse staff expenses in all such cases.
g. Ensuring that all persons employed by the Council are paid through the Council's corporate payroll system.
h. Ensuring that any proposal to engage a person via a contract of service* (rather than a contract of employment) is assessed by the HHR for compliance with relevant legislation to determine if payments need to be 'on payroll' or 'off payroll' via invoice. This includes engagements via Employment Agencies and Single Person Companies or Partnerships.

** **Where a Contract of Service is proposed** and which is likely to exceed £25,000 in value or 1 year in duration a standard business case pro-forma should be completed and agreed by the HHR and CFO. Any Contract of Service appointment likely to exceed £100,000 or to any individual, irrespective of estimated value, who has held employment with the Council (or preceding Councils of Bournemouth, Christchurch or Poole) in the last 3 years additionally requires CFO and HHR approval.*

i. Managers in BCP maintained schools must have the approval of the HHR if they wish to use their own alternative payroll arrangements.

BANKING (including Petty Cash and Bank Imprest Accounts)

12 It is the responsibility of Cabinet to approve the banking arrangements of the Council.

13 The CFO is responsible for:

a. Managing the Cabinet approved banking contract on a day to day basis.
b. Managing and operating all the Council's bank accounts and ensuring that all payment methods, whether physical or electronic, have the appropriate authorisations, approvals and signatures.
c. Ensuring that adequate controls are in place for the control of payment methods (including cheques) covering access, ordering, custody, preparation, signing and despatch as appropriate.
d. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
e. Approving the operation of any local petty cash floats or disbursements for the purpose of meeting very minor expenditure.
f. Approving the operation of any local bank imprest accounts in Service Units.

14 Managers are responsible for:

a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the CFO.
b. Reporting to the CFO on the nature and state of any bank accounts for which they are responsible.
c. The proper administration of any local petty cash floats or bank imprest accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody and security, preparation, signing and despatch.
d. Using petty cash floats for only very minor expenditure, generally less than £100.

TREASURY MANAGEMENT, FINANCING AND LEASING

15 The CFO is responsible for:

a. Preparing and presenting an annual Treasury Management Strategy to Audit & Governance Committee and/or Cabinet prior to submission to Council for approval.
b. Implementing, reviewing and reporting on the progress and performance of the strategy and recommending any changes to Audit & Governance Committee on a quarterly basis.
c. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
d. Advising on any proposals of finance leases, borrowings, credit arrangements, and hire purchase arrangements to Council for approval.
e. Advising on any proposals to set up or acquire interest in a company, joint company, joint venture or partnership to Council for approval.
f. Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
g. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance including the registration of all Council owned stocks, bonds, mortgages and loans.
h. Ensuring that cash flow forecasting and monitoring systems are in place.

16 Managers are responsible for:

a. Assisting cash flow through timely billing of income due, due consideration of contracts payment terms and minimising advance payments wherever possible.
b. Supporting cash flow forecasting and notifying the treasury team in advance of any high value receipts or payments that may impact on investments and borrowings.
c. Ensuring no loans or guarantees are given to third parties and that interest in companies, joint ventures or other enterprises are not acquired without the approval of Council and following advice from the CFO.
d. Ensuring that no finance leases, borrowings, credit arrangements or hire purchase arrangements are entered into without the approval of Council and following advice from the CFO.
e. Arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of their position with the Council shall deposit securities relating to the trust to the custody of the CFO unless the deeds specifically require otherwise;
f. Arranging the secure administration of funds held on behalf of third parties and ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

TAXATION

17 The CFO is responsible for:

a. Ensuring that transactions comply with relevant statutory requirements and authorities.
b. Approving the systems for all PAYE returns to HM Revenues & Customs (HMRC).
c. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
d. Making monthly Construction Industry Scheme returns to HMRC.
e. Managing the Council's partial exemption position.

f. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
g. Providing advice and guidance on taxation issues.

18 Managers are responsible for:

a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
c. Ensuring that the taxation implications of proposed land and building acquisitions and sales and proposed capital schemes are properly identified and considered at the planning stage.
d. Ensuring that contractors fulfil the necessary construction industry tax deduction scheme requirements where construction and maintenance works are undertaken.
e. Ensuring that advice and guidance on taxation issued by the CFO is followed and adhered to by staff in their service, project or programme.
f. Ensuring that all persons employed by the Council are added to the Council's payroll and tax deductions forms part of payments made to them. *(with approved exceptions agreed by the CFO and HHR where individuals concerned are bona fide self employed or are employed by a recognised agency)*

ASSET MANAGEMENT

19 The CFO is responsible for:

a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Delegations to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
b. Establishing an asset management plan that details short, medium and long term use of assets, and establishes arrangements for monitoring and reporting asset performance.
c. Ensuring that all asset acquisitions and disposals are properly recorded within asset records by the CPO.
d. Arranging for all assets to be adequately insured.
e. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
f. Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule of Financial Delegation to Officers.

20 The Corporate Property Officer (CPO) is responsible for:

a. Maintaining up to date records of all land and buildings, including values, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the CFO and at least on an annual basis.
b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the CFO.
c. Ensuring that all land and buildings are maintained so as to best protect and safeguard the Council's interests.
d. Arranging the disposal of surplus assets in compliance with any approved asset management strategy/plan(s) that apply and subject to the necessary approvals.
e. The acquisition of land and buildings on behalf of the Council in accordance with any asset management strategy/plan(s) that apply, Capital Programme and medium term financial plan, and subject to the necessary approvals.

f. Notifying the CFO of acquisitions and disposals so that the accounting records can be updated.
g. Ensuring all rents, charges or fees due in respect of investment land and buildings are raised and all income is collected and accounted for in the Council' accounting systems.
h. Ensuring all lessees and other prospective occupiers of Council land or buildings are not allowed to occupy the property until a lease or agreement in a form approved by the Monitoring Officer has been completed.
i. Ensuring all title deeds are passed to Legal & Democratic Services who act as custodian for all title deeds for Council properties and land.

21 The Head of ICT & Customer Support is responsible for:

a. Maintaining up to date records of all ICT equipment, including values, for inclusion in the corporate fixed asset register in the format prescribed by the CFO.
b. Purchasing, maintenance and disposal of all ICT equipment.

22 Managers are responsible for:

a. Providing the Corporate Property Officer (CPO) with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
b. Ensuring the proper security and safe custody of assets under their day to day operational control and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
c. Complying with guidance issued by the CFO on the disposal of assets including selling, gifting, swapping or donating the asset subject to the limits set out in the Schedule of Financial Delegations to Officers.
d. Ensuring all rents, charges or fees due in respect of operational land and buildings, under their day to day service control, are raised and all income is collected and accounted for in the Council' accounting systems.
e. Complying with guidance issued by the Head of ICT & Customer Support including the purchase, maintenance and security, maintenance of ICT asset register and disposal of ICT equipment.
f. Maintaining local inventories of moveable assets (non-ICT) for all items with a purchase price exceeding £1,000 (and for determining a lower £ value if deemed appropriate, such as for desirable items e.g. digital cameras).
g. Ensuring that stocks, stores and inventory items are held securely and kept to a minimum, proportionate to the needs of the service.
h. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
i. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
j. Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise by a designated officer as shown in the Corporate Schedule of Financial Delegations (AM10).

INSURANCE

23 The CFO is responsible for:

a. Determining the nature and level of insurance cover to be effected.
b. Effecting insurance cover and processing and settlement of all claims.

24 Managers are responsible for notifying the CFO promptly of:

a. All new risks, properties or vehicles which require to be insured.
b. Any alterations affecting insurance arrangements.
c. Any loss, damage or claim.

25 Managers must not effect any local insurance arrangements without the approval of the CFO.

RECHARGES AND INTERNAL TRADING ACCOUNTS

26 The CFO is responsible for:

a. Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified.
b. Processing all charges and recharges on a regular and timely basis.
c. Advising on the operation of internal trading accounts.

27 Managers are responsible for:

a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
d. Complying with guidance issued by the CFO in relation to the operation of trading accounts.

PART G PROCUREMENT & CONTRACT PROCEDURES

PRINCIPLES

1 Goods, services, works and concessions must be procured in a way that is lawful, ensures transparency and accountability, represents value for money (VFM) and serves to deter fraud and corruption. All contractual commitments made by the Council must:

- comply with all relevant statutory provisions including the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016 (or as amended);
- offer best value and protect the Council from any loss arising from the failure of a contractor to perform the contract;
- be made properly and in a fair and equitable manner, in a way that enables the Council to demonstrate the reasonableness, lawfulness and probity of the decision to award a contract to any person or organisation;
- ensure that the Council pays a fair and proper price (or receives a fair and proper price in the case of concessions).

2 Complementary procurement guidance exists further to these procurement regulations which provide more detailed best practice principles and guidance and can be found on the Financial Services - Procurement intranet pages.

STANDARDS

3 The following procurement standards shall be adopted:

a) For contracts over £25,000, standard tender documentation cannot be changed without the approval of the Head of Strategic Procurement.
b) The highest standards of probity and ethical governance are maintained and adhered to at all times.
c) All Officers and Members shall declare any personal interest or conflict of interest in a contract where any failure to do so could be deemed to be either corrupt practice or maladministration or could not withstand public scrutiny.
d) Best overall value (price/quality) shall be obtained for all goods, services, works and concessions via fair, open and transparent competition.
e) All Officers and Members who procure, goods, services, works and concessions have a general duty to maintain the commercial confidentiality of any party in a 'live' procurement process and must not disclose nor make public in any way any details of any quote or bid received by the Council unless required by law.
f) The Strategic Procurement Team (SPT) must be involved in pre-procurement planning and contract modifications where the contract value (original value+ modification value) is likely to be over £25,000. In such cases the SPT will ensure the Service:
    i. completes a 'Procurement Decision Record' before advertising and before contract award *(or at the release of tender documents in the case of a Framework Contract further competition stage)*
    ii. follows the legal requirements to publish advertised opportunities and awards on the national 'Contracts Finder' procurement portal as required by Public Contracts Regulations 2015, via ProContract.
g) The SPT must be involved in all pre-procurement planning where there is intention to offer a concession opportunity.

h) All suppliers are treated equally and procurement takes place in an open and transparent manner which does not favour unfairly one supplier over another.
i) All goods, services and works thresholds refer to the whole life value of the contract, including any optional extensions, not the annual value, and exclude VAT.
j) No disaggregation or fragmentation of requirements is allowed if the purpose is to circumvent approval thresholds.
k) Any Letters of Intent or Memoranda of Understanding that are required will be approved and issued by the MO only.
l) The purchasing need is thoroughly appraised including proportionate risk assessments.
m) Strategic Procurement, Legal, Financial, Human Resources, Property and other professional advice appropriate to the individual procurement exercise will be obtained.
n) The availability of corporate contracts shall be explored before undertaking a procurement exercise. (although such contracts are available to them, this is not a requirement for BCP maintained schools).
o) Prior to using an external Framework agreement (or Dynamic Purchasing System) for the first time, SPT must be consulted and they will undertake a due diligence assessment to determine the appropriateness of using the agreement.
p) Framework agreements with more than one supplier requires a further competition - 'Direct call off' is possible if all suppliers within the framework transparently show their respective prices in an open forum.
q) A tender or quotation has been accepted in writing (via ProContract if over £25,000) and a written contract and/or proper Council purchase order has been completed before goods are supplied, services delivered or works begins.
r) Proportionate records are maintained and retained and robust contract management is undertaken – see Procurement guidance.
s) Unless agreed by the CFO, financial appraisals must be completed in respect of all third parties submitting bids for contracts in excess of £150,000 using a method agreed by the CFO.
t) Where the contract is a combination of goods, services and works the element which has the greatest estimated value will determine the category of supply.
u) For all emergency works (only) where there is danger to the safety of persons or high risk of serious loss or damage to the Council's assets or interests, or the interests of another party, an emergency contract/order can be requested by the Service and placed by the SPT by means that are reasonable under the circumstances.
v) All concessions must be openly advertised, via ProContract irrespective of value.
w) All concession thresholds refer to whole life turnover, not income or value received by the Council.
x) For concessions requiring investment (from the concessionaire) this investment must be considered in the tender evaluation in addition to income and quality.

CONTRACT CONDITIONS – COMMON TO ALL TYPES OF SUPPLY

4 No goods will be delivered, nor services or works begun without a proper contractual commitment or purchase order being in place.

5 All contracts shall have a clearly defined duration, provision(s) for termination and shall not have a provision to automatically renew.

6 Exercising an option to extend the term of a contract shall require the same approvals as a new contract, appropriate to the aggregate value of the contract. (see 3f page32).

7 Industry and/or Council standard contracts/terms/conditions should be used wherever possible.

8 Where bespoke advice, drafting or modifications of contracts is required, the MO should approve the document ideally prior to tendering/or obtaining quotes and in any event before any contract is executed. The commissioning officer must ensure that any terms and conditions cannot be held against the best interests of the Council.

9 Certain contracts must be executed by deed (and sealed accordingly), as set out in Appendix 3 or otherwise required by the MO.

10 All contracts exceeding £5,000 shall be entered on the corporate contract register. The spot buying of goods greater than £5,000 is excluded from this requirement provided the purchase is a one-off delivery and not repeated deliveries over a period of time.

11 No cap on liability or contract terms in relation to insurance can be accepted without the approval of the MO and the Insurance Manager.

CONTRACT CONDITIONS – SPECIFIC TO WORKS

12 In a contract for the execution of works valued in excess of £150,000, the contract shall provide for the payment of liquidated/delay damages by the contractor where they have failed to complete the works within the time specified. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO)

13 In a contract for the execution of works valued in excess of £500,000, the contract shall normally specify retention of a proportion of the contract sum until the work has been satisfactorily completed. (Except for 'schedule of rates' contracts and agree any other exceptions with the MO and CFO)

14 In a contract for the execution of works the following table specifies the requirements for any performance bond or guarantee. Such bonds or guarantees shall be taken up by the contractor with an insurance company, bank or other financial institution or body approved by the CFO. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO)

Contract Value in £	Performance bond or guarantee requirement
£0 to £500,000	Managers will consider the requirement, or not, for and value of performance bond or guarantee further to his/her risk assessment *
£500,000 up to OJEU works threshold	Managers will consult the CFO and MO to consider the requirement, or not, for and value of performance bond or guarantee further to their joint risk assessment *
Over OJEU works threshold	Bond or guarantee is normally required the terms to be approved by the MO. The CFO shall agree the value or % value of the contract of such a bond or guarantee.

*The risk assessment must consider other on-going contracts with the same contractor and consider the aggregate contract values in determining the need for a performance bond or guarantee.

15 If the works contract has been let via an available Framework Agreement, then any retention or performance bond requirements of that framework agreement will (must) prevail.

16 Every formal contract must contain a clause requiring the contractor to permit appropriate and properly authorised and trained representatives of the Council to enter upon a construction site and/or site of operation of the work at any reasonable time and have free and unfettered access to each and every part of the area covered by the contract of work affected thereby.

CONTRACT CONDITIONS – SPECIFIC TO GOODS & SERVICES

17 In a contract for the supply of goods or services which amounts to £150,000 or more the CFO and MO will be consulted as to any requirement for and value of bond or guarantee.

18 In a contract for the supply of goods or services which amounts to more than £25,000 but less than £150,000 the commissioning manager shall consider the requirement, or not, for and value of bond or guarantee further to his/her risk assessment in consultation with the SPT.

19 Where a contract for the supply of goods and services or the purchase of goods or provision of information technology amounts to £150,000 or more in value, a clause shall be inserted to ensure that should the contractor fail to deliver the goods or services or any portion thereof within the time or times specified in the contract, the Council, without prejudice to any other remedy for breach of contract, reserves the right to either:

- determine the contract either wholly or to the extent of such default, and/or:
- to purchase other goods, or services or provision of information technology of the same or similar description to make good the default, or in the event of the contract being wholly determined, to procure any additional goods or services required from any other party without any obligation in respect of the original contract.

20 Utilities supply (Gas, electric, water) contracts are considered contracts for Goods & Services for the purpose of these Regulations.

PROCUREMENT THRESHOLDS AND GOVERNANCE – GOODS, SERVICES, WORKS AND CONCESSIONS (see next page for supporting notes)

Financial Regulation reference	Procurement Value £ (see definition on page 33, i)	Key Requirements	Procurement Responsibility	Procurement System
	Any	• Clearly specify what is needed and why need has arisen. • Ensure there is an approved budget for the entire contract period. • Obtain approval from relevant Service Director, Portfolio Holder, Cabinet or Council depending on value and in compliance with the Corporate Schedule of Financial Delegations (Appendix 1). • Consider the following options to determine if a new procurement process is required: ➢ Corporate contract or catalogues availability ➢ Contracts Register – Identify if similar contracts are being let, or due to be let, with a view to aggregate requirements and or modify existing contracts ➢ Existing In House Services availability ** ➢ Framework contracts that BCP Council can access • Secure the most competitive price through a combination of price and quality evaluation and using the principles of transparency, comparison and accountability in the decision making process. • Keep sufficient documentation to justify decision taken. • Any value of concession must be openly advertised (follow PT&G3 process below, or PT&G4 process below if concession is over £4M, in turnover)	Commissioning Officer	
PT&G – 1 (NOT FOR CONCESSIONS)	Under £5,000	• Obtain at least 1 written quote preferably from a local supplier prior to placing order. *** • Verbal quotes must be retrospectively followed up and a written quote (by email if preferred) should be obtained before placing the order.	Commissioning Officer	e-mail
PT&G – 2 (NOT FOR CONCESSIONS)	Between £5,000 and £25,000	• A relevant and proportionate process meeting business requirements, under normal circumstances this will involve obtaining at least 3 comparative written quotations (by email if preferred) from suppliers. At least 1 of these quotes, where possible, should be from a local supplier. *** • For BCP maintained schools the Department for Educations Statutory guidance in respect of schemes for financing schools (normally updated annually) requires three quotes to be obtained for all spend to exceed £10,000 in any one year. • Must record the contract in the Council's Contract Register where applicable (SPT will do this on behalf of Commissioning Officer who must provide all necessary information).	Commissioning Officer	e-mail and BCP Council's contract register (where applicable)
PT&G – 3	Goods & Services £25,000 to £150,000 Works £25,000 to £4 M Light touch * £25,000 to £500,000	• Full Tender process or alternative as guided by the SPT. • Must not use separate pre-qualification stage in any tender which is less than £181,302. • Must place advert on Government Contracts Finder system and BCP Council's e-tendering portal. (SPT will do this on behalf of Commissioning Officer who must provide all necessary information). • Must publish award notice on the Government Contracts Finder system and record the contract in the Council's Contract Register where applicable (SPT will do this on behalf of Commissioning Officer).	Commissioning Officer must involve SPT	Government Contracts Finder system and BCP Council's e-tendering portal
PT&G – 4	Goods & Services Over £150,000 Works over £4 M Light touch* over £500,000	• Must follow OJEU process. • Must place advert in OJEU, Government Contracts Finder system and BCP Council's e-tendering portal. • Must publish award notice in OJEU, Government Contracts Finder System and BCP Council's e-tendering portal (SPT will do this on behalf of Commissioning Officer).	Commissioning Officer must involve SPT	OJEU, Government Contracts Finder system and BCP Council's e-tendering portal

Pro Contract is BCP Council's e-tendering portal.
OJEU is the official journal of the European Union which is used to publish notices related to contracts where the Public Contracts Regulations 2015 or Concession Contract Regulations (as amended) apply.

SUPPORTING NOTES TO PROCUREMENT THRESHOLDS AND GOVERNANCE

*Light-touch regime (LTR) is a specific set of rules for certain service contracts. Contracts included are certain social, health and education services, defined by Common Procurement Vocabulary (CPV) codes. For the list of services to which the Light-Touch Regime applies contact the SPT.

If a Corporate Contract (let by the SPT) or an existing in-house service is available and is **not to be used a waiver in advance of ordering is required.

*** A local supplier is defined, for this purpose, as operating within 50 miles of the BCP Council boundary.

All spend is itemised and placed on a monthly basis on the Council's externally facing website for public, suppliers and other interested parties scrutiny and inspection as part of the Council's transparency agenda. Commissioning officers or managers may therefore be asked to explain why a particular procurement decision was made to any interested party.

Tolerances

Where the value of a requirement has been estimated to be within a threshold but as a result of receiving quotations/tender it takes the anticipated spend over that threshold then:

- For resulting spend below £25,000 the designated process can continue if the new value is within 10% of the threshold. If over 10% seek SPT advice.
- If a quotation/tender value takes the procurement over an OJEU threshold, seek SPT advice.

Contract Register - If the estimated total contract value, including any possible extensions, exceeds £5,000, then a record of that contract must be published openly, i.e. visible to the public, press and suppliers alike. "Contract" means any agreement where the Council has agreed T&Cs (theirs or ours) to provide goods or services over a period of time. This is to meet Government Transparency Requirements.

Exclude the spot buying of goods that exceed £5,000, so long as the purchase is one-off delivery and not repeat deliveries over a period of time.

Variations/Modifications to contracts

Officers must consult SPT, on all contract modifications or variations to ensure compliance with the Public Contracts Regulations 2015. It should be noted that the extent of permitted variations is limited by law and require specific conditions to be fulfilled.

Exercising an option to extend or vary the terms of a contract will generally require the same approvals as an original contract award, appropriate to the total contract value over the life of the contract.

Contracts may be modified during their term without a new procurement in the following cases:

a) In accordance with the provisions of the existing contract:

(i) Where the modifications, irrespective of their monetary value, have been provided for in the contract in clear, precise and unequivocal review clauses such as price revision clauses or options, and

(ii) those clauses state the scope and nature of possible modifications as well as the conditions under which they may be used, and

(iii) the modifications would not alter the overall nature of the contract or framework.

b) Where any additional works, services or supplies by the original contractor have become necessary and were not included in the initial procurement, where a change of contractor:-

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement; or

(ii) would cause significant inconvenience or substantial duplication of costs for the Council;

and provided that any increase in price resulting from any modification in sub-paragraph (b) does not exceed 50% of the value of the original contract. Successive modifications under this provision are possible provided that none exceed the 50% limit.

c) In unforeseen circumstances where despite due diligence by the Council a modification has become necessary provided that any increase in price resulting from any modification does not exceed 50% of the value of the original contract. Successive modifications under this provision are possible provided that none exceed the 50% limit.

d) Where a new contractor replaces the existing one and provision for such a change has been made in the conditions of contract or as a result of takeover, merger or insolvency, the existing contractor is replaced by another provider who is able to meet all the qualitative selection criteria and no substantial changes are made to the contract.

No modification of an above EU threshold contract or framework agreement is permitted if the modification:

- Would render the original agreement materially different in character;
- Introduces conditions which had they been included initially would have allowed for the admission of other candidates; allowed for the acceptance of a different tender; or attracted additional participants;
- Changes the economic balance in favour of the contractor in a manner not provided for in the initial conditions of contract;
- Extends the scope of the contract considerably;
- Replaces the existing contractor with a new contractor;
- Would breach any provision of the Public Contract Regulations 2015 or EU Directives;
- Where a contract has previously been varied or extended, any reference to “the contract period” or “initial value” in this regulation is a reference to the contract period or initial value found in the original contract before any variation occurred.

EMERGENCIES, WAIVERS, EXEMPTIONS, DEFINED CIRCUMSTANCES AND BREACHES OF FINANCIAL REGULATIONS RELATING TO PROCUREMENT

31 If it is not possible to comply with the normal financial regulations relating to procurement activity, service managers can request a 'waiver' or 'exemption' from the CFO. Such requests must be submitted in advance of the procurement.

32 There are also 'defined circumstances' where a waiver or exemption is not required.

33 The ability of the CFO to approve waiver/exemption requests will be limited at all times by the specific requirements of UK legislation and/or Directives.

34 The SUH will inform the PH of his/her intention to seek a waiver or exemption if the amount of the waiver/exemption exceeds £150,000 or if in his/her opinion the granting of such a waiver may warrant PH approval.

35 Where it is evident that any part of the financial regulations has not been followed then a breach has occurred.

36 The CFO will be responsible for producing an annual report on emergency expenditure, breaches, waivers and exemptions of financial regulations and submit this report to the Audit & Governance Committee for scrutiny and potential follow up action.

EMERGENCIES (serious risk to life or serious and immediate risk of loss or damage)

37 In the case of an extreme emergency where there is immediate danger to the safety of persons or serious risk of immediate loss or damage to the Council's assets or interests, or the interests of another party, the Chief Executive, Executive Director, CFO, MO or SUH, may place such emergency contracts/orders as necessary by means that are reasonable under the circumstances.

38 The Chief Executive, Executive Director, CFO, MO or SUH may delegate another officer of the Council to place such emergency contracts/orders but remains accountable for any resulting expenditure or activity.

39 The CFO and appropriate PH must be advised of any emergency contract/order within 5 working days.

40 This section of the financial regulations is limited to responding to extreme major incidents or unforeseen events such as a natural disaster and does not allow for accelerated procurement due to urgency. *(In which case the waiver process applies, see below)*.

WAIVERS

41 Waivers must be obtained in advance of any procurement, in sufficient time for proper consideration by the SPT and CFO. Waivers will not be granted retrospectively and any such requests will be treated seriously and constitute a breach and may result in disciplinary action.

42 SUH's are responsible for ensuring that a 'Waiver e-Form' is completed by the appropriate service manager, as guided by the e-Form process, before submission to the SPT and CFO. *(If e-Form is not available use paper form)*

43 The CFO may approve a waiver in the following procurement circumstances:

a) Accelerated procurement (in the case of urgency for example) where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied.
b) A known number of limited suppliers in the market, prior to commencement of the procurement process *(unable to invite or obtain 3 quotes or tenders).*
c) Propose not to use an available Corporate Contract or available and existing in-house service.
d) Payments in advance for goods and services exceeding £20,000 or six months (and also over £1,000) *(except where defined circumstances apply).*
e) Any payment in advance for works *(except where defined circumstances apply).*

44 Waiver approvals by the CFO are for a time limited period, normally not more than 2 years, in exceptional circumstances the CFO may agree to a period of up to 4 years.

45 Where a waiver has been granted, by the CFO, it is the responsibility of the service manager to review arrangements before the waiver period elapses to ensure that a subsequent breach does not occur.

46 It is recognised that managers often have to estimate the waiver value. If final or actual contract values exceed the CFO approved estimated waiver value:

a) By less than 10% and as long as the amount is less than £100,000 then no further action is required.
b) By more than 10% and/or if the amount exceeds £100,000, then inform the CFO. *(This is to ensure the CFO reporting to Members remains accurate)*

EXEMPTIONS

47 There may be occasional circumstances in which the CFO may grant a general block exemption or a technical exemption from these Regulations for certain parts of the organisation/service provision for a maximum period of up to 4 years.

48 SUH's are responsible for ensuring that an 'Exemption e-Form' is completed by the appropriate service manager, as guided by the e-Form process, before submission to the CFO. *(If e-Form is not available use paper form)*

49 Where an exemption has been granted by the CFO it is the responsibility of the SUH to review arrangements before the exemption period elapses to ensure that a breach of the Regulations does not occur.

DEFINED CIRCUMSTANCES

50 It is recognised that there may be common or re-occurring instances where the financial regulations relating to procurement cannot be followed precisely. The circumstances defined below may be exempt from the full requirements and managers are **not** required to produce a waiver or exemption for the approval of the CFO.

51 In all cases managers are responsible for providing the SPT with sufficient information for them to log the defined circumstance to enable transparent inspection by any third party internal or external to the Council. The corporate 'Defined Circumstance Log', will be made available in 'read only' form on the Financial Services intranet home page.

52 Defined circumstances are not valid indefinitely; they apply to the one off purchase or the duration of the contract in question.

53 Defined circumstances are shown in the table below

General Circumstance	Specific defined circumstance	Local evidence required
The Council has no influence over the supplier	Fully or part grant funded activity and the supplier is named as condition of that grant funding	Copy of letter which sets out the funding and the conditions attached
	Where software is being procured which must be compatible with existing systems thereby limiting the number of providers to the incumbent supplier	Copy of correspondence from the original and prospective supplier which states that software must be compatible. Approval from the Head of ICT & Business support is required
	A subscription is to be paid for a particular service	Invoice
	A supplier has a contractual or other statutory or exclusive right to supply such as a utility company	Briefing note
	Replacement parts and components for existing plant and machinery to ensure compatibility	Briefing note
	Any other circumstance agreed by the CFO that meets the 'general' circumstance but is not specifically mentioned in the above 'specific' list	Briefing note
Allowable payments in advance exceeding thresholds elsewhere in these regulations	It is the case that some industry standard terms and conditions (T&C's) require a payment in advance – examples that may apply, but not limited to, include lease arrangements, licensing (typically software licensing) subscriptions, ICT support agreements, maintenance agreements, works goods or services received from utility companies	Copy of relevant Terms and conditions (T&C's) *SUH is responsible for ensuring payment in advance is limited to the actual requirement of the T&C's and no more. Whilst a contract and agreement may be for longer than 12 months no payment in advance may exceed 12 months*
	Where there is a statutory or legal requirement to make payment in advance, including on-going regular payments, for example Concessionary Fares reimbursement to bus operators	Copy of relevant T&C's *SUH is responsible for ensuring payment in advance is limited to the actual requirement of the T&C's and no more. Whilst a contract and agreement may be for longer than 12 months no payment in advance may exceed 12 months*

General Circumstance	Specific defined circumstance	Local evidence required
Single source supplier on a framework	Where a single source supplier framework is available, which was let in accordance with EU procurement Directives or other competitive exercise, and a further competition cannot be carried out	Independent documentation stating that the framework is a single source supplier framework
Full competition requirements not evidenced	Not received back a minimum of 3 valid quotes/tenders but award will be to the lowest cost tender or highest ranked tender (in the case of a cost/quality evaluation)	Demonstrate that the procurement process was completed in good faith, showing an appropriate number of capable suppliers were invited to quote or tender
Expert opinion in cases of urgency	Where an expert opinion is required to respond to a claim, incident or accusation or to commence or defend legal action	Documentation which supports the accelerated procurement due to urgency
An available Framework contract prescribes the call off method and this is **not** through further competition	Where a framework is available, which was let in accordance with EU procurement Directives or other competitive exercise, and further competition cannot be carried out or does not require one because the framework prescribes the call off method.eg Rotation following a pass/fail quality evaluation or direct award	Independent documentation stating that the framework call off terms

54 The CFO may amend, add or remove defined circumstances in consultation with the Leader and the Chair of Audit & Governance Committee. The CFO must report such changes to the next available Audit & Governance Committee.

BREACHES

55 Breaches of financial regulations are extremely serious matters and will be fully investigated and reported on following referral or discovery. Any breach of these Regulations could lead to disciplinary action being taken against the individual(s) concerned.

56 SUH(s) and managers are responsible for reporting all known or discovered breaches of these Regulations to the CFO as soon as they become aware of it in practice.

57 SUH(s) may be required to supplement the CFO's annual report on waivers, exemptions and breaches to the Audit & Governance Committee with a more detailed report explaining the circumstances of the breach and the remedial action taken or planned by way of remedy.

PART H EXTERNAL ARRANGEMENTS

PRINCIPLES

1 All partnerships, shared services and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into and be supported by clear governance, accounting and audit arrangements.

2 External funding can prove an important source of income but funding conditions must be carefully examined and evaluated for risk before any agreement is entered into to ensure they are compatible with the aims and objectives of the Council.

3 Legislation enables the Council to trade and/or to provide discretionary services to third parties including the general public, in the main through the establishment of trading companies/other delivery models. All such work must be within the legal framework and the respective risks and financial benefits associated with such work must be properly considered and a proportionate business case approved before any trading activities take place.

PARTNERSHIPS, SHARED SERVICES AND JOINT WORKING

4 The CFO is responsible for advising on the financing, accounting and control of partnership, shared service and joint working arrangements including:

a. Financial viability in current and future years.
b. Risk appraisal and risk management arrangements.
c. Resourcing and taxation.
d. Audit, security and control requirements.
e. Carry forward arrangements (between accounting periods).

5 The Monitoring Officer (MO) is responsible for advising on legal and legislative arrangements and for promoting and maintaining the same high standards of conduct in such arrangements as normally apply throughout the Council.

6 Managers are responsible for:

a. Ensuring that the CFO and MO are involved in the planning for any such arrangements at an early stage.
b. Ensuring that any such arrangements do not impact adversely upon Council services, that risk assessments have been carried out and that appropriate approvals have been obtained before entering into any agreements.
c. Ensuring that agreements and arrangements are properly documented.
d. Maintaining local registers of partnerships entered into.
e. Providing appropriate information to the CFO to enable relevant entries to be made in the Council's accounts.
f. Ensuring that appropriate mechanisms are in place to monitor and report on performance.
g. Consulting with the Corporate Property Officer (the Chief Executive) and CFO if there is any proposal to utilise Council land or buildings in pursuit of a partnership, shared service or joint working initiative.

EXTERNAL FUNDING

7 The CFO is responsible for:

a. Approving bids for external funding that may be put forward by Members or managers prior to submission of any bid.
b. Ensuring that any match funding or part funding requirements are considered prior to entering into any agreement, that future Revenue Budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed.
c. Approving bids where delegated to do so in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
d. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
e. Maintaining a central register of external funding/grant arrangements.
f. Ensuring that all audit requirements are met.

8 Managers are responsible for ensuring that:

a. The CFO is involved in preparing for, and approving, any bid for external funding prior to submission of such bids. *(This includes joint bids where the Council is not lead body)*
b. The sustainability of funding is assessed for risk; all agreements entered into are consistent with and support the Council's service priorities.
c. The necessary approvals are obtained to accept funding in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
d. All claims for funds are made by the due date.
e. Work is progressed in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

TRADING (including providing discretionary services to third parties and the public)

9 The MO is responsible for providing or obtaining all necessary legal advice to ensure that all such proposals are undertaken within the legal framework.

10 The CFO is responsible for:

a. Issuing guidance on the assessment of trading opportunities and options.
b. Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
c. Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.
d. Ensuring appropriate insurance arrangements are in place.

11 Managers are responsible for:

a. Identifying trading opportunities and evaluating the respective risks and financial benefits in accordance with the guidance issued by the CFO.
b. Obtaining all necessary legal advice to ensure the terms and conditions of all trading contracts are reasonable and are proportionately documented.
c. Obtaining business case approval, in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1), before any negotiations are concluded to trade or work for third parties.
d. Maintaining a local register of all trading contracts entered into.
e. Collecting all contractual income due and ensuring the Council is not put at risk from any bad debts.

f. Ensuring that no contract will be subsidised by the Council providing financial assistance either directly or indirectly.
g. Ensuring that such contracts do not impact adversely impact upon services provided by the Council.
h. Ensuring that the service has the appropriate expertise to undertake the contract.
i. Complying with guidance issued by the CFO in relation to the operation of trading accounts and the proper recording and reporting of trading results.

Glossary of Common Terms

Budget	*A plan expressed in financial terms that is an estimate of the resource required to deliver the services/priorities of the Council*
Budget Heads	*A main area of revenue or capital spend as defined by the Budget and/or Capital Programme*
Business Plan	*A plan defined for the purposes of service planning and reporting at the Council as specified by the Chief Executive*
Cost centre	*A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc.*
Capital	*The organisation's total assets less its liabilities*
Capital expenditure	*Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones*
Intra Vires	*Acting within the statutory powers of the organisation*
Joint Venture	*Collaboration between two or more economically independent organisations (in practice one of which will be from the private sector) to achieve a joint aim, either contractually(gain/share) or through setting up a separate jointly owned entity*
Outsourcing	*The entering into of a contract with a provider(private sector, social enterprise/third sector, mutual or joint venture) to deliver services*
Corporate Purchasing system	*An end to end system for managing Purchase Orders, receipts and invoices*
p-cards	*A term to describe all forms of 'purchasing/payment cards' including credit cards, debit card, store cards (excludes pre-loaded card)*
Revenue	*Income or expenditure, arising from or spent on, day to day activities and short-lived commodities or consumables*
Service plan	*A plan setting out priorities and service ambitions*
Service Unit Financial system	*Any system that supplements, integrates or interfaces with the main accounting system – examples (but not limited to) HR system, social care records system, asset management systems*
Shared Service	*A voluntary collaboration between public sector bodies to deliver services/provide facilities*
Ultra Vires	*Acting beyond the statutory powers of the organisation*
Value for Money (VFM)	*The simple National Audit Office definition is 'Optimal use of resources to achieve intended outcomes and purpose'. The more complex Audit Commission definition is 'obtaining maximum benefit over time with the resources available, achieving the right local balance between economy, efficiency and effectiveness, or spending less, spending well and spending wisely to achieve local priorities. VFM is high when there is optimum balance between all three elements, when costs are relatively and comparatively low, productivity is high and successful outcomes have been achieved'.*

Acronyms

AGS	*Annual Governance Statement*
CFO	*The Chief Finance Officer*
CIA	*The Chief Internal Auditor*
CPO	*Corporate Property Officer (the Chief Executive Officer)*
CPV (code)	*Common Procurement Vocabulary Code*
CPQ	*Construction Pre-qualification Questionnaire*
FMS	*The budgeting and financial management system used at the Council (OLAS)*
HHR	*Head of Human Resources*
HMRC	*Her Majesty's Revenue and Customs*
HPS	*The Head of Paid Service*
ICE	*Institution of Civil Engineers*
ITQ	*Invitation to quote*
ITT	*Invitation to tender*
LEA	*Local Education Authority*
LMS	*Local Management for Schools Scheme*
MO	*The Monitoring Officer*
MLRO	*The Money Laundering Reporting Officer (the Chief Internal Auditor)*
MTFP	*Medium Term Financial Plan*
NI(C)	*National Insurance (contributions)*
OJEU	*Official Journal of the European Union*
PAYE	*Pay as you earn*
PCR (2015)	*Public Contract Regulations 2015*
PCN	*Penalty Charge Notice*
PH	*Portfolio Holder*
SOPPs	*Accounting Standards of Professional Practice (Code of Practice on Local Authority Accounting:)*
SORP	*Statement of Recommended Practice*
SQ	Selection Questionnaire
TMS	Treasury Management Strategy
SeRCOP	*Service (expenditure)Reporting Code of Practice*
SPT	Strategic Procurement Team
VFM	*Value for Money*
VAT	*Value Added Tax*

Appendix 1

CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS

INTRODUCTION

1 The Corporate Schedule of Financial Delegations sets out the powers and duties delegated to various senior officers in the Council. Senior officers may appoint appropriate 'authorised officers' to act on their behalf (see 3 below), these delegations must be recorded in local Service Unit Schemes of Delegation. *(This schedule (appendix 1) does not apply to BCP maintained schools who will operate there own schemes of delegation).*

2 This Corporate Schedule also sets out the approved financial limits within which senior officers may conduct the Council's business. Changes to the limits/values contained within this Corporate Schedule may only be made with the approval of the Chief Executive Officer. Additionally any changes to Members approval levels also require the approval of Council.

3 For those items marked ***** (asterisk) the relevant senior officer has discretion to appoint appropriate authorised officers to act on his/her behalf. In all cases the relevant senior officer remains accountable for the effective operation of the financial thresholds and authorities and must:

- Maintain a local written record of delegations to authorised officers and post this on the Council's intranet pages.
- Provide the MO/CFO with the local written record of delegations to authorised officers at any time they require it (if not transparently posted on the intranet).
- Ensure that an appropriate segregation of duties is in operation, for example between ordering and paying for goods, between claiming and approving expenses.
- Ensure compliance (from those authorised officers) with the financial limits in this Schedule and any within the Financial Regulations (e.g. limits relating to waivers, extensions and variations) and HR Policies (e.g. limits relating to overtime, allowances, honoraria and expenses).

Note – If an individual has a formal 'Power to Deputise' delegation via a properly job evaluated Job Description then this Corporate Schedule of Financial Delegations can be read as apply to them (i.e. without formal delegation recording requirements as per 3 above).

4 This Corporate Schedule is not a stand alone document and should be read in conjunction with the relevant section of the Council's Financial Regulations and Constitution which is shown in brackets at the top of each section within this Corporate Schedule. The 'Approver' is responsible for obtaining all appropriate advice from support services such as Human Resources (HR), Legal, Finance, ICT, Property services before making decisions to approve.

5 Legacy Councils in this schedule mean Bournemouth Borough Council, Christchurch Borough Council and Borough of Poole (but not Dorset County Council (DCC)).

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
Revenue Virement (RV) - the term 'either individually or in aggregate for the financial year' is being used to prevent disaggregation or fragmentation of virement to circumvent the required approvals			
RV1	To approve any virement (either individually or in aggregate for the financial year).	Over £1M	Council (after advice from the CFO)
RV2	To approve any virement (either individually or in aggregate for the financial year).	Over £500k and up to £1M	Cabinet / Portfolio Holder (after advice from the CFO)
RV3	To approve virement **within or between** Service/Business Plans and/or projects/programmes in their portfolio areas (either individually or in aggregate for the financial year).	Over £100k and up to £500k	Executive Director (after advice form the CFO*)
RV4	To approve virement within their Service/Business Plans and/or within or between projects/programmes for which they are responsible (either individually or in aggregate for the financial year).	Up to £100k	Service Director* (after advice from the CFO*)
RV5	To approve virement from within existing Service/Business Plans or between Service/Business Plans, projects or programmes within their areas of responsibility into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity.	Up to £100k	Service Director* (after advice from the CFO*)
RV6	To approve the correction of errors to initial budget load or approved virement within the main Financial System	Unlimited	CFO*
Revenue virement is only permissible in the following circumstances: • to reflect a reorganisation/restructure • to reflect a change in corporate priorities • the receipt of additional grant or other funding (and the associated expenditure) • the distribution or redistribution of centrally held budgets • the correction of errors to initial budget load			The following virement are generally not permitted • virement between capital and revenue • virement between controllable and non-controllable (recharges and capital financing) codes

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
Capital Virement (CV)			
CV1	To approve virement between individually approved schemes	Over £1M	Council (via Budget Monitoring Report after advice from the CFO)
		Over £500k and up to £1M	Cabinet / Portfolio Holders (after advice from the CFO)
		Over £100k and up to £500k	Executive Director (after advice from the CFO*)
		Up to £100k	Service Director * (after advice from the CFO*)
CV2	To approve re-phasing between years of individually approved schemes.	Any value	Service Director * (after advice from the CFO*)
CV3	To approve the correction of errors to initial budget load or approved virement within the main Financial System.	Any value	CFO*
The Capital Programme (CP) (approving new schemes in-year and approving changes to external funding in-year)			
CP1	To approve a new project, programme or scheme that **is not** in the Capital Programme (as approved as part of the annual budget setting process) and where a new external capital grant(s) is awarded to cover the costs of the project, programme or scheme, or it is proposed to transfer a scheme from one Council Fund to another (e.g. General Fund to HRA)	As per CV1 above	As per CV1 above
CP2	To approve a new project, programme or scheme that **is not** in the Capital Programme (as approved as part of the annual budget setting process) and CP1 does not apply – so new borrowing or other new external funding sources is required to cover the costs of the project, programme or scheme.	As per CV1 above	As per CV1 above
CP3	To approve a project, programme or scheme if the external funding or borrowing sources are different from the external funding or borrowing sources agreed at the original approval point. (e.g. prudential borrowing approved but borrowing required is now greater/less)	As per CV1 above	As per CV1 above

FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F)

INCOME			
REF	**DESCRIPTION**	**LIMIT / VALUE / THRESHOLD**	**APPROVER**
INC1	Sundry debt write offs (where these sundry debts have been raised on the Sundry Debtors System(s) the Service Director * is responsible for ensuring the write off, after approval, is passed to The Head of Revenues and Benefits * for processing)	Up to £1k	Service Director *
		£1k to £10k	Service Director
		£10k to £100k	Executive Director in consultation with CFO and Portfolio Holder
		Over £100k	Head of Paid Service in consultation with the CFO and Leader
INC2	Council tax, NDR, write offs and housing benefits overpayment recovery	Up to £1k	The Head of Revenues & Benefits*****
		Over £1k and up to £10k	The Head of Revenues & Benefits
		Over £10k	CFO
INC3	Council Housing tenant rent arrears write offs (including former tenants)	Up to £1k	Service Director (for Housing) *
		Over £1k and up to £5k	Service Director (for Housing)
		Over £5k	Service Director , CFO and MO
INC4	Fees & charges (note The Constitution 'key decision' definition and limit, see page 47 Introduction to the 'Corporate schedule of financial delegations' reference number 5)	Increase/decrease of existing	Service Director in consultation with Portfolio Holder & CFO
		Any waiving, suspending or refunding of existing	Service Director
		Agreeing any new	Cabinet (and Council if over £1M annual value)
INC5	Any means tested or assessed financial contributions	Waiving, suspending or refunding up to £1k (aggregate not individual)	Service Director *
		Waiving, suspending or refunding over £1k (aggregate not individual)	Service Director in consultation with CFO *
INC6	Penalty Charge Notices (PCN) write offs	Unlimited	Service Director (responsible for Parking Services) *

EXPENDITURE (all approvals assume the availability of an approved budget/allocation, except EX7)			
REF	**DESCRIPTION**	**CATEGORY**	**APPROVER**
EX1	Approving capital scheme details prior to the placement of any initial order/contract to start on site or commit to purchase a service. *Such approval shall reference back to the 'three categories' of approvals agreed in the 'Annual Approval of The Capital Programme Report' or other such report where Council agreed The Capital Programme.* *The three categories of approval are Unconditional, Conditional, Requires subsequent Cabinet approval - in most cases the agreed Capital Programme is only a broad allocation of funding and not approval to proceed (unless the 'unconditional' category was approved by Council.*	Unconditional	Service Director *
		Conditional	Service Director and CFO to agree conditions have been met
		Requires subsequent approval	Cabinet / Portfolio Holder
REF	**DESCRIPTION**	**LIMIT / VALUE / THRESHOLD**	**APPROVER**
EX2	Approving placement of orders (any commitments including contract award letters) with suppliers/contractors for goods and services	Any value	Service Director *****
EX3	Receiving and receipting goods, services and works	Any value	Service Director *
EX4	Approving payment of invoices or contract stage payments (where the corporate purchasing system has not been used)	Any value	Service Director *
EX5	Approving expenditure on P- Cards+ Individual transaction limit	Up to £1000	Service Director *
	Monthly transaction limit	Up to £5000	Service Director *
	Variations to transaction limits above (individual or monthly)	Any variation	CFO *
EX6	Approving individual petty cash payments (exceptional use) (Assumes the CFO has already agreed the operation of The Petty Cash Float or disbursement 13e page27)	Up to £100	Service Director *****
		Over £100	CFO *
EX7	Approving 'Emergency expenditure' – incurring such expenditure by any means that is reasonable in the circumstances (in response to a major civil emergency, disaster or similar such event)	Any value	Any one of the following in rank order (only progress if the former cannot be contacted) BCP Gold Commander, Chief Executive, any Executive Director, CFO, MO
EX8	Approving all expenditure on salaries, wages, allowances and expenses in compliance with the Council's human resource policies	Any value	Service Director*
+ the term p-card means purchasing card, payment card, credit card or whatever card type BCP Council chooses to use. EX5 does not apply to pre-loaded cards which must be approved by the CFO			

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX9	Appointment of Interim Staffing (contract of employment or contract for service) Individuals used to fill any temporary new post and existing posts, where there is a need to pay above the job evaluated rate, in circumstances where for whatever reason it is not possible and/or desirable to make a permanent appointment into the post. Such posts will generally be senior managerial or of a specialist professional nature, but where the post-holder is appointed on a temporary basis. The focus is on the individual and their specialist skills and knowledge. Interims may be considered appropriate at a time when the unit or team concerned or the wider Council is in a phase of rapid transition or when there are specific legislative or national drivers for change which need to be implemented in a defined time period. Interims may be employed directly by the Council on a fixed-term contract (including by way of the Professional Register) or via a procurement process, either as an employee, if retained through the Professional Register, or as an agency worker, or on a self-employed basis under a contract for services. In the latter case, payment is normally negotiated on a day rate as opposed to an hourly rate and must be approved by the HHR.	Up to £25k	Service Director * *Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance*
		Over £25k and up to £100k	Service Director *Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance*
		Over £100k	Executive Director and Cabinet / Portfolio Holder *Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance*
EX10	Appointment of Consultants (contract for service) Individuals or organisations used to provide objective advice and assistance of a specialist nature, where existing Council employees do not have the necessary relevant expertise or where in-house capacity is insufficient. Such arrangements may relate to the strategy, structure, management, or operations of the Council, or specific professional input to a project in pursuit of the Council's purposes and objectives (typically, there will be no corresponding Council post on the authorised staffing establishment). Consultancy assistance is provided outside the Council's established staffing structure and "business as usual" environment when in-house skills are not available. As a result, the use of consultants will be for a defined (and preferably short-term) period and to achieve specific outcomes.	Up to £25k	Service Director *
		Over £25k and Up to £100k	Service Director to complete a proportionate business case for approval by Cabinet / Portfolio Holder
		Over £100k	Executive Director to complete business case report for approval by Cabinet / Portfolio Holder (the standard business case pro-forma requires formal CFO * comment)
EX11	Approving where a 'Contract for Service' is to be offered to a bona fide self employed individual who has held employment with the Council (or legacy Councils) in the last 3 years.	Any value	Cabinet /Portfolio Holder (with advice from CFO and HHR)
EX12	Approving where a permanent or fixed term (exceeding 18 months) 'Contract of Employment' is to be offered to any individual made redundant (compulsory or voluntary) within the last 12 months from any role within the Council (or legacy Councils)	Any Value	Executive Director (after advice from CFO and HHR)

TREASURY MANAGEMENT , FINANCING & LEASING			
REF	**DESCRIPTION**	**LIMIT / VALUE / THRESHOLD**	**APPROVER**
TM1	Placing of treasury investments and all approvals to borrow	In line with Treasury Management Strategy (TMS) and appended policies and within any operational lower limits	CFO* - As authorised to transact in accordance with TMS. Any variation from TMS requires Council sign off.
TM2	Approving all leases, credit arrangements or hire purchase arrangements	All such arrangements	CFO * to determine approval route specific to the individual circumstance
TM3	Approving any funds (and the system of administration) to be held on behalf of third parties.	All such arrangements	Service Director* and CFO*
ASSET MANAGEMENT			
REF	**DESCRIPTION**	**LIMIT / VALUE / THRESHOLD**	**APPROVER**
AM1	Writing off deficiencies in stocks, stores & inventories (*limits/value/threshold is 'book' value/accounting value not estimated sales value)*	Up to £1,000	Service Director *****
		£1k to £50k	Service Director * and CFO
		Over £50k	Cabinet / Portfolio Holder (after advice from CFO)
AM2	Acquisition of freehold & leasehold land & buildings. *The acquisition of a freehold, leasehold, or any other interest in land or buildings subject to the purchase being no more than market value unless 'Special Purchaser' assumptions can be made.*	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / Portfolio Holder
		Over £500k (capital value)	Council
AM3	Acquisition of freehold & leasehold land & buildings at more than market value and 'Special Purchaser' assumptions cannot be made.	Any value	Council
AM4	Disposal of freehold & leasehold land & buildings. *Disposal by way of a sale, lease, licence, wayleave, easement, deed of variation, renewal, surrender, modification of covenant, or other disposal of an interest in land or buildings using any method that achieves best consideration.*	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet /Portfolio Holder
		Over £500k (capital value)	Council
AM5	Agreeing disposals of any land or building asset not to the highest bidder or where there is a difference between the estimated open market value (or best consideration) and the actual sales price. (Seek legal advice if land is open space).	Up to £350k (capital value)	Corporate Property Officer in consultation with the CFO
		£350k to £500k (capital value)	Cabinet / Portfolio Holder
		Over £500k (capital value)	Council

AM6	Value for including items in fixed assets register	Over £10k	Service Director *
AM7	Disposal of surplus or obsolete plant and machinery or other non land or buildings asset (and excluding ICT equipment) ** (*limits/value/threshold is 'book' value/accounting value not estimated sales value)*	Any disposal **not** to the highest bidder (or gifted at nil value)	Service Director* and CFO*
		Any disposal £0k to £100k to the highest bidder	Service Director* and CFO*
		Any disposal £100k to £500k to the highest bidder	Executive Director* and CFO*
		Any disposal over £500k	Cabinet / Portfolio Holder and CFO
AM8	Any acquisition of ICT equipment and ICT services	All acquisitions	By ICT services or with the approval of the Head of ICT *
AM9	Any disposal of ICT equipment including donations to schools or charities **	Any or nil value, no exceptions	All disposals through ICT Services
AM10	Approving the use of Council assets outside of normal Council business activity and after obtaining MO* and insurance advice from the CFO*	Any land or buildings	Corporate Property Officer ****
		Non land or buildings (and excluding ICT equipment)	Service Director *
		ICT equipment	Head of ICT *

**Also refer to the Council's Corporate Disposals Policy

EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART H)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER (after obtaining advice from the CFO, MO and HHR)
EA1	Entering the Council into partnership, shared service or joint working arrangements (including Memoranda of Understanding)	Any (including where a direct financial contribution is not obvious)	In accordance with the Council's Scheme of Delegation within the Constitution.
EA2	External trading contracts, arrangements or concepts – business case approval, (providing discretionary services to a third party, including the public, in exchange for a fee)	Any contract up to £100,000	Service Director *
		New contracts between £100,000 and £0.5M	Executive Director
		Incremental contracts between £100,000 and £0.5M	Service Director
		All Contracts over £0.5M	Cabinet / Portfolio Holder
EA3	Submitting any bid for external funding (including joint bids where the Council is not lead body)	Any value	Service Director * with the agreement of the CFO *
EA4	Accepting external funding (BCP aggregate total including any 'match-funding' element and partner(s) share(s) if BCP is lead body or 'host')	Up to £100,000	Service Director * and CFO *
		Between £100,000 and £1.0M	Cabinet / Portfolio Holder (with advice from the CFO)
		Over £1.0M	Council (with advice from the CFO)

For the purposes of EA2 above the following definitions apply:

- New (trading) contracts = the contract, arrangement/concept has not previously been traded
- Incremental (trading) contracts = the contract, arrangement/concept has already been approved applying the approval thresholds above, subsequent incremental trading growth through a series of additional contracts

OTHER DELEGATIONS - BUSINESS RATE RELIEF

REF	DESCRIPTION	APPROVER
BR1	To implement Central Government fully funded business rate relief schemes where implementation requires the Council to use its discretionary powers under either Section 47 of the Local Government Finance Act 1988 or Section 13A of the Local Government Finance Act 1992.	CFO

Appendix 2

FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

a) To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS)
b) To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee)
c) To approve the Annual Statement of Accounts
d) To consider the annual Audit Findings Report and Financial Resilience Report of the External Auditor and their associated action plans
e) To consider the annual report and opinion of the CIA, including a summary of internal audit activity (actual and proposed in the relevant accounting period) and the level of assurance that can be given over the risk and control environment and corporate governance arrangements
f) To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Members
g) To consider reports dealing with the management and performance of the Internal and External Audit functions
h) To consider reports from Internal Audit on agreed recommendations not implemented within agreed timescales
i) To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Members
j) To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors
k) To consider and approve the Annual Plans of the Internal Audit Service and the External Auditor
l) To commission work from the Internal Audit Service and External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee)
m) To consider any relevant issue referred to it by the Chief Executive, CFO, CIA, MO or any other Council body or Cabinet Member
n) To consider any reports of the CIA referred to the Committee for consideration
o) To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register
p) To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity)
q) To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy
r) To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice
s) To consider breaches, waivers and exemptions of these Regulations
t) To consider gifts and hospitality registers relating to officers
u) To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function

Appendix 3

CONTRACTS TO BE EXECUTED BY DEED (& SEALED ACCORDINGLY)

Appendix 4

'HOT TOPICS'

This 'Hot Topics' appendix covers subjects and activity that may not be explicitly identifiable when trying to locate the whereabouts within these Regulations using the contents pages.

They include topics where unique arrangements may exist.

Hot Topic	Description	PAGE	REF.
Appointment of interim staffing	Contract of employment or contract for service(s)	26-27 53	11a-g EX9
Appointment of consultants	Contract for service(s)	53	EX10
Appointment of an ex-employee now working as a self employed individual or consultant	Contract for service(s)	53	EX11
Purchase and Disposal of ICT equipment. Purchase of ICT services	"ICT Equipment" is defined as one of the following: Laptops, computers including LCD monitors, thin client terminals, desktop printers, multi-functional devices (MFD's), scanners, fax machines, mobile phones, USB dongles and removable data (e.g. memory sticks, floppy disks, hard drives, microfiche tapes)	29 29 55	21b 22e AM8&9
Cancellation and Write-off of sundry debts. *(excluding the write-off or cancellation of Penalty Charge notices PCN's issued by traffic enforcement officer, where separate arrangements exist)*	Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Cancellations/Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose	24 51	5f Inc1,2&3
Establishing new fees and charges	Cabinet must agree all new fees and charges	24 50	5a Inc4
Changes to existing fees and charges	SUH and Portfolio Holder in consultation with the CFO may increase or decrease existing fees and charges	24 51	5a Inc4
Reimbursement of staff expenses	Staff expenses that have been incurred should never be reimbursed using p-cards, pre-loaded cards or petty cash, the Council's HR/payroll system must be used to reimburse staff expenses.	27	11e
Trading / Commercialisation	Legislation enables the Council to trade and/or to provide discretionary services to third parties and the public	43-44	3,9,10,11
Abolition of pre-qualification stage for low value contracts	Public Contract Regulations 2015 (PCR2015, revised 'selection' changes 2016) abolishes the Council's ability to use pre-qualification selection questionnaires for contracts below the		

	EU threshold of £164,176. Suitability questions are permitted as part of an invitation to tender or advert but these are “pass/fail” questions and must be relevant to the subject matter of the procurement and must be proportionate.		
Changes to Public Procurement thresholds effective from 1st January 2018. These thresholds are originally stated in Euros and are converted to £ sterling for the purposes of UK law.	For Local Authorities and Schools Supplies & Services = £181,302 Health & Social Care and Other Specific Services falling within the Public Contract Regulations 2015 (PCR2015) Reg.74-76 “Light touch regime” = £615,278 Works = £4,551,413 Concessions = £4,551,413 (Turnover) *All thresholds are net of Value Added Tax (VAT)*		

Appendix 5

MINOR AMENDMENTS AND EDITING LOG

The Chief Finance Officer (CFO) has primary responsibilities for maintaining the Financial Regulations as outlined in Part A page 5. Where changes affect the powers or responsibilities of Members approval of Council is required.

It is recognised there may be a need to clarify certain elements of the Financial Regulations from time to time, this may require minor amendments or editing. The CFO has delegated to the Chief Internal Auditor (CIA) and Strategic Procurement Manager (SPM) the ability to make minor amendments and editing changes. Any such changes are logged in the table below.

No.	Description of amendments or editing	Page	Date
1			
2			
3			
4			

FINANCIAL REGULATIONS

BACK COVER ONLY

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

11

Report Subject	Proposed new Pan Dorset Safeguarding Children Arrangements
Meeting date	12th February 2019
Report Author	Dr Sue Ross – Director Adults and Children, Bournemouth Borough Council
Status	Public
Classification	For decision
Key Decision	Report to Executive Committee and Shadow Authority to seek agreement for the proposed Safeguarding Children arrangements.
Executive summary	Senior leaders from Poole and Bournemouth Borough Council have been meeting with Health and Police colleagues to determine the future arrangements for safeguarding in line with the requirements of "Working Together to Safeguard Children 2018". These proposed arrangements are required in order to comply with the Depratment for Education's changed guidance as outlined in Working Together. These, if agreed by all parties, are required, following independent scrutiny, to be finalised in May 2019 and sent for approval to the Secretary of State for Education no later than the 20th June 2019 in order to confirm new arrangments by the 29th September 2019. In order to comply with stautory guidance.

	The proposed Safeguarding Children's Partnership plan sets out the following key areas: a. The safeguarding children partnership will cover the geographical boundaries of the 2 new unitary councils and operate Pan Dorset. b. The lead agencies will be the 2 Councils, Health and the Police. c. The partnership will engage with other relevant partners on a regular basis to identify emerging safeguarding priorities and review the impact of safeguarding arrangements. d. The safeguarding partnership will operate a learning hub to bring together learning, audit outcomes based performance data and feedback from users. e. A new child death review partnership will cover Bournemouth, Christchurch, Poole, Dorset and Somerset. f. There will be a number of task and finish groups to cover safeguarding matters which will co-ordinate with other strategic partnerships such as the Safeguarding Adults Boards, Community Safety Partnerships, Health and Wellbeing Boards etc.
Recommendations	**That the Shadow Authority/Executive Committee:-** Discuss and agree the proposed new Pan Dorset Safeguarding Arrangements for Bournemouth, Christchurch and Poole. Are able to be submitted for approval to the Department for Education following independent scrutiny.
Reason for Recommendations	The proposals as outlined are required to be approved by the statutory partners – Councils, Dorset Clinical Commissioning Groups and Police to comply with the publication by the Department for

	Education in 2018 of the revised guidance for safeguarding arrangements "Working Together to Safeguard Children 2018" prior to publication before the 29th September 2019. This needs to 3 months prior to implementation to meet the timescales. The governing bodies of the other statutory partners in the proposed new arrangements are similarly being consulted with, at this time for their approval.

Background detail

1. As part of the Children's and Social Care Work Act 2017, local safeguarding boards for children (LSCB) are being abolished and the new legislation requires statutory partners (local authorities, Clinical Commissioning Groups - CCG for Health and the Police) to come to agreements in each location to safeguard and promote the welfare of children in their area.

2. Over the past few months, senior leaders from Dorset CCG, the current 3 local authorities and Dorset Police have overseen and engaged in an option appraisal to consider potential models for future safeguarding children partnership arrangements to meet the new requirements. These are set out in the Pan-Dorset Safeguarding Children Plan 2019 – see Appendix 1 and the recommendation from those option appraisals are proposed.

3. The preferred model from all agencies is for a Pan Dorset safeguarding children's partnership led by the 4 statutory partners of Bournemouth, Christchurch and Poole Council, the Dorset Council, Dorset CCG and Dorset police. The partnership arrangements will cover 2 local authority areas.

Consultation

4. Chief Executive and Managing Director, Poole and Bournemouth Borough Councils

   Chief Executive and Director of Children's Services, Dorset County Council

   Director People's Theme, Poole Borough Council

   Director Adults and Children, Bournemouth Borough Council

Senior Police officers

Chief officers, Dorset CCG

Cabinet Members for Dorset CC, Bournemouth and Poole

Appropriate children's staff in all 3 Councils and members of both Children's Trust for Bournemouth and Poole

Summary of Finance and Resourcing Implications

5. The current LSCB arrangements in Bournemouth and Poole and Dorset LSCB have demonstrated that 98.3% of current funding for LSCB's has come from local authorities, the CCG and Police with a Pan Dorset baseline contribution from these agencies of £27,106. The partnership has agreed this sum and the current agency split of contributions should be maintained in 2019/20 to enable a smooth transition of responsibilities from the former 2 LSCB's and to ensure an appropriate extra structure to be established for the new safeguarding children partnership. This will require adjustment between agency contributions going forward when a new budget is set in 2020/21 when as fully statutory partners the 2 local authorities, CCG and Police will each contribute 25% of this funding.

Summary of Legal Implications

6. As set out in Working Together 2018.

Summary of Human Resources Implications

7. Business Support requirements from current LSCB's to be integrated into new arrangements.

Summary of Environmental Impact

8. None.

Summary of Equalities and Diversity Impact

9. None.

Summary of Risk Assessment

10. Proposals are on track to meet timescales required by Working Together to Safeguard Children 2018.

Background Papers

11. None.

Appendices

12. Appendix 1 - Pan Dorset Safeguarding Children Plan January 2019.

13. Appendix 2 – Comments received on proposed arrangements – Pages 17-23 of plan.

This page is intentionally left blank

PAN DORSET SAFEGUARDING CHILDREN PARTNERSHIP PLAN

Changes to safeguarding children partnership arrangements in line with Working Together to Safeguard Children 2018

Contents

Introduction *3*

Background *3*

Developing vision and priorities *3*

Process for developing Pan Dorset Safeguarding Children Partnership *4*

Safeguarding children partners *5*

Geographical boundaries *6*

"Relevant agencies" *7*

Role of early years' settings, schools and other educational establishments *8*

Voice of children and young people *8*

Learning hub incorporating quality assurance *9*

Local Practice Review *9*

Child Death Review Partners *10*

Themed task and finish groups –
working with the wider safeguarding partnership *10*

Learning, training and development *10*

Funding *11*

Dispute resolution *11*

Independent scrutiny *12*

Infrastructure *12*

Transitional arrangements *13*

Summary *14*

App 1 *16*

App 2 *17*

Introduction

Over the past few months, senior leaders from Dorset CCG, the 3 current local authorities and Dorset Police have overseen and engaged on an option appraisal to consider potential models for future safeguarding children partnership arrangements to meet the new requirements of *Working Together to Safeguard Children 2018*.

The outcome of the option appraisal was that a pan Dorset safeguarding children partnership would provide the most effective mechanism for addressing current and emerging safeguarding risks and vulnerabilities of children.

This paper sets out a summary of the option appraisal process along with the key elements required to establish the new arrangements and seeks organisational approval from the statutory partners of the CCG, local authorities and police. This will need to be followed by independent scrutiny of the plan prior to submission to the Secretary of State for Education (see timeline at App 1).

Background

Significant changes have recently been made to multi agency working as part of the Children and Social Work Act 2017. The Act abolishes local safeguarding children boards and creates new duties and a system of collective accountability for CCGs, local authorities and police to make arrangements locally to safeguard and promote the welfare of children in their area. Safeguarding children partners must have published their new arrangements before **29th June 2019** and have **up to three months** from the date of publication to implement the arrangements.

The development of a new safeguarding children partnership comes at a time of significant change locally for the key agencies of CCGs, local authorities and police.

In May 2018, parliament authorised the creation of a new unitary council for Bournemouth, Christchurch and Poole along with a separate unitary council for Dorset. Recruitment to new senior leadership roles for the new councils is nearing completion. Dorset CCG is one of eight first wave integrated care systems with strategic programmes for prevention at scale, integrated community services and a single acute network. Dorset Police has a collaborative partnership with Devon and Cornwall Police and had volunteered for merger although this is not now going ahead.

Developing vision and priorities

The current vision and priorities for children and young people across Bournemouth, Poole and Dorset is expressed within the strategic plans of the existing children's trusts, the integrated care system local transformation plan and the police and crime plan. These plans include common themes of:

- Children feeling cared for, safe and secure
- Enabling children and young people to fulfil their full potential

- Children feeling prepared for adulthood
- Promotion of mental health, early identification and intervention to address mental illness in children and young people
- Protecting children and young people from risks such as exploitation
- Addressing the needs of children in care and care leavers

Once established, the new safeguarding children partnership will develop its vision and priorities for safeguarding children on a pan Dorset basis. This will enable new leaders to the local system and current partners to develop a shared ambition for improving impact and outcomes for safeguarding children and young people.

Process for developing the pan Dorset safeguarding children partnership

Over the summer of 2018, senior leaders from across the CCG, 3 local authorities and the police oversaw an option appraisal process for the development of future safeguarding children partnership arrangements.

The process followed National Audit Office endorsed guidelines and included the development of an initial long list then a detailed assessment of a short list of potential models against the following criteria:

1. Ensures excellent practice is the norm
2. Ensures learning is promoted and embedded
3. Enables the public to feel confident that children are protected from harm
4. Enables partner agencies to hold one another to account effectively
5. Enables new safeguarding issues to be identified
6. Enables information to be shared effectively
7. Opportunity to reduce business support costs
8. Maximises leadership and staff capacity

Learning and experience from “early adopter” sites elsewhere in the country provided valuable ideas and insight to provide the most effective arrangements.

Following assessment of the options against the appraisal criteria, a pan Dorset safeguarding children partnership was identified as the preferred model to enable a single, more joined up approach in addressing vulnerability and risk for children and young people across Bournemouth, Christchurch, Dorset and Poole.

The following diagram summarises the key elements of the proposed structure for the new safeguarding children partnership and is described in further detail within this paper.



There has been wide scale engagement on the proposal for a pan Dorset safeguarding children partnership including discussion with LSCB/DSCB board members, other strategic partnership groups and via networks including early years and education providers.

This had provided endorsement for the proposal with helpful suggestions on how the new safeguarding children partnership should continue to engage with the wider safeguarding network. Comments received during the engagement period along with responses to these are detailed at App 2.

Safeguarding children partners

The pan Dorset safeguarding children partnership will be led by the 4 statutory partners of Bournemouth, Christchurch and Poole Council, Dorset Council, Dorset CCG and Dorset Police. The partnership arrangements will cover 2 local authority areas.

Working Together to Safeguard Children 2018 names the lead representatives from each of the safeguarding partners "the local authority chief executive, the accountable officer of a clinical commissioning group, and a chief officer of police".

For the pan Dorset safeguarding children partnership, the lead representatives are:

Graham Farrant	Chief Executive	Bournemouth, Christchurch and Poole Council
Matt Prosser	Chief Executive	Dorset Council
Tim Goodson	Chief Officer	Dorset CCG
James Vaughan	Chief Constable	Dorset Police

As set out in *Working Together to Safeguard Children 2018*, the lead representatives are able to delegate their functions although they retain accountability for any actions or decisions taken on behalf of their agency. The lead representatives have identified the

following senior officers in their respective agencies who have responsibility and authority for ensuring full participation with these arrangements:

TBC	Director of Children Services	Bournemouth, Christchurch and Poole Council
Sarah Parker	Director of Children Services	Dorset Council
Vanessa Read	Director of Nursing and Quality	Dorset CCG
Paul Kessell	Head of Crime and Criminal Justice	Dorset Police

These named senior officers have delegated authority to speak on behalf of the safeguarding partner they represent, make decisions on behalf of their organisation or agency, commit them on policy, resourcing and practice matters, and hold their own organisation or agency to account on how effectively they participate in and implement the local arrangements. The accountability arrangement will include responsibility for the named senior officers and the lead representatives to develop relevant scrutiny arrangements for safeguarding within their own individual agencies.

It is recognized that the Children Acts of 1989 and 2004 which underpins *Working Together to Safeguard Children 2018*, set out specific duties including a duty on the local authority to provide services to children in need in their area, regardless of where they are found and requires local authorities to undertake enquiries if they believe a child has suffered or is likely to suffer significant harm. The Director of Children's Services and Lead Member for Children's Services in local authorities are the key points of professional and political accountability, with responsibility for the effective delivery of these functions.

As the portfolios for Directors of Children's Services and relevant elected and lead members of the new councils are developed, further consideration will be given to how they will discharge the accountability detailed above within the context of the new pan Dorset safeguarding children partnership arrangements.

In order to bring transparency for children, families and all practitioners about the activity undertaken, the safeguarding partners will publish a report in line with *Working Together to Safeguard Children 2018* requirements at least once in every 12-month period which will set out what they have done as a result of the arrangements, including child safeguarding practice reviews, and how effective these arrangements have been in practice.

Geographical boundaries

The pan Dorset safeguarding children partnership will cover the geographical boundaries of the 2 new unitary authorities with a combined children and young people population of 142800. This includes children in the pan Dorset safeguarding children partnership area who have gone missing and who have been found in another area.

The area includes the relatively densely populated conurbation of Bournemouth and Poole, whilst Dorset county is more sparsely populated with inhabitants living in a number of seaside/market towns including Dorchester and Christchurch along with more isolated rural villages.

Relevant agencies

Senior leaders for the proposed pan Dorset safeguarding children partnership have identified the following organisations as "relevant agencies" whose involvement the safeguarding partners consider is required to safeguard and promote the welfare of local children.

However, in line with statutory guidance, safeguarding partners note the option to request representatives from other agencies/organisations as the partnership develops or the need arises from particular areas of partnership work.

NHS organisations and independent healthcare providers	Youth Offending Service	Probation	Adult services
Primary Care	Schools, Colleges and other Education providers	Early Years and Childcare providers	Public Health
Local Council services inc Licencing and Tourism	British Transport Police	Community Rehabilitation Company	Children and Family Court Advisory and Support Services
Sports Organisations/Groups /Associations	Relevant housing providers	Voluntary, Charity, Faith based organisations and hard to reach community groups	UK Visa, Immigration Enforcement and Border Force
Children's Homes, Independent Fostering Agencies and Supported Housing for Young People	Prisons	Coroner	Secure Training Centres and Secure Estate
Armed forces			

The safeguarding children partnership will engage with "relevant partners" on a regular basis to identify emerging safeguarding priorities and review impact of safeguarding arrangements including information sharing. A range of approaches will be used to maintain engagement including links via existing networks such as the Designated Safeguarding Leads network in education, planning events and webinars.

The safeguarding children partnership will promote via its website information on how to escalate concerns, how any disputes will be resolved along with details of the independent scrutiny and whistleblowing procedures.

Holding agencies to account for co operating and integrating their services to safeguard and promote the welfare of children is an important element of the new arrangements and will be formalised through an accountability framework to evidence that relevant agencies have appropriate, robust safeguarding policies and procedures in place and how information will be shared amongst all relevant agencies and the safeguarding partners.

Those agencies not under a statutory duty, should nevertheless cooperate and collaborate with the safeguarding partners and this will be assessed through periodic audits including section 11 audit and participation in local case reviews.

The Chairs of the sub groups including the local practice review group will account directly to the safeguarding children partnership.

Role of early years' settings, schools and other educational establishments

Ensuring support is in place to enable early years, schools and other education institutions to continue to fulfil their safeguarding children responsibilities will remain a key priority for the pan Dorset safeguarding children partnership.

Strong links will be maintained through the Education Safeguarding Advisors/their equivalent to Designated Safeguarding Leads within child minding, pre-school/nursey provision, children centres, out of school provision, schools, colleges and other education institutions.

Working through these networks will provide a rich source of intelligence about emerging safeguarding needs and risks so that training, policies/procedures can meet the needs of this diverse group of front line staff.

The pan Dorset safeguarding children partnership will seek assurance on schools safeguarding practice through feedback on *Keeping Children Safe in Education* audits/findings from OFSTED inspections and effective engagement in relevant local practice reviews.

Voice of children, young people and families

Capturing the voice of children, young people and their families will enable the pan Dorset safeguarding children partnership to hear about the experience and impact of multi-agency support, improve understanding about the safeguarding context in the local area and shape priorities to help keep children and young people safe.

The pan Dorset safeguarding children partnership will seek assurance on how individual agencies regularly seek and act upon feedback from children and young people including feedback through corporate parenting panels and youth parliament participants. Where possible, the partnership will involve families in local learning reviews and strengthen links with local voluntary and community groups working with children and young people.

Resource has built in to the proposed infrastructure to develop engagement and participation activities to explore new ideas for directly and indirectly involving children and young people in the work of the partnership.

Learning hub incorporating quality assurance mechanism

Learning and improvement is fundamental to effective safeguarding arrangements and a pan Dorset safeguarding children partnership should lead to a larger pool of knowledge, benchmarking to drive improvement and enable commissioning of high quality evidence based learning.

This will be represented in a "learning hub" that brings together learning from a variety of sources including audit, outcomes based performance data, feedback from children/young people and their families, feedback from staff and peer review.

The learning hub will be one of the key ways in which the partnership engages directly with staff so that the partnership has line of sight to front line multi agency practice and can hear first hand of emerging concerns and opportunities to build excellent practice.

It will provide the quality assurance function of the pan Dorset safeguarding children partnership, ensuring consistently high quality safeguarding practice is the norm across all agencies and co-ordinate statutory audits such as Section 11 and Section 175 audits.

The learning hub will be based on the well regarded model at Bexley Safeguarding Children Partnership and operate on a 4 monthly cycle. This will include:

- Month 1 initial problem identification/scoping
- Month 2 multi agency audit
- Month 3 collating feedback from children, young people, families and staff
- Month 4 analysis, recommendations for improving practice/service improvement

Re audit to enable analysis of impact will be built into the cycle.

There will be a close link to the work of the local practice review group reflecting learning and improvement as the central tenet of the partnership.

Local practice review

The pan Dorset safeguarding children partnership will identify and oversee the review of serious child safeguarding incidents. This includes undertaking initial "rapid review" and liaison with the national Child Safeguarding Practice Review Panel to agree the most appropriate level and form of investigation.

This should ensure robust, proportionate investigation of cases when things go wrong and ensure the timely sharing of learning at a local and national level. There is a particular opportunity to align the learning from safeguarding adult reviews, domestic homicide reviews, mental health homicide reviews and other relevant statutory investigations.

Child death review partners

The responsibility for ensuring child death reviews are carried out is held by "child death review partners" who are defined as the local authority for the area and any clinical commissioning group operating in the local authority area.

Child death review partners for 2 or more local authorities may combine and agree their area may be treated as a single area for the purpose of undertaking child death reviews.

Working Together to Safeguard Children 2018 requires child death review partners to cover a geography that could expect at least 60 child deaths per annum. The present pan Dorset child death review panel reviews circa 40 deaths per year. As such, discussions have taken place with Somerset for a proposed partnership covering Bournemouth, Christchurch, Dorset, Poole and Somerset.

Themed task and finish groups - working with the wider safeguarding partnership

The pan Dorset safeguarding children partnership will use a problem solving approach to address safeguarding children priorities and improve outcomes on the safety and welfare of children and young people. This will be progressed through a small number of task and finish groups and where possible co ordinated with the work of other relevant pan Dorset strategic partnerships which have a role in safeguarding such as:

- Safeguarding Adults Boards
- Community Safety Partnerships
- Pan Dorset Community Safety and Criminal Justice board
- Pan Dorset Domestic Abuse Strategic Group
- Multi-agency public protection arrangements (MAPPA)
- Health and Wellbeing Boards

Through a shared sense of responsibility, joint and aligned priorities partners should be able to achieve greater impact in addressing vulnerabilities and risks to children and young people in areas such as sexual abuse, sexual violence, exploitation and domestic abuse. The model should also enable efficiencies in use of resource and specialist skills such as data analysis.

Learning, training and development

The safeguarding children partnership will maintain the current training unit hosted by Dorset Council which operates as a self-funding training function and offers a comprehensive programme of face to face multi agency and on line training for statutory, voluntary and independent workers.

This includes the following:

- Two-day Safeguarding Children course and one day follow up,
- Serious Case Review Workshops,
- Child Sexual Exploitation
- Courses on neglect, emotional abuse and sexually harmful behaviour.
- Safer Recruitment
- Managing Allegations
- Supervising to Safeguard and Working with Resistant Families.

All training programmes are commissioned and delivered within a quality assurance framework to ensure high standards of learning which are evaluated immediately on completion of the course, at 8 weeks and 6 months.

The new learning hub will ensure future training is skills based and commissioned based on learning needs from the 4 monthly learning and improvement cycle along with learning from local practice reviews, national reviews and evidence informed practice published through the improvement bodies such as the What Works Centres, National Institute for Health and Care Excellence (NICE) and the College of Policing.

Funding

In line with *Working Together to Safeguard Children 2018*, safeguarding partners have reviewed the financial contribution from each partner to ensure this is sufficient to cover all elements of the arrangements, including the cost of local child safeguarding practice reviews.

Analysis of historic contributions has highlighted that 98.3% of financial contribution has come from local authorities, the CCG and police with a pan Dorset baseline contribution from these agencies of £270106.

It has been agreed that this sum and the current agency split of contributions will be maintained in 2019/20 to enable a smooth transition of responsibilities from the former LSCBs and ensure an appropriate infrastructure can be established for the new safeguarding children partnership.

It is recognised that the level of funding secured from each partner should be equitable and proportionate which will require some adjustment between agency contributions going forward. To enable appropriate budget planning and business case development it has been agreed that when a new budget is set for 2020/21 onwards, the 2 local authorities, CCG and police will each contribute 25% of this funding.

Dispute resolution

The pan Dorset safeguarding children partnership and its relevant agencies must act in accordance with the arrangements for their area, and will be expected to work together to resolve any disputes locally. These arrangements will be formalised in a dispute resolution

policy including appropriate escalation from senior officers to lead representatives of the partnership. Public bodies that fail to comply with their obligations under law are held to account through a variety of regulatory and inspection activity. In extremis, any non-compliance will be referred to the Secretary of State.

Independent Scrutiny

The role of independent scrutiny is to provide assurance in judging the effectiveness of multi-agency arrangements to safeguard and promote the welfare of all children in a local area. This is undertaken through objective scrutiny, acting as a constructive critical friend, promoting reflection to drive improvement and considering how well the safeguarding partners are providing strong leadership to fulfil their safeguarding children role.

As detailed on page 6, named senior officers and the lead representatives will ensure relevant scrutiny arrangements for safeguarding within their own individual agencies.

Further consideration will also be given to how relevant elected and lead members of the new councils will discharge their accountability within the context of the new pan Dorset safeguarding children partnership arrangements.

The independent scrutiny will form part of a wider system which includes the independent inspectorates' single assessment of the individual safeguarding partners and the Joint Targeted Area Inspections (JTAIs).

Local senior leaders have agreed that in the first instance they will establish an independent chair role which in due course may change to other means of accessing independent scrutiny.

Infrastructure

The new pan Dorset safeguarding children partnership plans to facilitate and drive action beyond usual agency constraints and boundaries to improve safeguarding outcomes for children and young people. To do this, the partnership needs a dynamic and flexible infrastructure which engages with children, young people, families, practitioners and managers to put learning and improvement at the centre of its work and plans to do this through the development of a learning hub.

This will be coupled with a multi agency problem solving approach, linking with other strategic partnership groups to pre empt and address the greatest challenges and needs.

At the same time, there is still a need to hold agencies to account for their safeguarding work and build public confidence in local safeguarding arrangements so the safeguarding children partnership will need robust systems to manage its business including preparation of annual reports for independent scrutiny.

As such, the proposed infrastructure places particular emphasis on the following skills – some of which will be reflected in dedicated roles whilst others such as data analysis, engagement and communication will be brought in under a service level agreement.

- practice review and learning
- project management
- data analysis, audit and operational research
- business support including budget management
- engagement and communication
- relationship management

Transitional arrangements

Business continuity

Bournemouth and Poole Local Safeguarding Children Board(LSCB) and Dorset Safeguarding Children Board (DSCB) will formally handover any outstanding actions or ongoing priorities from their business plans for 2019/20.This process has already begun and was discussed at a planning event held in December 2018 when it was agreed that the following Dorset priorities could now become business as usual:

- Reducing the number of children experiencing significant harm
- Reducing the number of children and young people who come into care

At present, it is anticipated that actions for the following priorities will be ongoing at the time of handover:

- Child exploitation including actions from the JTAI that took place in Dorset in May 2018.
- Child sexual abuse
- Neglect

In addition, there is ongoing work on a joint basis with the adult safeguarding boards on whole family working.

The LSCB/DSCB maintain a risk register with the highest risks at present relating to insufficient management capacity across partner organisations to support the delivery of LSCB/DSCB work streams and the risk of loss of LSCB/DSCB business team capacity due to uncertainty from the changes to safeguarding children arrangements. Mitigations are in place to address these risks and any outstanding risks at the time of formal handover will be notified to senior leaders within the new safeguarding children partnership.

Serious case reviews

At the time of writing, the LSCB and DSCB will be handing over the following cases:

Bournemouth, Christchurch and Poole:
No current SCRs
Multi agency learning event planned for 1 case
Single agency case audit in out of area placement

Dorset:
SCR 31 due to be published April 2019
Multi agency case audit 28, 30, 32 learning events held or planned for April 2019
Advice awaited from national child safeguarding review panel on 1 further case

In addition, the archive of historical reports from serious case reviews and action plans is accessible via the relevant local authority hosted databases.

Training and development

It has been agreed that the existing training business unit will continue to be hosted for at least the first year of operation of the new safeguarding children partnership by Dorset Council. A full programme of courses has been commissioned for 2019/20 and staff will continue to be able to book these via the Nexus system.

Policies and Procedures

The Pan-Dorset Multi-Agency Safeguarding Policies and Procedures Manual which is an online resource provided by tri.x has recently been updated. The contract with tri.x remains in place and will ensure continuity of access to the wide range of procedures required by the multi agency workforce.

Summary

Working Together to Safeguard Children 2018 introduces significant changes to multi agency safeguarding children arrangements and in particular bringing to an end LSCBs and replacing these with new safeguarding children partnerships.

This comes at a time of significant organisational change locally with 2 new unitary councils being formed and major strategic developments within the CCG and police. As such, work to develop a vision and priorities for safeguarding children will be an early activity for new and existing senior leaders of the pan Dorset safeguarding children partnership.

Local senior leaders have been proactive in considering potential safeguarding children partnership models including information from “early adopter “sites elsewhere in the country and overseeing an option appraisal to ensure optimum arrangements locally.

This has led to a proposal to develop a pan Dorset safeguarding children partnership which should enable a single more, joined up approach in addressing vulnerability and risk for children and young people across Bournemouth, Christchurch, Dorset and Poole.

Engagement on the proposals has endorsed the plan as an effective means of strengthening multi agency safeguarding work to further improve the safety and welfare of children and young people locally.

The enclosed plan sets out the key components of the new arrangement including the geography to be covered, identifies “relevant agencies” including the role of early years, education and other education institutions as organisations essential to safeguarding children and young people.

The plan details the proposed structure which is centred around a learning hub incorporating the quality assurance function and will bring together learning from a variety of sources including audit and outcomes based performance data. It will also be one of the ways the partnership engages directly with front line staff and receives feedback from children/young people and their families.

The governance arrangement outlined in the plan will ensure accountability, transparency clear escalation routes and the means of resolving any differences.

Working beyond agency boundaries and with other strategic partnerships in a problem solving, outcome focused way should lead to achieving greater impact in tackling some of the greatest challenges within safeguarding children practice.

Timeline

Approval of pan Dorset safeguarding children partnership plan through appropriate governance channels: • Bournemouth, Christchurch and Poole Shadow Council • Dorset Shadow Council • Dorset CCG • Dorset Police	February 2019/March 2019
Independent Scrutiny of safeguarding children partnership plan	April 2019
Finalise safeguarding children partnership plan	May 2019
Publication of plan and send plan to Secretary of State for Education	No later than 29th June 2019
Commence new safeguarding children partnership arrangements	No later than 29th September 2019

Comments received on Discussion Paper re Proposed Pan Dorset Safeguarding Children Partnership

Reference in the responses to "the plan" refers to the Pan Dorset Safeguarding Children Partnership Plan

Contributor	Theme of Comment	Response
Safeguarding Adults Boards	The proposals are welcomed and there is an intention to undertake a similar review of safeguarding adult partnership arrangements from Spring 2019. Importance of maintaining joint work in areas such as whole family approach	The new safeguarding children partnership is committed to joint work in all relevant areas.
SARC	Grateful for inclusion of SARC to comment on proposal. Think Pan Dorset partnership is the best solution. Would like to continue to be included in relevant communications.	The importance of effective communication is recognized with resources prioritised for this which is detailed in the infrastructure section of the plan.
Head Teacher	Need to refine agenda and focus issues for relevant partners and build partnerships at a local level	The new partnership plans to engage with partners on the development of a small number of priorities and encourages multi agency working at a local level.
CEO CVS	Like proactive approach. Would like the new safeguarding partnership to engage with the CVS where people are best placed to make an impact.	The voluntary sector as a "relevant partner" is recognised as having an important community links with children and young people and the partnership welcomes the opportunity to strengthen joint work.

Contributor	Theme of comment	Response
Bournemouth Senior Management Team	Positive about proposals Will be important to consider role of elected members as move to new safeguarding children partnership goes forward.	As the portfolios for new Directors of Children services and lead members/portfolio holders are developed, further consideration will be given to how they will discharge their accountabilities within the context of the new safeguarding children partnership arrangements.
Manager NHS England	Need to reference integrated care system of Dorset CCG Like the assessment criteria but struggling to see where voice of the child features. Understand other models were considered including joint partnership with adults' boards. Would like to see how priorities will be jointly planned with other boards. Good to see how experience from early adopters was used but can't see in proposal how learning from early adopters will continue going forward. Need to see a clear dispute resolution process.	Now referenced on page 3 of the plan. Further detail now provided on capturing the voice of the child through resourced engagement work of partner agencies and through direct involvement in the learning hub cycle. Page 8 of the plan. The partnership will align relevant priorities with a range of other strategic partnerships detailed on page 10 of the plan. The partnership continues to review the publications of early adopter sites and links have already been made with Bexley LSCB to learn further about their Learning Hub. This is now described in the plan at page 11.

Contributor	Theme of comment	Response
Childrens Trust Poole	Need to be clear if Independent chairing role is to be ongoing and if not build into job description of leadership role within infrastructure responsibility re facilitate partnership working.	Learning from early adopter sites on the role of the independent scrutineer continue to be reviewed.
	Safeguarding partnership needs to respond to issues as they arise in a timely way.	Proposed task and finish groups should enable timely response to issues as they arise. The escalation policy also offers a formal mechanism to resolve such difficulties.
	Importance of maintaining links with the safeguarding in education groups and education leads. The size of the forum is already large and may not be effective if expanded further.	The role of early years and education is essential to the safety and welfare of children and further detail has been included within the plan page 7.
	Little said about the voice of the child will be captured. Need vision for this and funds to enable engagement work.	Further detail now provided on capturing the voice of the child through resourced engagement work of partner agencies and through direct involvement in the learning hub cycle. Page 8 of the plan.
	Need to be clear on who will receive communication from the safeguarding children partnership and the infrastructure for this.	The importance of effective communication is recognized with resources prioritised for this which is detailed in the infrastructure section of the plan.
	Armed forces are not captured within the relevant agencies.	Now added to the list of relevant agencies page 7 of the plan.
	Need clarification on partners intention re Tri.X contract.	Page 13 of the plan confirms the intention of the partnership to continue with the Tr.X contract.

Contributor	Theme of comment	Response
Head Teacher School	Seems well considered and organized approach. Would like to see communications with designated safeguarding leads continued. Would like confirmation of continued access to training. Wants clarity on who will be the main point of contact in the new partnership	 The role of early years and education is essential to the safety and welfare of children and further detail has been included within the plan page 7. A full training programme will continue to be available to the current cross section of workers and is detailed in the plan at page 10. Once published, the infrastructure for the new partnership will make clear key contact points. Meanwhile, the current websites and business team contacts continue to be available.
Bournemouth and Poole LSCB	Colleagues feel this is a good opportunity to shape the new arrangements, Need to ensure the Voice of the Child is embedded in the new arrangements. Colleagues who had worked with Bexley found their model to be good.	 Further detail now provided on capturing the voice of the child through resourced engagement work of partner agencies and through direct involvement in the learning hub cycle. Page 8 of the plan. Senior leaders have reviewed plans from early adopters across the country and incorporated relevant features in the proposals including development of a “learning hub” based on the Bexley model

Contributor	Theme of comment	Response
Dorset SCB	Query whether the sub-groups would remain and the difficulty of maintaining the balance of wider agency involvement, such as criminal justice, in the new partnership arrangements. Recognition that Bexley and Devon have published their new arrangements, as an early adopter, for us to compare ours with. Query on how the new arrangements will be evaluated in comparison with the present arrangement.	It is anticipated that the new safeguarding children partnership will have less "standing" sub groups but will form outcome focused task and finish groups to address key priorities. Senior leaders have reviewed plans from early adopters across the country and incorporated relevant features in the proposals including development of a "learning hub" based on the Bexley model. Evaluation mechanisms will be built into the priority setting of the new safeguarding children partnership. The learning cycle described in the plan is based on a continuous process of learning and improvement including evaluation.
Pan Dorset Safeguarding Children Planning Event	Needs to be a strong emphasis on improving outcomes and demonstrating the impact of partnership working for the benefit of children and young people Needs to be alignment on priorities with other partnership groups. Needs to be clear mechanism to feed in and out of the safeguarding children partnership.	This is emphasised in the principles of the proposed safeguarding children partnership and will underpin its work in all areas. The partnership will align relevant priorities with a range of other strategic partnerships detailed on page 10 of the plan. The importance of effective communication to feed in and feed out ideas and key developments is recognized with resources prioritised for this which is detailed in the infrastructure section of the plan.

	Like the Learning hub based on Bexley 4 month learning cycle	The “learning hub” based on the Bexley model is described in the plan at page 9
	Need to consider the direct role of Probation and the Community Rehabilitation Company	Probation and the Community Rehabilitation Company are detailed as relevant agencies with the option to request representatives from these agencies as the partnership develops or the need arises from particular areas of partnership work.
	Need to build on current strengths of LSCBs	Learning from the strengths of the existing LSCBs has been incorporated within the plan.
	The vision needs to be developed and co-owned with all agencies	As new and existing leaders are confirmed within the safeguarding children partnership, an early priority will be engagement on developing the vision for safeguarding children
	Clarity needed on expectations of partners	An accountability framework will be developed to supplement Working Together requirements of partners.
	The partnership needs to be visible	An engagement and communications plan will address the range of ways that the partnership will be accessible and visible.
	Practice approaches should be based on service user feedback, academic evidence and practitioner views	The “learning hub” learning cycle incorporates these elements
	Training needs to be more skills based	A new learning and improvement framework will place a greater emphasis on skills based training
	Learning hub needs to seek out best practice from elsewhere	The learning cycle starts with drawing on best practice and evidence from elsewhere

Contributor	Theme of comment	Response
Designated Safeguarding Lead	Have "partners" that produced this document been prescribed by the new laws / practices around safeguarding? Were schools not invited because we are not on this a list?/Do we appear in a table of lots of other partners as a result of this? Is the rest of the document a kind of corporate level response to the new set of requirements set out by the Government? It reads to me as a set of very good intentions that appear to be set out in a manner to ensure compliance with a set of requirements.	Partners have developed plans in line with the requirements of new safeguarding children partnerships detailed in Working Together 2018 The national consultation on Working Together considered schools as a 4th statutory partner within the new safeguarding children partnerships but this was not considered feasible due to no single representative agency for schools and other education establishments. At a local level, schools have been identified as a relevant agency. It has been important to structure the plan in line with statutory requirements to evidence how the safeguarding children partnership will be able to deliver against its responsibilities.
Members of CCG Board	Proposal seems sensible Engagement with relevant partners will be key No immediate concerns I'm content there has been a full option appraisal but reference to other strategic partnerships seems vague. Option appraisal refers to difficulty in operationalising the model in the pros and cons- need to be confident the proposed model will be effective.	The key strategic partnerships are listed on page 10 of the plan and were part of the engagement process. The larger geography of a pan Dorset safeguarding children partnership was considered a potential challenge but should be overcome with clear priorities, effective communication arrangements and robust processes.
Dorset County Council Senior Leadership Team	Broad level of support. Several senior managers have been directly involved in developing proposals.	

This page is intentionally left blank

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

12

Report Subject	**Establishment of a Community Safety Partnership for Bournemouth, Christchurch and Poole**
Meeting date	12th February 2019
Report Author	Andrew Williams, Community Safety Manager, Bournemouth ☎ 01202 458240 ✉ andrew.williams@bournemouth.gov.uk
Status	Public
Classification	For decision
Key Decision	No /Report to Executive Committee
Executive summary	Section 6 of the Crime and Disorder Act 1998 requires partners within a local government area to work together in formulating and implementing strategies to tackle local crime and disorder in the area. As a result of Local Government Reorganisation in Dorset, new Community Safety Partnership arrangements are required for the Bournemouth, Christchurch & Poole area from 1st April 2019.
Recommendations	That the Shadow Executive Committee: • Agrees the Terms of Reference for the Bournemouth, Christchurch & Poole Community Safety Partnership

Reason for Recommendations	To ensure compliance with the Crime & Disorder Act 1998 and subsequent legislation which requires partners to work together in a Community Safety Partnership to tackle crime and disorder

Background detail

1. Section 6 of the Crime and Disorder Act 1998 requires partners within a local government area to work together in formulating and implementing strategies to tackle local crime and disorder in the area. As a result of Local Government Re-organisation in Dorset a new Community Safety Partnership for the Bournemouth, Christchurch & Poole area needs to be established coterminous with the BCP local government area from April 1st, 2019 and reflecting the move to 2 unitary authorities across Dorset.

2. The proposed Terms of Reference set out the responsibilities of the Community Safety Partnership, some of which are statutory responsibilities for the new BCP Council and partners. These terms of reference:
    - ensure the CSP is coterminous with the BCP Council local government area
    - acknowledge the closer working relationships with the Safeguarding Boards and
    - reflect the CSPs lead on local Community Safety Partnership Plans

3. As members will be aware the CSP has delegated some of statutory duties of the CSP to the Community Safety and Criminal Justice Board (CSCJB). As this Board is not a statutory body and the statutory duties it conducts on behalf of the CSP will be complete ahead of 31 March 2019 changes to this Board are not required at this stage. This will be reviewed following the Local Government elections in May 2019, when the two new Councils can consider future pan-Dorset partnership arrangements.

4. It is anticipated that the CSP Board will not meet until after the Local Government elections in May 2019, after which the new BCP Council can agree it's representation on the CSP Board.

5. Should the Board be required to meet between April & May 2019 to consider any urgent business, it is proposed that the Elected Members sitting on the existing Bournemouth & Poole Community Safety Partnerships and the Christchurch Member serving on the Dorset CSP are invited to represent the BCP Council.

6. One of the statutory functions of the CSP is to undertake Domestic Homicide Reviews (DHRs). Legislation places a specific responsibility on the Chair of the CSP to decide whether a DHR is needed. Therefore, it would be prudent to make arrangements for a Chair to be selected to serve from April 1st, 2019. It is anticipated that this can be achieved virtually, without the need for a meeting, as it has been proposed that Dorset Police chair the Community Safety Partnership Board until final membership can be agreed following the May 2019 Local Government elections in Bournemouth, Christchurch & Poole.

Consultation

7. Consultation has taken place with Members of the existing Community Safety Partnerships covering Bournemouth, Christchurch and Poole. Statutory Partners and other organisations involved in our partnership working have also been consulted.

Summary of Finance and Resourcing Implications

None

Summary of Legal Implications

8. Under the Crime and Disorder Act 1998 and subsequent legislation partners within a local government area are required to fulfil certain statutory functions. This proposal enables the new Council to comply with relevant legislation.

Summary of Human Resources Implications

None

Summary of Environmental Impact

None

Summary of Equalities and Diversity Impact

None

Summary of Risk Assessment

9. If arrangements are not put in place for a BCP Community Safety Partnership from 1st April 2019, the new authority runs the risk of failing to comply with relevant legislation.

Appendices

Bournemouth, Christchurch & Poole Community Safety Partnership Terms of Reference

Terms of Reference

Bournemouth, Christchurch & Poole Community Safety Partnership

1. Purpose:

The purpose of the Community Safety Partnership is to deliver safer communities as set out in the Crime and Disorder Act 1998 and relevant legislation. In doing this the partnership will co-ordinate community safety activity in Bournemouth, Christchurch & Poole at a strategic level; to reduce crime and the fear of crime, to address the risk, threat and harm to victims and local communities, and also to facilitate the strengthening of communities in the delivery of local initiatives.

2. Key Areas of Responsibility:

To do this the Community Safety Partnership will:

i) Be a partnership body accountable for the delivery of safer communities including duties placed upon it by the Crime and Disorder Act 1998 and subsequent legislation in a transparent and open way.

ii) Deliver the functions related to the duties through the most relevant group within the overall community safety partnership structure.

iii) Develop strong linkages to local partnerships/groups with similar objectives including the Partnership Co-ordinating Groups (PCGs) to assist in the delivery of local delivery priorities.

iv) Ensure appropriate mechanisms are in place for the engagement of communities in tackling crime and fear of crime and accountability of community safety partners to the community.

v) Hold partners accountable under section 17 of the Crime and Disorder Act 1998 for access to and use of resources and skills needed to mainstream community safety issues. This will include advice and recommendations to individual partners in appropriate circumstances. In this regard to ensure the effective and lawful share of information between partners about Bournemouth, Christchurch & Poole and its people to tackle crime.

vi) Monitor performance against community safety priorities at a local level and hold Partnership Co-ordinating Groups (PCGs) to account for the delivery of outcomes for victims, perpetrators & communities

vii) Be responsible for reporting and explaining performance against a performance management framework across the Bournemouth,

Christchurch & Poole areas at the pan-Dorset Community Safety & Criminal Justice Board (CSCJB).

viii) Undertaken analysis and strategic assessments of crime and disorder on at least an annual basis involving all relevant agencies and related partnerships (eg Health and Well-Being Board; Children's Safeguarding Partnership, Safeguarding Adults Board) in order to identify strategic priorities and risks and to inform strategic and operational planning.

ix) Identify and take opportunities to bring in additional funding to support partnership activities and oversee the management of financial resources available to the partnership.

x) Be sighted on emerging threats and issues in Bournemouth, Christchurch & Poole and bring these to the attention of the Community Safety and Criminal Justice Board (CSCJB) as required.

xi) Meet the requirements of the Domestic Violence, Crime and Victims Act (2004) as amended and statutory guidance in relation to domestic homicide reviews (DHRs)

xii) Contribute to the implementation of the both the Safeguarding Adults Board (SAB) and Local Safeguarding Children's Strategies by ensuring that all work undertaken by the CSP demonstrates clear links with the wider safeguarding agenda.

xiii) Publish an annual Community Safety Plan, setting out the priorities for tackling crime and disorder and the projects being implemented, based upon the Annual Partnership Strategic Assessment.

xiv) Ensure there are appropriate links to the Dorset Integrated Care System, Health & wellbeing Board, and other relevant partnership activities or structures that influence community safety.

3. Statutory Duties:

Legislation places a number of statutory duties on CSPs. Although the Bournemouth, Christchurch & Poole CSP retains accountability for these, it utilises the pan-Dorset Community Safety & Criminal Justice Board to deliver some of them on its behalf (as detailed in the table below).

Statutory CSP Duty	Details	Group
Domestic Homicide Reviews (DHRs)	In accordance with the Domestic Violence, Crime and Victims Act (2004) as amended and any other relevant statutory guidance	BCP CSP

Annual Partnership Strategic Assessment (PSA)	In accordance with the Crime and Disorder Act 1998, as amended, and any other relevant statutory guidance	CSCJB
Community Safety Plan	In accordance with the Crime and Disorder Act 1998 as amended, and any other relevant statutory guidance	BCP CSP
Community Engagement and Consultation	In accordance with the Crime and Disorder Act 1998 as amended, and any other relevant statutory guidance	BCP CSP
Information Sharing Protocol	In accordance with the Crime and Disorder Act 1998 as amended, and any other relevant statutory guidance	CSCJB
Reducing Reoffending Strategy	In accordance with the Policing and Crime Act 2009 as amended, and any other relevant statutory guidance	CSCJB

4. Membership:

The membership of the CSP shall be:

Core (These are the statutory members specified in legislation)

- Bournemouth, Christchurch & Poole Council
- Dorset Police
- Dorset Clinical Commissioning Group
- Dorset & Wiltshire Fire Authority
- Dorset, Devon & Cornwall Community Rehabilitation Company
- National Probation Service

The quorum for meetings of the CSP shall be 3 core members.

Other members

Other community safety partners invited to attend include:

- Dorset & Wiltshire Fire & Rescue Service
- Dorset Youth Offending Service
- Office of the Police & Crime Commissioner
- Voluntary Sector Representatives
- BCP Council Officers
- Dorset Healthcare Trust
- Representatives from Children's & Adults Safeguarding Boards

A representative from each of the Partnership Co-ordinating Groups and lead officers for theme areas will be required to attend meetings to explain performance and actions.

5. Chairing Arrangements:

The Chair & Vice-Chair of the group will be drawn from one of the core membership representatives within the partnership.

The Chair has specific responsibilities in relation to DHRs as set out in the relevant statutory guidance. The Chair will also be expected to represent the CSP at other events as appropriate.

6. Decisions and Recommendations

Whenever possible, all decisions will be made based on consensus. Where needed decisions will be made in a democratic manner with all partners equal. Each core member has one vote. If there are equal numbers of votes for and against, the Chair will have a second or casting vote. Other regular attendees and observers do not have voting rights.

7. Accountability and Governance

Those members with individual statutory responsibilities will retain their responsibility for meeting their statutory duties and responsibilities.

A bi-annual report will be brought to the CSP by the CSCJB. This will report on how the CSP functions have been discharged. The report will also be taken to relevant groups including local authority Crime and Disorder Committees.

Meetings will be held quarterly with meeting dates set a year in advance.

The Chair of the Board will agree the agenda prior to the meetings. The agenda will reflect the terms of reference and provide opportunity for discussion of any other business. All members of the Board will have the opportunity to ask for items to be added to the future plan for discussion.

Papers will be circulated at least five working days prior to meetings, to allow sufficient time for partners to prepare.

Each partner has a responsibility to cascade information through their own agency as appropriate. They should also be able to update the CSP on the progress that their own organisation is making in terms of delivering against agreed plans.

V1.5 Dated: January 2019

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

13

Report Subject	BCP Local Transport Plan (LTP) Capital Programme for 2019/20
Meeting date	Tuesday 12 February 2019
Report Author	Richard Pincroft
Status	Public
Classification	For decision
Key Decision	Report to Shadow Executive Committee and Shadow Authority
Executive summary	Seek approval to deliver proposed BCP Local Transport Plan 2019/20 Capital Programme and to publish indicative 3 year structural maintenance programme to ensure that the new authority is compliant with Department for Transport Band 3 Incentive Fund criteria.
Recommendations	That the Shadow Executive Committee recommends that the Shadow Authority approves:- 1. The 2019/20 BCP Local Transport Plan Capital Programme as set out in Appendix A 2. Indicative 2020/21 and 2021/22 BCP Highways Maintenance Programmes as set out in Appendix B
Reason for Recommendations	Recommendation 1. To ensure continuity of the delivery of the programme.

	The approval would enable the completion/continuation of existing Local Transport Plan capital programme schemes, delivery of schemes that are currently being planned, consulted upon and/or designed and the development of future years schemes. Recommendation 2. The apporval would reduce the risk of loss of funding associated with the incentive fund element of the Structural Maintenance Block.

1.0 Background detail

1.1 In November 2018 the Shadow Executive Council agreed that for delivery purposes the BCP 2019/20 LTP Capital Programme shall comprise 3no. separate programmes approved by each existing authority's approval process which would then be combined into a single programme for approval by the Shadow Executive Council before the start of the 2019/20 financial year.

1.2 The Local Transport Plan Capital Programme implements schemes that align with the Council's Local Transport Plan (LTP) 3, corporate objectives and priorities, including those set out in the Core Strategy and Dorset Local Enterprise Partnership (DLEP).

1.3 The Local Transport Plan covers the whole of Bournemouth, Poole and Dorset. It covers the period from 2011 to 2026 and came into effect from April 2011. In south east Dorset, the LTP3 draws heavily on the South East Dorset Transport Study. Local Transport Plan objectives include:

- Reducing the need to travel
- Manage and maintain the existing network more efficiently
- Active travel and 'greener' travel choices
- Public transport alternatives to the car
- Car parking measures
- Travel safety measures
- Strategic infrastructure improvements

1.4 Government funding is provided by the Department for Transport (DfT) to deliver the Local Transport Plan through the Local Transport Plan Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant. The proposed delivery plan for expenditure of the funding in 2019/20 is shown in Appendix A.

1.5 The Department for Transport (DfT) has advised BCP Financial Services officers that it will not adjust the amounts of funding awarded to the highway authorities in Dorset (Poole, Bournemouth and Dorset) in advance of Local Government Reorganisation (LGR).

1.6 Christchurch comprises 5.6% of Dorset County Council's highway network. On the basis that DfT has advised that the grant amounts awarded to each authority will not be adjusted in advance of LGR 5.6% has been used to calculate the proportion of DfT grant that Dorset County Council currently receives that will be reallocated to BCP Council from 1 April 2019 onwards.

1.7 In November 2018 the DfT granted all highway authorities additional Local Highways Maintenance Funding. The amount of additional funding allocated to each authority was:

- Poole £709,000
- Bournemouth £644,000
- Dorset £6,165,000

These grants have been added to each Council's 2018/19 programmes. Dorset has allocated £345,240 (5.6% of the £6,165,000) of this funding to deliver maintenance works in Christchurch. If Dorset County Council is unable to deliver the schemes identified in Christchurch before the end of the 2018/19 financial year then after 1 April 2019 any unspent funding will be transferred to BCP for it to deliver the remaining schemes.

1.8 The DfT reduced the amount of needs based funding allocated to each local authority for maintenance in 2016/17. Since this financial year authorities have had to secure additional funding on an 'incentive' basis and/or from the Competitive Challenge Fund Tranches. The amount shown for highways maintenance in Appendix A includes an estimate of the amount of "incentive based" funding expected in 2019/20 and is based on the new Bournemouth, Christchurch and Poole (BCP) Council operating at Band 3 level. Note: Bournemouth, Christchurch (via Dorset County Council) and Poole are all currently Band 3 authorities.

1.9 To satisfy the 'incentive' requirements for Band 3 status Councils are required to have a rolling 3 year indicative Highways Maintenance Programme published on their website. Appendix B comprises proposed Highways Maintenance Programmes for 2020/21 2021/22 for BCP Council.

2.0 Consultation

2.1 The Local Transport Plan (LTP) covers the whole of Bournemouth, Poole and Dorset for the period from 2011 to 2026. The LTP has been approved and adopted by all three authorities and submitted to the Department of Transport following extensive consultation.

2.2 The 2019/20 BCP LTP Capital Programme as set out in Appendix A comprises schemes that are aligned with the objectives of the Local Transport Plan. The majority of schemes within the programme would require consultation. The extent of consultation required would vary due to the complexity and nature of individual schemes. For example a major highway scheme would require

consultation from the outset, whereas a simple dropped crossing would not ordinarily be consulted upon.

2.3 The 2019/20 BCP LTP Capital Programme and 2020/21 and 2021/22 BCP Structural Maintenance Programmes as set out in Appendices A and B comprises schemes that are aligned with the objectives of the Local Transport Plan.

3.0 Options

3.1 Option A – Do nothing. No approval for the feasibility, design or procurement and/or delivery of schemes that form the 2019/20 BCP LTP programme would resulting in delay of the delivery of the schemes which would lead to underuse of existing resources and likely reputational damage to the Council.

No 3 year structural maintenance programme posted on BCP website would place Band 3 Incentive funding allocation at risk.

3.2 Option B – Seek approval for 2019/20 BCP LTP programme based on 3no. prioritised and approved programmes for the respective areas that form BCP which are then combined to form a single programme and indicative 2020/21 and 2021/22 Highways Maintenance Programmes.

This option would ensure continuity in the delivery of the LTP programme thus avoiding the underuse of resources and potential reputational damage to the Council. Furthermore the approval and publication of the indicative future year maintenance programmes would ensure that Band 3 Incentive Funding requirements are met.

4.0 Summary of Finance and Resourcing Implications

4.1 Approval to deliver the programme as set out in Appendix A.

4.2 BCP financial officers would need to liaise with Dorset Council counterparts to agree transfer of funds between the authorities for the Christchurch elements of the capital programmes.

4.3 There are no staff directly linked to the delivery of the LTP capital programme that that have been identified to date that are due to join BCP Council from Dorset County Council as part of the TUPE process (note: Dorset County Council currently act as the highway authority in Christchurch).

4.4 At the time of writing this report Tier 1 and Tier 2 BCP Council appointments had been confirmed. Unless Tier 3 appointments and the structures beneath them are confirmed before 1 April 2019 officers within the existing capital programme delivery teams within Poole and Bournemouth would share the increase in work generated by taking on responsibility for the delivery of LTP schemes in the Christchurch area.

5.0 Summary of Legal Implications

5.1 The programme includes some funding which are local contributions to the following Dorset Local Enterprise (DLEP) programmes:

- Bournemouth International Growth (BIG)
- Port of Poole

These local contributions are committed to in legal agreements between the respective Councils and DLEP.

6.0 Summary of Human Resources Implications

None.

7.0 Summary of Environmental Impact

7.1 LTP schemes aim to promote sustainable travel and/or minimise congestion and thereby would contribute positively to the environment.

7.2 The environmental impact of constructing the schemes within the programme varies dependent on the scale and environment within which the schemes would be delivered. Schemes would be designed and delivered to minimise the impact on the environment both during and post construction.

8.0 Summary of Equalities and Diversity Impact

8.1 The programme has been Equality Impact Assessment (EQIA) screened and a full EQIA for the programme itself is not required, however, individual projects within the programme would need to be EQIA screened and full EQIAs completed should a need be identified during screening.

9.0 Summary of Risk Assessment

9.1 No significant risk implications with regards to approval of the respective programmes have been identified. Schemes of significant scale would be subject to specific risk assessments and risk registers as part of the overarching programme delivery process.

9.2 Risks associated with not getting the programme approved in advance of the commencement of the 2019/20 financial year are summarised in section 3.

10.0 Background Papers

10 January 2019, Borough of Poole Transportation Advisory Group Report (Agenda item 5) - 2019/20 Local Transport Plan Capital Programme

14 January 2019, Shadow Dorset Council Report – Capital Highways Forward Programme 2019/20, 2020/21 and 2021/2022

30 January 2019, Bournemouth Borough Council Executive Gateway Report – 2019/20 Local Transport Plan Capital Programme.

11.0 Appendices

Appendix A - 2019/20 Local Transport Plan Capital Programme

Appendix B - 2020/21 and 2021/22 Highways Maintenance Programmes

Appendix A - Local Transport Plan 2019/20 BCP Capital Programme (note the section of the programme in <u>bold type and shaded</u> is that for which approval is being sought in this report) – sheet 1 of 4

Integrated Transport Block Schemes	Area of BCP	Funding sources			
		Total funding for scheme in 19/20 [£]	**2019/20 LTP Funding [£]**	**Dorset Local Enterprise Partnership** (DLEP) [£]	**Other funding sources [£]**
Strategic network improvements					
South East Dorset Multi-modal Transport Model	Bournemouth	25,000	**25,000**		
	Christchurch	10,000	**10,000**		
	Poole	25,000	**25,000**		
Heart of Poole (Town Centre North Sustainable Travel measures)	Poole	200,000	**200,000**		
Advanced design for future year schemes (LTP/MRN/DLEP)	Bournemouth	121,000	**121,000**		
	Poole	120,000	**120,000**		
DLEP: A338 Widening - Cooper Dean to Blackwater	Bournemouth	1,706,715	**0**	1,706,715	
DLEP: A338 - Wessex Fields Link & widening	Bournemouth	2,800,000	**0**	2,800,000	
DLEP: Lansdowne Area	Bournemouth	3,100,000	**0**	3,100,000	
DLEP: Wallisdown Project - Boundary Road Rbt	Bournemouth	200,000	**0**	200,000	
DLEP: Port of Poole - Townside Access	Poole	4,976,000	**0**	4,976,000	
Wallisdown Crossroads (DfT NPIF)	Bournemouth	1,400,000	**0**		1,400,000
Sub-total combined	**BCP**	14,683,715	**501,000**	12,782,715	1,400,000
Travel Safety Measures					
Road Safety – Safety improvements	Bournemouth	525,000	**525,000**		
	Christchurch	10,000	**10,000**		
	Poole	20,000	**20,000**		
Road Safety – 20mph zones	Poole	20,000	**20,000**		
Road Safety – Pedestrian Crossings	Poole	90,000	**90,000**		
Sub-total combined	**BCP**	665,000	**665,000**		
Active travel & 'greener' travel choices					
Rights of way	Bournemouth	10,000	**10,000**		
	Christchurch	5,000	**5,000**		
	Poole	15,000	**15,000**		
Dropped Crossings/Accessibility improvements	Bournemouth	155,000	**155,000**		
	Christchurch	5,000	**5,000**		
	Poole	24,000	**24,000**		
Walking and Cycling	Bournemouth	180,000	**180,000**		
	Christchurch	10,000	**10,000**		
	Poole	30,000	**30,000**		
Town Centre public realm - Beale Place	Bournemouth	350,000	**350,000**		
Electric Vehicle Infrastructure	Bournemouth	20,000	**20,000**		
Castle Lane East / Riverside - pedestrian and cycle enhancements	Bournemouth	20,000	**20,000**		
Business Travel Network, Business Grants & Site based Accessibility Audits	Bournemouth	20,000	**20,000**		
School Travel Plan minor improvements	Bournemouth	20,000	**20,000**		
Dunyeats Rd Scheme – Walking & Cycling	Poole	150,000	**150,000**		
Wimborne Rd (Phase 3 – New Inn to Dorchester Rd jcts)	Poole	234,000	**234,000**		
Ringwood Rd – Walking & Cycling	Poole	50,000	**50,000**		
Sub-total combined	**BCP**	1,298,000	**1,298,000**		

Appendix A - Local Transport Plan 2019/20 BCP Capital Programme (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 2 of 4

Integrated Transport Block Schemes (cont'd)	Area of BCP	Funding sources			
		Total funding for scheme in 19/20 [£]	**2019/20 LTP Funding [£]**	**Dorset Local Enterprise Partnership** (DLEP) [£]	**Other funding sources [£]**
Manage and maintain the existing network more efficiently					
Intelligent Transport Systems (ITS)	Bournemouth	140,000	**140,000**		
	Poole	30,000	**30,000**		
Junction Improvement Works	Poole	50,000	**50,000**		
Minor Transportation Schemes	Christchurch	10,000	**10,000**		
	Poole	30,000	**30,000**		
Town Centre West - The Triangle, Poole Hill, St Michaels (20mph zone extension)	Bournemouth	70,000	**70,000**		
Sub-total combined	**BCP**	330,000	**330,000**		
Public transport alternatives to the car					
South West Passenger Travel Information	Bournemouth	15,000	**15,000**		
	Christchurch	4,000	**4,000**		
	Poole	8,500	**8,500**		
Bus Facilities	Bournemouth	60,000	**60,000**		
	Christchurch	63,000	**63,000**		
	Poole	53,500	**53,500**		
Business Travel Network (BTN) - Organisational Travel Planning	Bournemouth	10,000			10,000
Gervis Place - Design and development	Bournemouth	35,000			35,000
Sub-total combined	**BCP**	249,000	**204,000**		45,000
Programme Management Fees	Poole	80,000	**80,000**		
Total for integrated transport	Bournemouth	10,982,715	**1,731,000**	7,806,715	1,445,000
	Christchurch*	117,000	**117,000**	0	0
	Poole	6,206,000	**1,230,000**	4,976,000	0
2019/20 total for integrated transport block	**BCP**	17,305,715	**3,078,000**	12,782,715	1,445,000

Notes:

1. * Christchurch allocation of Dorset County Council Integrated Transport Block allocation based on 5.6%.

2. Other funding sources includes: Developer contributions and National Productivity Investment Fund (NPIF).

Appendix A - Local Transport Plan 2019/20 BCP Capital Programme (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 3 of 4

Highway Maintenance Schemes	Area of BCP	Funding Sources		
		Total funding for scheme in 19/20 [£]	2019/20 LTP Funding [£]	Other funding sources [£]
Structural Maintenance				
A3049 Wallisdown Road - resurfacing	Bournemouth	500,000	**500,000**	
A338 Black water junction to Cooper Dean – carriageway inlay	Bournemouth	200,000	**200,000**	
Road markings	Bournemouth	16,000	**16,000**	
UTMC - Pelican upgrades	Bournemouth	50,000	**50,000**	
A337 Highcliffe Road (Hoburne Rbt to Bure Lane)	Christchurch	58,000	**58,000**	
A35 Lyndhurst Road (sections between Somerford roundabout and county boundary)	Christchurch	61,000	**61,000**	
B3059 High Street (Fountain Rbt - Castle St)	Christchurch	25,000	**25,000**	
C340 Salisbury Road	Christchurch	42,000	**42,000**	
C340 Stanpit (sections adjacent to Purewell)	Christchurch	32,000	**32,000**	
D76920 Wick Lane	Christchurch	20,000	**20,000**	
Wimborne Road/Dorchester Road	Poole	116,000	**116,000**	
Poole Park/Whitecliff Road	Poole	100,000	**43,000**	57,000
Dunyeats Road	Poole	340,000	**340,000**	
Parkstone Road - Phase 2	Poole	120,000	**120,000**	
Richmond Road	Poole	82,000	**82,000**	
Skid Resistance Improvements	Poole	20,000	**20,000**	
Planned/Pre-Patching	Bournemouth	24,767	**24,767**	
	Poole	179,000	**0**	179,000
Micro asphalt programme	Bournemouth	177,500	**177,500**	
	Christchurch	108,000	**108,000**	
	Poole	140,000	**140,000**	
Surface Dressing	Christchurch	55,000	**55,000**	
	Poole	100,000	**100,000**	
Carriageway Sealing	Christchurch	30,000	**30,000**	
	Poole	25,000	**25,000**	
Footpath resurfacing	Bournemouth	35,000	**35,000**	
	Christchurch	50,000	**50,000**	
	Poole	40,000	**40,000**	
Special Drainage	Bournemouth	40,000	**40,000**	
	Christchurch	15,000	**15,000**	
	Poole	35,000	**35,000**	
Surveys & software	Bournemouth	18,000	**18,000**	
	Christchurch	25,000	**25,000**	
	Poole	50,000	**50,000**	
Programme Management Fees	Christchurch	26,000	**26,000**	
	Poole	40,000	**40,000**	
Sub-total	Bournemouth	1,061,267	**1,061,267**	
	Christchurch	547,000	**547,000**	
	Poole	1,387,000	**1,151,000**	236,000
Sub-total combined	**BCP**	2,995,267	**2,759,267**	236,000

Appendix A - Local Transport Plan 2019/20 BCP Capital Programme (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 4 of 4

Highway Maintenance Schemes (cont'd)	Area of BCP	Funding Sources		
		Total funding for scheme in 19/20 [£]	2019/20 LTP Funding [£]	Other funding sources [£]
Bridges & Structures Maintenance				
Pier Approach Flyover Phase 3 Cathodic Protection	Bournemouth	170,000	**170,000**	
Richmond Hill and Richmond Park Bearing Repairs Hydro Blast and Protect	Bournemouth	70,000	**70,000**	
Horseshoe Common and St Stephen's Road Bridges Concrete Repairs	Bournemouth	40,000	**40,000**	
Waterloo Bridge	Christchurch	60,000	**60,000**	
Christchurch Bypass over the Mude (West of Somerford Rbt)	Christchurch	150,000	**150,000**	
Canford Bridge Repairs	Poole	400,000	**90,000**	**110,000** 200,000 (match-funding from DCC)
Delph Bridge Repairs	Poole	200,000		**200,000**
Principal Inspection Programme	Bournemouth	30,734	**30,734**	
	Poole	65,000	**65,000**	
Sub-total	Bournemouth	310,734	**310,734**	
	Christchurch	210,000	**210,000**	
	Poole	665,000	**155,000**	510,000
Sub-total combined	**BCP**	1,185,734	**675,734**	510,000
Street Lighting Maintenance				
Street Lighting Maintenance	Bournemouth	40,000	**40,000**	
	Christchurch	N/A - PFI	**N/A - PFI**	
	Poole	250,000	**250,000**	
Sub-total combined	**BCP**	290,000	**290,000**	
Total for highway maintenance	Bournemouth	1,412,001	**1,412,001**	
	Christchurch *	757,000	**757,000**	
	Poole	2,302,000	**1,556,000**	746,000
2019/20 total for highway maintenance	**BCP**	4,471,001	**3,725,001**	746,000
2019/20 total for integrated transport block and highway maintenance	Bournemouth	12,394,716	**3,143,001**	9,251,715
	Christchurch *	874,000	**874,000**	0
	Poole	8,508,000	**2,786,000**	5,722,000
	BCP	21,776,716	**6,803,001**	14,973,715

Notes:

1. * Christchurch allocation of Dorset County Council Structural Maintenance allocation based on 5.6%.

2. Other funding sources of Structural Maintenance include re-profiled Structural Maintenance funding (Poole) and Dorset County Council contribution towards Canford Bridge which will be a shared BCP and Dorset Council asset.

Appendix B - Local Transport Plan 2020/21 and 2021/22 BCP Highways Maintenance BCP Capital Programmes: (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 1 of 4.

Highway Maintenance Schemes	Area of BCP	Funding Source 2020/21 LTP Funding [£]
Structural Maintenance		
A341 Wimborne Road - Ferncroft to New Road	Bournemouth	**390,000**
Road Markings	Bournemouth	**20,000**
Chessel Avenue	Bournemouth	**22,800**
Portman Road	Bournemouth	**69,492**
UTMC - Redhill Avenue Pelican South of Ashton Rd	Bournemouth	**50,000**
B3073 Hurn Road (St. Catherines Way Roundabout to Fairmile Roundabout)	Christchurch	**100,000**
A35 Somerford Roundabout	Christchurch	**60,000**
A337 Lymington Road (at junction C340 Bure Lane)	Christchurch	**50,000**
C16 Stour Road	Christchurch	**40,000**
Sandbanks Road (Lilliput Road - Crichel Mount Rd)	Poole	**130,000**
The Avenue (Tower Rd to Pinecliff Rd)	Poole	**140,000**
York Road	Poole	**120,000**
Phyldon Road	Poole	**90,000**
St Osmunds Road	Poole	**70,000**
New Orchard	Poole	**70,000**
Micro asphalt programme	Bournemouth	**254,193**
	Christchurch	**138,000**
	Poole	**140,000**
Surface Dressing	Bournemouth	**127,515**
	Christchurch	**50,000**
	Poole	**100,000**
Carriageway Sealing	Bournemouth	**0**
	Christchurch	**20,000**
	Poole	**25,000**
Planned/ Pre-Patching	Bournemouth	**40,000**
	Poole	**140,000**
Skid Resistance Improvements	Poole	**20,000**
Footpath resurfacing	Bournemouth	**50,000**
	Christchurch	**34,000**
	Poole	**40,000**
Special Drainage	Bournemouth	**40,000**
	Christchurch	**25,000**
	Poole	**31,000**
Surveys & software	Bournemouth	**16,000**
	Christchurch	**20,000**
	Poole	**50,000**
Programme Management Fees	Christchurch	**20,000**
	Poole	**40,000**
Sub-total	Bournemouth	**1,080,000**
	Christchurch	**557,000**
	Poole	**1,206,000**
Sub-total combined	**BCP**	**2,843,000**

Appendix B - Local Transport Plan 2020/21 and 2021/22 BCP Highways Maintenance BCP Capital Programmes: (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 2 of 4.

Highway Maintenance Schemes (cont'd)	Area of BCP	Funding Source 2020/21 LTP Funding [£]
Bridge & Structures Maintenance		
Bournemouth Station Overbridge	Bournemouth	**80,000**
Ophir Rd Footbridge	Bournemouth	**100,000**
Glenferness Footbridge	Bournemouth	**80,000**
Principal Inspection	Bournemouth	**32,000**
Causeway 6no. structures	Christchurch	**150,000**
Somerford Bridge	Christchurch	**50,000**
Fleetsbridge Waterproofing, Joints and Safety Barrier – Phase I	Poole	**100,000**
Sub-total	Bournemouth	**292,000**
	Christchurch	**200,000**
	Poole	**100,000**
Sub-total combined	**BCP**	**592,000**
Street Lighting Maintenance		
Street Lighting Maintenance	Bournemouth	**40,000**
	Christchurch	**N/A - PFI**
	Poole	**250,000**
Sub-total combined	**BCP**	**290,000**
2020/21 total for highway maintenance	Bournemouth	**1,412,000**
	Christchurch *	**757,000**
	Poole	**1,556,000**
	BCP	**3,725,000**

Notes:

1. * Christchurch allocation of Dorset County Council Structural Maintenance allocation based on 5.6%.

Appendix B - Local Transport Plan 2020/21 and 2021/22 BCP Highways Maintenance BCP Capital Programmes: (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 3 of 4.

Highway Maintenance Schemes	Area of BCP	Funding Source 2021/22 LTP Funding [£]
Structural Maintenance		
A347 Redhill Avenue	Bournemouth	**43,200**
A35 Christchurch Road - Centenary Way to Crabton Close	Bournemouth	**324,000**
C311 Malvern Road Evelyn to Parley Rd	Bournemouth	**34,128**
B3066 Durley Chine Road	Bournemouth	**11,520**
C320 Poole Road - Clarendon Rd to Seamoor Rd	Bournemouth	**432,000**
Priestley Rd - Alton to Hazel Ave	Bournemouth	**24,820**
Wotton Gardens	Bournemouth	**17,882**
Road Markings	Bournemouth	**16,450**
UTMC - Pelican upgrades based on 20-21 condition data	Bournemouth	**50,000**
A35 Stony Lane Roundabout	Christchurch	**70,000**
Bure Lane	Christchurch	**30,000**
The Grove (Jumpers Common)	Christchurch	**40,000**
Wallisdown Road	Poole	**300,000**
Western Road	Poole	**85,000**
Yarmouth Road	Poole	**140,000**
Newlyn Way	Poole	**90,000**
Micro asphalt programme	Bournemouth	**0**
	Christchurch	**101,000**
	Poole	**140,000**
Surface Dressing	Bournemouth	**0**
	Christchurch	**50,000**
	Poole	**100,000**
Carriageway Sealing	Bournemouth	**0**
	Christchurch	**20,000**
	Poole	**25,000**
Planned/ Pre-Patching	Bournemouth	**20,000**
	Poole	**140,000**
Skid Resistance Improvements	Christchurch	**7,000**
	Poole	**20,000**
Footpath resurfacing	Bournemouth	**50,000**
	Christchurch	**74,000**
	Poole	**40,000**
Special Drainage	Bournemouth	**40,000**
	Christchurch	**25,000**
	Poole	**36,000**
Surveys & software	Bournemouth	**16,000**
	Christchurch	**20,000**
	Poole	**50,000**
Programme Management Fees	Christchurch	**20,000**
	Poole	**40,000**
Sub-total	Bournemouth	**1,080,000**
	Christchurch	**457,000**
	Poole	**1,206,000**
Sub-total combined	**BCP**	**2,743,000**

Appendix B - Local Transport Plan 2020/21 and 2021/22 BCP Highways Maintenance BCP Capital Programmes: (note the section of the programme in bold type and shaded is that for which approval is being sought in this report) – sheet 4 of 4.

Highway Maintenance Schemes	Area of BCP	Funding Source 2021/22 LTP Funding [£]
Bridge & Structures Maintenance		
Bridge Maintenance	Bournemouth	**260,000**
Principal Inspection	Bournemouth	**32,000**
Fairmile Road Railway Footbridge	Christchurch	**300,000**
Fleetsbridge Waterproofing, Joints and Safety Barrier – Phase II	Poole	**100,000**
	Bournemouth	**292,000**
Sub-total	Christchurch	**300,000**
	Poole	**100,000**
Sub-total combined	**BCP**	**692,000**
Street Lighting Maintenance		
	Bournemouth	**40,000**
Street Lighting Maintenance	Christchurch	**N/A - PFI**
	Poole	**250,000**
Sub-total combined	**BCP**	**290,000**
	Bournemouth	**1,412,000**
	Christchurch *	**757,000**
2021/22 total for highway maintenance	Poole	**1,556,000**
	BCP	**3,725,000**

Notes:

1. * Christchurch allocation of Dorset County Council Structural Maintenance allocation based on 5.6%.

Shadow Authority

Bournemouth, Christchurch and Poole Shadow Executive Committee

14

Report Subject	**Decisions of Preceding Councils – Reports for Consultation**
Meeting date	12 February 2019
Report Authors	Tanya Coulter, Interim Monitoring Officer Adam Richens, Interim Chief Finance Officer
Status	Public
Classification	For Consultation
Key Decision	Non-Key Decision – Reports for Consultation
Executive summary	The decisions summarised below and detailed within the attached reports are decisions of preceding authorities in Bournemouth, Christchurch and Poole that meet the agreed financial threshold for formal consultation with the Shadow Executive Committee:- a) Project Admiral – A Borough of Poole decision for the approval of the process to be adopted for awarding the contract to deliver this major housing maintenance programme and approval for Housing Revenue Account capital funding to the value of £20.25m. b) Bourne Community Hub Proposal – Borough of Poole decision for a Community Bub at the heart of Bourne including measures to ensure access by pre-school

	and youth services as part of any new arrangements at the site. This decision includes the allocation of £200k from the Revenue Funding of Capital Reserve towards the cost of the project, £112.5k costs associated with the transfer of funds between the Housing Revenue Account and General Revenue Account and the allocation by lease of the land and existing building with a current asset value of £470k. c) Seafront Development Programme – Borough of Poole decision to approve the revised Seafront Development Scheme for Canford Cliffs and to undertake essential cliff stabilisation works to enable the previously approved enhancements of beach huts and seafront facilities to proceed. This decision seeks approval for the financial strategy for the revised scheme using up to £2.9m of prudential borrowing (repaid from the additional income earned).
Recommendations	**That the Shadow Executive Committee notes and provides any comments it considers relevant on the proposed decisions for preceding authorities contained within the appended reports.**
Reason for Recommendations	To comply with the agreed arrangements for consulting on proposed decisions of preceding authorities which meet the preceding authority threshold for Full Council decision.

Background detail

1. In accordance with the agreed process three reports are presented at appendices A-D for consultation with the Shadow Executive Committee.

Consultation

2. This report provides the opportunity for consultation with the Shadow Executive Committee on decisions of the preceding authorities in Bournemouth, Christchurch and Poole.

3. The reports have all been the subject of separate consultation within the respective authorities and wider external consultation, where appropriate.

4. The Shadow Overview and Scrutiny Committee will have sight of these reports as part of their normal pre-decision scrutiny of Shadow Executive Committee reports.

Options

5. The Shadow Executive Committee is asked to note the appended reports and make any comments to the respective decision makers as appropriate.

Summary of Finance and Resourcing Implications

6. As briefly summarised in the Executive Summary of this report and as identified in the financial impact sections within each of the appended reports.

Summary of Legal Implications

7. As identified in the legal implications sections in each of the appended reports.

Summary of Human Resources Implications

8. As identified in the relevant paragraphs within the appended reports.

Summary of Environmental Impact

9. As identified in the relevant paragraphs within the appended reports.

Summary of Equalities and Diversity Impact

10. Each of the appended reports has been the subject of a separate Equality and Diversity Impact Assessment. Details can be found at the relevant paragraphs within each of the reports.

Summary of Risk Assessment

11. Each of the appended reports has been the subject of a separate Risk Assessment exercise as appropriate within the preceding authorities.

Background Papers

None

Appendices

Appendix A – Project Admiral
Appendix B – Bourne Community Hub Proposal
Appendix C – Seafront Development Programme

This page is intentionally left blank

AGENDA ITEM 10

BOROUGH OF POOLE

CABINET

FEBRUARY 2019

PROJECT ADMIRAL
REFURBISHMENT OF THE OLD TOWN TOWER BLOCKS

PART OF THE PUBLISHED FORWARD PLAN YES

STATUS - Strategic and Service Delivery

1. PURPOSE

1.1 To seek Cabinet and Council approval for the major maintenance programme within the Old Town known as the Project Admiral programme

1.2 To seek Cabinet and Council approval for the process to be adopted for awarding the contract to delivery the major maintenance programme

1.3 To seek Cabinet and Council approval for Housing Revenue Account capital funding to the value of £20.25m to deliver the project

2. DECISION(S) REQUIRED

It is recommended that Cabinet recommend to Council the following:

2.1 To approve the scheme to undertake the major maintenance programme within the Old Town detailed under Project Admiral

2.2 To approve funding of £20.25m to deliver the scheme to be financed from the Housing Revenue Account capital programme

2.3 To note the recovery of any necessary financial contribution from leaseholders set out under section 20 legislation.

2.4 The contractor recommended for appointment is included in Appendix A. Non Public report.

2.5 That the project is shared with the Shadow Executive Committee for consultation on approach

3. BACKGROUND INFORMATION

3.1 The tower blocks in Poole Old Town were built between 1962 and 1969 and consist of 249 flats of 1 and 2 bedrooms, in four 10 storey tower blocks. They are identified as Drake Court, Grenville Court, Nelson Court and Rodney Court. All of the blocks are Wimpey No-fines construction which consists of an in situ reinforced concrete frame with no fines walls which have a rendered external finish. This construction was widely used in the 1960s but produced poorly insulated solid walled buildings. The flats were built to space standards applicable at the time, but these are small compared to the standards required currently.

3.2 The tower blocks provide 215 units of council stock to Borough of Poole residents and an additional 34 flats that have been sold. These flats are known as “leasehold” properties, of which 11 are sub let and not occupied by the owners and the remainder occupied by the owners who, in the main, were the tenants who bought under the Right to Buy.

3.3 The original buildings underwent a significant refurbishment programme between 1988 and 1990 as part of the 30 year major maintenance plan. In 2006 defects to the buildings were being increasingly identified and a structural survey was undertaken which identified defects to all blocks including areas of loose render, cracking to render and brickwork finishes and issues with mastic finishes. Following this a programme of periodic repairs has been in place with on-going repairs to the render and balcony defects as arising. Access to 10 storeys make the monitoring and repairs a high cost per unit and therefore repairs have been undertaken periodically with close management and review of the building to ensure that all health and safety measures are in place.

3.4 In 2016 a further report was completed to consider:-

- Current condition of the structure
- Identification of visible defects to the exterior
- Identification of immediate safety hazards
- Recommendation of necessary repairs to prolong the life of the blocks
- Recommendation as to the likely lifespan of current materials

3.5 The survey concluded that in common with other No-fines flat blocks the tower blocks in Poole Old Town were suffering from a range of structural defects to both the underlying frame and also to the secondary cladding structure. An immediate and ongoing programme of repairs was set out and this programme was approved by council in November 2016.

3.6 The survey also recommended that a major maintenance programme must be undertaken to address the issues that had been identified and make the buildings fit for purpose for the next 30 years. It is expected that patch repairs work would not be possible after 5 years; therefore it is imperative to complete

the major works within this timeframe to be able to ensure that the tower blocks are fit for purpose going forward.

3.7 In November 2016 Council considered the position set out in the structural report and agree the following recommendations –

To note that immediate repairs will be actioned by 2017 in order to make safe the current buildings.

To agree that the major maintenance work will be taken forward and that more detailed plans describing works to be undertaken, the procurement route, timelines and consultation process will be brought forward

To consider what further work should be completed within the Old Town that would deliver additional benefit to the residents, either via in fill or development of the community “heart”, and that proposals for this further work should be brought forward

To agree that a consultation framework should be established reflecting the level of work that Borough of Poole would like to see delivered and encompassing all relevant stakeholders.

4. PROPOSAL

4.1 Since November 2016 Poole Housing Partnership have undertaken significant work to develop the proposals for the major maintenance programme that will form the basis of the approach to the tower blocks for the next 30 years. These proposals will address the defects identified within the 2016 survey and ensure that the buildings remain fit for purpose and deliver adequate housing stock for those currently living in them or for meeting future housing need.

4.2 The proposals have been developed in conjunction with Arcus Consulting who bring expert knowledge of the current approaches to the major maintenance of tower blocks and knowledge of the current market for delivery of these options. These proposals have been tested across a range of stakeholder groups including local councillors and residents living within the Old Town, both in the tower blocks and the surrounding area. The proposals also take into account the desire to enhance fire management approaches across the tower blocks with the recommendation that sprinklers will be fitted and all façade materials will be non combustible.

4.3 The work to be undertaken will cover the following areas –

- Roofing replacement
- Façade Removal and refit
- Removal and refit of balconies
- Supply and fit of windows
- Main entrance lobby structures
- Electrical works

- Refit of heating and hot water systems
- Sprinkler system
- General works

4.4 A range of options were considered which included –

External Façade

4.5 The consideration of use of rain screen cladding or replacement of render, both of which deliver a non combustible exterior to the building. The use of rain screen cladding is preferred as it is more cost effective over the lifetime of the project and should have an extended lifespan of 60 years compared to 20 to 25 years for render. The use of cladding is more effective and resilient in seaside locations with render subject to staining and early failure as has been demonstrated with the current maintenance programme. The specification for cladding set out that only a Class A material would be considered and this reflects recent MHCLG requirements around ensuring that no combustible materials are used on external facades of buildings.

Balconies

4.6 The current balconies will need to be removed in order to fit the rain screen cladding and address cold bridging issues identified in the 2016 structural survey. Replacement options considered were –

- Make good the current balcony
- Leave flat without a balcony
- Enclose the current balcony
- Create a winter garden

4.7 The option to make good the current balcony was discounted as this did not address the cold bridging experienced within the flats leading to damp and mould issues. The option to leave the flats without a balcony was also discounted as this would reduce the space standards available to current and future tenants and may make the flats difficult to rent in the future. This option would also lead to a large building mass with limited definition or character therefore negatively impacting “place” features in this area of the Old Town.

4.8 The 2 remaining options; enclose the current balcony space and create a winter garden, would both address the space issues for the flats, provide some form of outside space and enhance the look of the building. The preferred option of “create a winter garden” balcony is the recommended way forward as this can meet required outcomes in the most cost effective manner and deliver an improvement on the thermal efficiency of the building.

4.9 The options available for replacement of the current windows are via aluminium frames or aluminium clad / wood composite frames. The preferred option is the wood composite approach as this requires lower maintenance for the resident, delivers a warmer decorative effect and is expected to last 40

years compared to 30 years for the aluminium frame. Both options have the same capital cost.

Speed of Delivery

4.10 As part of the tendering process the contractors were asked to submit their pre-construction design programme as well as their optimum refurbishment delivery programme.

- All three contractors proposed a pre-construction design programme that completed prior to the commencement of the main refurbishment works.
- The pre-construction design and mobilisation phases ranged between 6 and 9 months from contract award.
- The contractors full project programmes all commenced with a longer lead-in period for the first block, to allow for a period of 'lessons learnt'.
- The contractor's full project programmes ranged from between 24 to 38 months from inception to completion of the four blocks on site. Indicating the contractors would be working on a multiple of blocks at the same time to deliver the optimum value.
- In general the contractors sequencing of work meant they would only be working on the internal elements of two blocks at a time, but there could be some overlap on the external elements of work on the other two blocks at the same time around either mobilising or removing site access plant and equipment.

Fire Safety

4.11 The delivery of the project is acutely aware of the impact of new and emerging fire safety considerations. This will include the outcomes of the Hackett Enquiry which are currently available and emerging recommendations from the Grenfell enquiry. The tower blocks are also subject to the fire risk assessment (FRA) programme that is in place across all PHP managed buildings. This approach will be maintained throughout the refurbishment of the building but it is recognised that this increases risk to the building as compartmentation may be breached as work is completed. PHP will ensure that regular FRA reviews are conducted at key stages of the work to ensure the building fire integrity isn't compromised and the processes are in place to manage this risk.

4.12 The council has already supported the decision (Cabinet decision July 2016) to ensure that sprinklers are fitted throughout all flats and communal areas as part of this refurbishment and specifications for this have been included in the tender. Along with this the cladding will be Class A materials ensuring that it meets current requirements and emerging approaches agreed by MHCLG.

Resident Engagement

4.13 Enhanced resident involvement and identification of a building manager through which fire safety and other concerns can be reported will also be put in place as part of the ongoing management of the building both during the

programme and after the completion of works. This reflects the recommendations within the Hackett Report and seeks to ensure that all PHP managed buildings deliver best practice within this area.

Leaseholders

4.14 There are 34 leaseholders that live across the Old Town and in accordance with all works to properties there is a requirement for leaseholders to pay for a proportion of the cost of repair and maintenance improvements work in accordance with clauses within their lease.

4.15 The actual amounts will not be known until completion of the refurbishment contract but estimates based on the recommended contractors tender sum submission have been prepared for individual leaseholders in compliance with the section 20 leasehold consultation regulations. PHP will issue section 20 notice letters and estimates following Council approval of the project budget. There are a range of repayment options available to leaseholders that will be in place and the council also has a “Discretionary Reduction of Service Charge” policy in place that leaseholders can access if these charges put them into financial hardship.

4.16 Following Council approval of the budget and award of contract PHP will commission an independent valuation report of the flats within the blocks to determine an average property valuation before and after the refurbishment works. This will help indicate the average market value leaseholder’s homes are likely to increase by post completion of the work. This should go some way to addressing the financial hardship that some may experience.

4.17 Poole Housing Partnership recognise that this may be a difficult message for many leaseholders and are establishing an ongoing working party that will meet with leaseholders specifically to assist in managing their issues. The first meeting of this group will take place in March 2019.

Regeneration / Other Benefits

4.18 The November 2016 recommendations asked for further work to be completed on the regeneration of the area and further benefits that may accrue to residents. It has been clear in bringing together the proposals focus has been on securing the delivery of the refurbishment works and seeking to maximise the visual impact that the buildings will have in the Old Town. Any further regeneration or community developments are likely to emerge as the work takes place and discussions emerge organically.

4.19 It is also worth noting that the work completed at Sterte Court led to an enhancement of community relationships and the delivery of a community development programme that has benefited all residents making it a highly desirable place to live, both in terms of the fabric of the building and the local community interactions. This grew organically from the scheme and the lessons drawn from this are that the high level of disruption from major

maintenance work can be utilised to build community ties that deliver outcomes far beyond general housing management.

Procurement

4.20 The contractor has been procured via an open advert on the Official Journal of the European Union (OJEU) which will deliver a contractor that specialises in this type of work. PHP has led on the procurement process and been supported by Arcus consulting who are experts in the field of Tower Block design and Project Management.

4.21 Five contractors submitted an expression of interest at the SQ qualification stage. All five were successful and invited to proceed to the full tender submission stage. Of the five contractors three full tender submissions were received by the council before the tender closing deadline on the 24th November 2018. The contractors tender submissions were split into two specific categories for separate evaluation purposes based on the following evaluation weighting: Quality submission 60% and financial submission 40%

4.22 Individual team member's evaluation scores have been collated by Strategic Procurement to establish a matrix of how each of the contractors ranked against the weighting. The matrix has been used to inform the full tender evaluation report produced by Arcus Consulting Ltd.

Planning and Resident Engagement

4.23 Any proposed façade design changes to the external refurbishment of the tower blocks require formal approval through the local planning process. Prior to the formal planning application submission PHP organised a resident consultation event to inform the occupants of the flats of the proposed scope of work that would be included within the refurbishment and obtain their feedback on the proposed designs and material selections in order to help inform the overall process and the planning application.

4.24 The consultation event took place on Saturday 9th June 2018 and was very well attended with over 230 visitors. These visitors included over 90 registered tenants or leaseholders along with their family members. There was a good representation of residents across all four tower blocks ranging from a minimum of 32% and max of 40%

4.25 The residents were asked to provide their feedback on key components of the proposed design, e.g. cladding façade, windows, balconies and sprinkler system. Residents were specifically asked for their feedback on the proposed balcony design and of the 90 feedback forms that were returned, 93% of residents scored the design 4 or 5 out of 5.

4.26 Following the consultation event Arcus Consulting finalised the design plans and submitted them for planning in July. The applications for all four blocks were approved on 11th October 2018.

Quality

4.27 The work that will be delivered must be of a sufficient quality to deliver effective maintenance for the next 30 years. In order to deliver this expert consultants in tower block refurbishment have supported the procurement process, ensuring that specifications will deliver effective outcomes. The implementation of the work will be overseen by an Employers Agent and all products have been sought based on both quality and life time of delivery.

5. FINANCIAL IMPLICATIONS

5.1 The estimated total cost of the project is expected to be £20.25m

5.2 Details of the cost table are included in Appendix A. Non Public Report.

5.3 The procurement process took 3 potential delivery contractors through to full tender and each submitted a bid that has been formally evaluated. The bids submitted reflected the values included in the soft market testing approach supported by Arcus Consulting. The financial element of the bids have been tested via commercial evaluation and are deemed to be appropriate for work of this nature.

5.4 Included within the project budget is a contingency for emergency works not known at the time of tender as it's not uncommon to find additional structural works required to non-traditional high rise blocks once the building is opened up. This reflects the common practice of 5% and allows the delivery of the project with minimal levels of adjustments. The existing site footprint of each of the tower blocks is extremely small and there are areas where it will be difficult to mobilise the contractor or un seen implications on the estate around further loss of car parking or garage facilities are likely to occur from placing such large lifting equipment, material storage and moving equipment across the site. Included within the project is a contingency sum of 3% to allow the client Project Board to be addressed these issues as they emerge, while not undermining the overall financial approach to the project. This value has been estimated based on local costs currently known and expected remedial actions.

5.5 Project management fees cover the cost of works already undertaken, such as planning applications and site investigations surveys to inform the tender process. Also included is the ongoing management cost of overseeing the work of the contractor and ensuring that all works are completed to an acceptable standard. This will include the management cost of the PHP team as well as an Employers Agent and cost consultant who will spend time on site each week to review work. Also including here is the cost of a resident

liaison coordinator who will work with all affected residents. This role will seek to minimise levels of disruption and deal with emerging resident or estate issues, seeking innovative solutions. This post if key to the successful delivery of the project from a resident perspective.

5.6 Under section 20 legislation, leaseholders are required to meet the cost of essential repairs and maintenance work to the buildings within which they own their properties. PHP will issue all leaseholders with section 20 notice letters and estimates of the work in line with legal requirements.

5.7 The project will be funded from the Poole Housing Revenue Account capital programme. This project has been indicated in the HRA budget setting report due to be considered by the shadow BCP authority in February 2019 and notified in previous forward plans considered by Poole council when setting the HRA budget. The proposed budget includes the first 3 years of the planned spend to the value of £8m with the remaining £12.25m t be committed in future years.

6. LEGAL IMPLICATIONS

Leasehold regulations.

6.1 Following approval of the project budget PHP will produce the individual section 20 stage two leasehold notice letters in compliance with the formal legislation process. These letters will include a schedule of the relevant work and their estimated values that each leaseholder is responsible to pay under the terms of their lease.

7. RISK MANAGEMENT IMPLICATIONS

Outcome of procurement / Brexit Implications

7.1 The procurement process has identified 3 potential contractors who have identified similar proposals and to some extent cost plans to deliver the work contained within the Project Admiral plan. All have included assumptions around their cost planning and the sourcing of material from across Europe. These all assume that the current trading arrangements are in place and that these can be achieved by the contractors.

Recovery of Leasehold costs

7.2 The approach to leasehold consultation and recovery of costs incurred is covered by the section 20 legislation and requires leaseholders to meet the costs of the works undertaken to the structure of the building. It is recognised that these costs are of a value that leaseholders are likely to need to seek financing options from mortgage companies or other routes. PHP will ensure that all legal requirements are met so that full costs can be recovered and will work with legal colleagues to deliver this element of the project. The resident liaison coordinator will also meet regularly with leaseholders to understand their concerns and seek to mitigate any risk to the recovery of funds.

Disruption to the Old Town during build

7.3 The mobilisation of the contractor during the build is expected to take place across areas currently used for car parking. This will impact on already high levels of demand for car parking and access space across the Old Town. Equally due to the very limited footprint of open space around the perimeter of the blocks the contractor's strategic approach lifting and accessing the building, material delivery, storage and site movement could result in further resident and estate disruption. To help minimise this at the tender stage PHP staff sought early engagement with Planning, Highways, Transport and Arboriculture colleagues at the Council to produce a 'Constraints Plan' for bidding contractors to take into consideration as part of their approach to tender design, health and safety plan and works programmes within their tender submission.

8. EQUALITIES IMPLICATIONS

8.1 Reduction of heat loss – lower fuel poverty. The proposed refurbishment works will alleviate the inequalities that are being experienced around the buildings current thermal performance due to the deteriation of the buildings insulation and the existing structure creating sections of cold bridging. The proposed works will generally improve the thermal efficiency of all the flats through:

- Replacement insulation that encapsulates the full building following the removal of the original balconies.
- New double glazed windows.
- Balcony door and winter garden balcony – reducing prevailing wind.
- Roof covering replacement will includes additional insulation to meet the latest building regulation standards
- Replacement storage heaters and hot water storage cylinders.

8.2 The work will ensure that the council will continue to deliver 249 units available for social rent, meeting needs of the housing register

8.3 Access to outside space. The removal of the existing small concrete balcony structures and replacement with a winter garden structure will provide residents with:

- Extended living space for several more months of the year.
- Ease of access to personal open space and fresh air.
- Personal outside space to relax and enjoy the views across the town.
- Small personal garden space to grow plants

8.4 The needs of people living with the flats will be considered throughout the build with particular consideration to noise impact during the day. There may be a requirement to provide alternative space to mitigate noise impact for

those residents in the property during the day. The delivery of this will be discussed during the resident engagement with appropriate solutions sought.

9. CONCLUSIONS

9.1 The delivery of Project Admiral will ensure that the current tower blocks in the Old Town can deliver appropriate social housing for the next 30 years. The work will enhance essential fire safety measures; remove current health and safety defects with the building structure and façade that will also correct any historic cold bridging design issue. It will deliver desirable flats that will enhance the "place" across the old Town and support the wider regeneration of the area.

9.2 The project will be complicated to deliver and resident engagement from the beginning will be key in managing emerging issues and mitigating the disruption that will be caused. However experience from this work at Sterte Court is that a stronger, more involved community will emerge that will enhance the area as a place to live and that the benefits will go far beyond the physical improvements that will be delivered.

9.3. A summary of the tender evaluation outcome and contractor recommended for appointment is included in Appendix A. Non Public report.

9.4 A major outcome of the project will be the significant change to "place" within the Old Town with the improvement in both the look and the operation of the tower blocks. These changes represent the major maintenance programme that is undertaken once every 30 years and will ensure the continued safe operation of the buildings for at least this time period, delivering a quality product and a more pleasant environment in which to live.

Appendix A – Non Public Report

Report Authors

Trevor Roffe, Head of Asset Development, Poole Housing Partnership
Su Spence, Chief Executive, Poole Housing Partnership

Contact officers:

Trevor Roffe – t.roffe@poole.gov.uk

Su Spence – s.spence@poole.gov.uk

This page is intentionally left blank

BOROUGH OF POOLE

CABINET

8 JANUARY 2018

REPORT OF THE HEAD OF CULTURE AND COMMUNITY

BOURNE COMMUNITY HUB PROPOSAL

1 PURPOSE OF REPORT

To provide an update on the progress of the Bourne Hub proposal and to confirm the extent and limits of the Council's contributions to the project, which remains conditional on a viable business case being finalised. These decisions are needed at this time as a tangible demonstration of the Council's commitment for the scheme and are essential to enable the Trust to complete its increasingly successful programme of external fundraising.

2 DECISIONS REQUIRED

Cabinet recommends to Council:

2.1 To note progress of the Bourne Community Hub proposal including measures to ensure access by pre-school and youth services as part of any new arrangements at this site.

2.2 To approve the allocation of £200k from the Revenue Funding of Capital Reserve towards the cost of the project.

2.3 To approve £112.5k costs associated with the transfer of funds between the Housing Revenue Account and General Revenue Account and to allocate by lease the land and existing building with a current asset value of £470k.

2.4 To approve to continue development of the project based on section 6 below.

2.5 The Head of Culture and Community, having taken advice as relevant from the Monitoring Officer, Chief Finance Officer and Corporate Property Officer and in consultation with the Portfolio Holder, is authorised to approve the final deliver model and ensure completion of appropriate legal agreements and release of funds upon receipt of final viable business case and evidence of secured external funding arrangements.

3 LOCAL GOVERNEMENT REORGANISATION

3.1 The approval of Poole Council is sought to progress the Bourne Hub proposal. The Bournemouth, Christchurch and Poole Shadow Executive Committee will be consulted on the scheme at its meeting on 12 February 2019 prior to Poole Council considering it for final approval at its meeting on the 19 February 2019.

4 BACKGROUND

4.1 This project is led by the local community and the background to this project goes back over many years and is described in Appendix 1, the Feasibility study and business plan produced by Poole Community Trust (PCT) and Bourne Community Group (BCG). The Bourne community has long held ambitions for a modern community hub at the heart of Bourne and this is evidenced by extensive consultation and engagement. Analysis of the Index of Multiple Deprivation data shows a range of issues including low income, low levels of education, skills and training and health and disability issues. The needs and aspirations of this community are recognised as a high priority for the Borough of Poole (BoP) and by other agencies and organisations. Appendix 1 describes some of the key evidence of this community need and the commitment of the local community to address and improve these issues.

4.2 Cabinet has previously made a decision in Oct 2014 in principle to indicate that it would be willing to agree a project proposal including a long lease provided a viable business case is demonstrated for a project at this site.

4.3 The vision of this proposal is to provide a modern community hub at the heart of the Bourne estate working in partnership with three main partners: Bourne Community Group, Poole Community Trust and the Council.

4.4 Extensive community engagement and consultation work has identified the need to improve community activities and services for all ages through a community hub that can act as a source of local pride and optimism, and help transform the future of the estate.

4.5 The current youth centre building is not considered flexible enough to meet the needs of the local community whilst delivering services for youth and pre-school. Consequently this impacts on the ability of the BCG in developing community activities and services to deliver the programme and outcomes using the £1m funding previously awarded to this community from Big Local. There are various conditions attached to the use of this money and it is proposed that up to £550k will be allocated to support the capital scheme.

4.6 The scope of the project includes the demolition of the existing building replaced by a new build that is flexible to accommodate the pre-school, youth services and community activities. During construction the PCT will ensure that pre-school and youth services activity is relocated into temporary buildings on land adjacent to the current site. The new build and relocation of the playpark will incorporate use of land currently designated for HRA use (see below).

4.7 The existing building is used to enable the Council to meet its statutory duty to ensure sufficient childcare places to enable parents to work or train for employment and also help to prepare children for school. A private provider currently operates the pre-school from the building Monday – Friday during term time under a licence agreement with BoP. The pre-school is registered for 30 children to attend at any one time and universal and extended Free Entitlement places for 2, 3 and 4 year old children are provided.

4.8 The building is also used for the provision of positive activities for young people on five afternoons/evenings a week with occasional additional youth activities at weekends. Activities are primarily delivered by the Borough's Youth Work team and local volunteers with additional sessions by other organisations. These activities are part of the Borough's Early Help Strategy and a number of strategic plans including those to reduce crime and anti-social behaviour.

4.9 The PCT is leading the development of the Bourne Community Hub project in partnership with BCG and BoP, including seeking external funding for this project.

5 INFORMATION AND CURRENT PROGRESS ON THE PROJECT

5.1 Much work has been undertaken by the PCT and the BCG in defining the scope, design, specification and costs of the project. Their current business plan is attached as appendix 1.

- Consultation on the building design has been undertaken with the local community.
- The project is currently at RIBA stage 3. Feasibility works have been completed.
- The PCT received planning permission in October 2018 (app ref: 18/01017) The Heads of Terms for development agreement, lease and service agreement are in the process of being agreed with the Council.
- Further development of the Business Case has been completed and is included with this report.
- Work is underway in planning the future work programme for the project through to opening the Community Hub in November 2020.
- Work to secure external funding is underway and continuing.

6 FINANCIAL IMPLICATIONS

6.1 Subject to Member's approvals for this report, the Council's financial commitment will be limited to the contributions identified in section 6.4. Responsibility for delivery of the project will rest with the Poole Community Trust once the heads of terms and lease transfer is completed.

6.2 The capital costs for the project are assessed by the PCT's advisors as £2.176m ex VAT and is described in the attached business plan.

6.3 A summary of external funding achieved to date, as advised by the PCT in the attached business plan (section 7) at December 2018 is as follows:

- £1.5m has been secured or agreed in principle including the £200k proposed from the Council and a £250k bid to Community Infrastructure Levy.
- A number of submitted bids are awaiting final decision.
- Further bids are being developed and/or submitted.
- Note: Any caveats associated with external bids are being considered.

6.4 Council contributions to the project:

- In 2012/13 the council allocated £50,000 from reserves and £50,000 of

performance reward grant toward the heart of the community funding which has helped to support the feasibility works to date.

- The current proposal in this report for £200k capital contribution.
- The current proposal in this report to allocate land and current building to the project. The asset value of the existing building is £470k as at 31.12.2017.
- HRA – the project provides for the use of two areas of HRA designated land currently valued at £112.5k and it is proposed that the Council agree that the compensation to the General Fund be at the cost to the Council.
- The PCT will receive the rent from the pre-school which the Council currently receives. The current passing rent is £18,876 pa.

6.5 VAT – Specialist external VAT advice at a cost in the region of £4k will be commissioned to support further evaluation of delivery models and subject to that advice the proposal may be amended to ensure the proposed structure does not create any tax issues for the Authority. Council officers will work together with tax and legal advisors as required to mitigate any risk of irrecoverable VAT and to ensure the Council's partial exemption de minims limit is not affected.

6.6 As reflected in decision 2.5 above, the Council will require to receive a viable business case and evidence of secured funding before the lease is completed and the funds and land are released. As this is a community led project the onus is on the BCG / PCT to produce this viable business case.

7 LEGAL IMPLICATIONS AND PLANNING IMPLICATIONS

7.1 The property is owned freehold by the Council. Part of the property is licenced out as a pre-school. The licence expires 30 September 2020.

7.2 Legal Officers will be engaged in the development of the most appropriate model for delivery of the project in conjunction with the finance officers to ensure all legal obligations are complied with following specialist tax advice and other legal advice.

7.3 Lease and future governance arrangements have been discussed, and the final delivery model will be agreed taking into account further legal and financial advice in respect of VAT implications and other relevant matters which emerge. The current proposed model (subject to potential amendment as set out above)is as follows:

- The intention is for the Council to enter into a development agreement with the PCT for the PCT to construct the new facility.

- On completion the Council will grant the PCT a long, contracted out, lease of the land and buildings to operate the hub. The Council will also enter into a service agreement with the PCT.

- The lease will include provisions to sustain the continued use of the building for preschool and youth provision.

- To ensure on-going community involvement in the management of the centre, PCT will work closely with BCG, Bourne Big Local (BBL), BoP and the local community.

7.3 Planning permission was awarded in October 2018.

8 RISK MANAGEMENT

8.1 Responsibility for the management and delivery of the project will rest with the Poole Community Trust and Bourne Community Group on completion of the proposed agreements described in section 5.

8.2 With this and any capital project, there is a continuing risk of cost overruns or a potential failure to achieve forecast income targets and the groups have no significant other assets. The community organisations leading this project have already been successful in securing substantial amounts of external income that the council would not have access to. The financial strategy is described in the report and attached business plan and it will be the responsibility of the groups to continue to seek additional income and to manage the costs and delivery of the project effectively.

9 EQUALITIES IMPLICATIONS

9.1 The PCT have completed an Equalities Impact Assessment, appendix D of the attached Business Plan. There are not considered to be any specific equalities implications with this report and the improved facilities provided by this project will enhance services and outcomes for residents of this community.

10 CONCLUSION

10.1 It is recommended that the Council supports the recommendations.

KEVIN McERLANE, HEAD OF CULTURE AND COMMUNITY

Contact Officer
Chas Rowling, Community Development Manager

Appendices

Appendix 1 : Bourne Community Hub Feasibility and Business Plan - December 2018 version

Appendix A

Bourne Community Hub

Feasibility Study and Business Plan

Updated December 2018

Poole Communities Trust

Bourne Community Group

Table of contents

1 Executive Summary....3
2 Organisation Summary....5
3 Project Background....5
4. Strategic Context....7
4.1 Neighbourhood statistics....7
4.1 Community consultation....8
4.2 Poor quality of existing youth centre building....10
5 Business Plan....11
5.1 Strategic objectives....11
5.2 Proposed activities and services....12
6 Property development....14
6.1 Options appraisal....14
6.2 Designs....14
6.3 Project Costs....15
6.4 VAT....15
7 Financial Plan....16
7.1 Capital financing....16
7.2 Cash flow....18
7.3. Room Hire Policy....20
8 Risk management....20
9 Further project development....21
9.1 Community asset transfer process and lease terms....21
9.2 Deliverables for the next phase of development planning....21

1 Executive Summary

The Bourne community has long held ambitions for a modern community hub at the heart of Bourne. Many years of community consultation work has consistently highlighted this demand from local residents. The existing youth centre building is tired and out-dated, and generally perceived by the community as a symbol of how they are neglected. The community wants to see a vibrant community hub that hosts activities and services for all ages, and acts as a source of local pride and optimism.

The vision for a community hub at the heart of Bourne is therefore a vision for renewal and community growth. We strongly believe that this project will be a landmark project for Poole, with the local authority and voluntary sector organisations working together in partnership to deliver a new Community Hub that will transform the future of Bourne.

In pursuit of this vision, this feasibility study summarises a scheme designed to meet the community's and other key stakeholder's needs. These include objectives for improved pre-school and youth service facilities from the Borough of Poole's Children and Young People's Service. The scheme also seeks to deliver against the Poole Communities Trust's (PCT) goal of a financially sustainable building.

Through the development of the building, and the activities and services within it, this scheme aims to deliver the following outcomes:

- Enhance educational outcomes for pre-school children.
- Improve the development of local young people.
- Improve health and well being among local residents.
- Enhance the skills and employability of local people.
- Reduce the incidence of loneliness and isolation.
- Improve community cohesion.

We recognise that the financial and risk management issues associated with delivering the scheme are considerable. The capital-funding budget, as set out in this report, represents a particular challenge. There are also a range of other risks that have been identified in this report. Nevertheless, whilst the project is undoubtedly challenging, our feasibility study has demonstrated that: the risks can reasonably be mitigated; there is an increasingly realistic chance of the scheme being delivered; and, most importantly, the scheme will meet the objectives of the various stakeholders.

We are grateful to the Borough of Poole (BoP) for their support for the Feasibility Study in October 2017 and its commitment to:

- Releasing funding from the Heart of the Community budget to allow us to prepare a developed design (RIBA Work Stage 3- see Appendix A);
- Working with PCT to draft lease terms and an appropriate development agreement that will allow a community asset transfer to take place.

Since the agreement of the Feasibility Study over a year ago extensive work has continued and:

- Planning permission was granted on 12 October 2018
- The Trust has secured over £1.5 m towards the project, with a further £500,000 plus either already applied for or the subject of an application.
- Further development of the Business Case has been undertaken
- The future work programme for the project including further grant applications through to opening the Community Hub in November 2020 has been planned.

2 Organisation Summary

The PCT is leading the development of the Bourne Community Hub. The PCT, a charity set up in 2015, was incorporated as a company limited by guarantee on 14 March 2015 and is registered with Companies House. It received recognition of its charitable status from HM Revenue and Customs on 11 August 2015 (Company registration 9490119 and Charity Registration 1165309).

The PCT vision is of "strong communities and sustainable economies in Poole's less advantaged areas, supported by community assets". PCTs Mission is to "promote economic growth in the less advantaged areas of Poole by developing, managing and advising on a range of community assets".

The following values underpin the PCTs work:

- Rooted in the community: we respond to local need
- Inclusive: we embrace and promote our differences
- Collaborative: we work in partnership with others
- Integrity: we behave ethically, honestly and fairly
- Not for profit: we re-invest all financial surpluses in community assets.

The PCTs first Strategic Plan 2015-2018 included a strategic objective to support local communities in less advantaged areas by developing and sustaining high quality spaces for community activities, recreational activities and the delivery of social welfare services. In particular a target was set to take on responsibility for two centres. PCT opened its first centre – the Branksome Centre in 2017 following an asset transfer from the BoP.

A Board of Trustees (www.poolecommunitiestrust.org.uk) directs the PCT and employs a manager for the Branksome Centre, a Treasurer and an independent project manager to lead the Bourne Community Hub project. The Chair (Chris Beale) and one of the Trustees (Andy Ward) take a leading role on this project. The PCT is supported by a number of volunteers at the Branksome Centre and representatives of the Bourne Community Group and Bourne Big Local work in partnership on the Bourne Community Hub project.

3 Project Background

Since the formation of the Bourne Valley Action Group (now called Bourne Community Group) over 10 years ago, the local community has aspired to develop better community facilities on Bourne, a deprived housing area in north-east Poole, near the Bournemouth boundary (see Figure 1).

The community has long held the view that the lack of community facilities acts as a major impediment to the delivery of much needed activities and services in the local

area. In particular, aspirations to develop community activities and services using £1m funding from Big Local are being hampered by the lack of facilities. Whilst there have been various attempts to get a community building project off the ground, none have yet come to fruition.

In 2015, the Bourne Community Group (BCG) invited PCT to work with them to develop a community hub. This injected new life into the process and allowed renewed discussions with the BoP regarding the Bourne Valley Youth Centre site.

During 2016 an alignment of objectives among the three main partners (BCG, PCT and BoP) was achieved and in 2017 this Feasibility Study for a Community Hub was developed and subsequently agreed by BoP. It is the intention that these plans will form the basis for a Community Asset Transfer application by PCT to the BoP.

3.1.1 Organisation and management

PCT will manage the community hub, taking responsibility for fundraising, building development, on-going maintenance, marketing, hiring out the facilities, financial management and risk management. PCT will employ an on-site centre coordinator, as part of the Trust's staffing team.

.

To ensure on-going community involvement in the management of the centre, PCT will work closely with BCG, Bourne Big Local (BBL) and the local community. The Chair of the PCT has prepared a paper on "Involving the Bourne Community in the Management and Governance of the Hub ". Following discussion of this a sub group of the BBL met with the Project Manager and drafted Terms of Reference for a User/ Community Steering Group. This was adopted by the PCT at its October 2018 meeting.

3.1.2 Community benefits: outcomes and impact

The community hub will make a major contribution towards the following outcomes:

- Enhance educational outcomes for pre-school children.
- Improve the development of local young people.
- Improve health and well being among local residents.
- Enhance the skills and employability of local people.
- Reduce the incidence of loneliness and isolation.
- Improve community cohesion.

We are currently working with partners on specific performance indicators to measure these outcomes and this section will be updated to include any agreed indicators. The indicators may include: participation rates in activities, customer feedback, take up of support services, reduction in anti social behaviour in the area, improvements to specific health and fitness levels etc.

3.1.3 Marketing the Hub

Section 5.2.3 outlines some preparatory work that has been undertaken to identify potential hirers of the Hub. Work will continue on this during the early

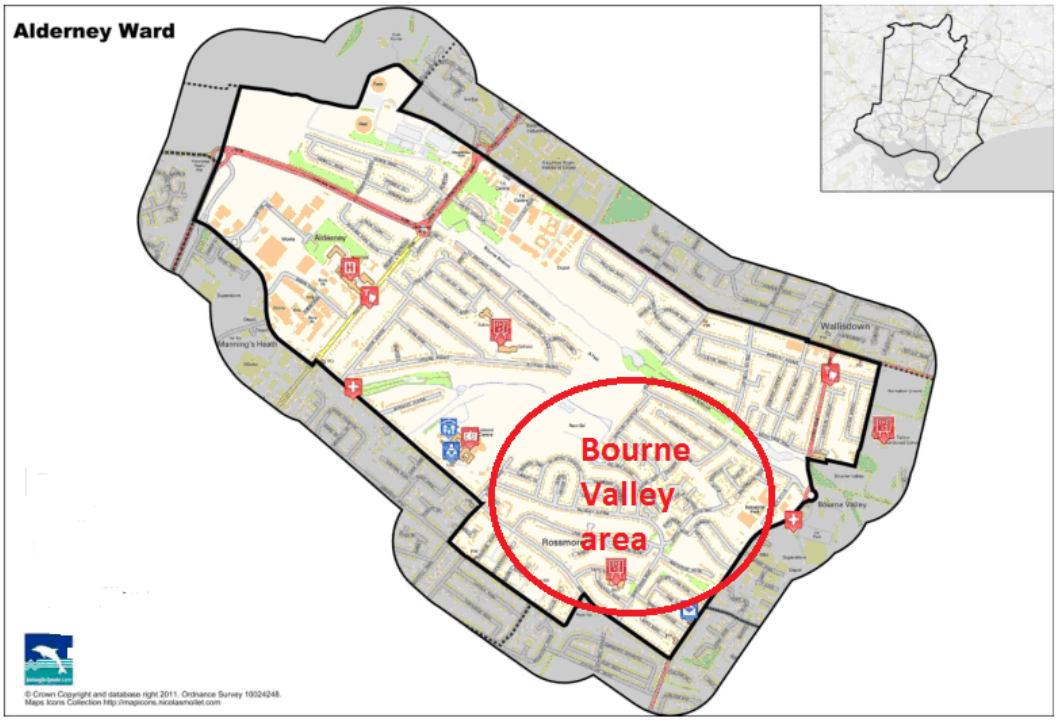
2019 so that we can ensure early commitment to providing key services from the hub.

4. Strategic Context

4.1 Neighbourhood statistics

The BCG has defined Bourne Valley in their constitution as '*the Bourne Estate and Aspen Gardens area of Poole*'.

Figure 1. Alderney Electoral Ward



The area defined by BCG is similar to the areas covered by Lower Super Output Areas (LSOAs) 007C, 007E and 007F, all of which are located in the eastern half of the Alderney electoral ward. We have therefore used neighbourhood statistics from these areas to analyse needs and highlight local priorities.

As the table below shows, there are a total of 2,049 households in Bourne Valley, with a population of 5,198, made up of 3,966 adults and 1,232 children. Unlike much of Poole, the Bourne Valley area has a low proportion of elderly residents and a high proportion of young people.

Population	**LSOA 007C**	**LSOA 007E**	**LSOA 007F**	**Bourne Valley Total**	**Poole Average**	**England Average**
Households	768	493	788	**2,049**		
All usual residents	1,859	1,608	1,731	**5,198**		
Residents aged under 16	444 (24%)	490 (30%)	298 (17%)	**1,232 (24%)**	(18%)	(19%)
Residents aged between 16 and 64	1,268 (68%)	996 (62%)	1024 (59%)	**3,288 (63%)**	(62%)	(65%)
Residents aged over 65	147 (8%)	122 (8%)	409 (24%)	**678 (13%)**	(20%)	(16%)

Source: Census 2011

An analysis of the Index of Multiple Deprivation 2015 data for the Bourne Valley LSOAs show that the local community experiences; low incomes; low levels of education, skills and training; and, health and disability issues.

	IMD Decile Rankings			
Indicator *1 = in most disadvantaged decile in England* *10 = in least disadvantaged decile in England*	**LSOA 007C**	**LSOA 007E**	**LSOA 007F**	**Bourne Valley Average**
Income	3	2	4	3
Employment	5	2	4	4
Education, skills & training	1	1	1	1
Health deprivation & disability	5	3	3	3
Crime	6	3	4	4
Barriers to housing & services	6	4	6	5
Living environment	7	5	8	7
Overall IMD	**4**	**2**	**4**	**3**

Source: Index of Multiple Deprivation 2015

4.2 Community consultation

Over the past 5 years, the Bourne community has been consulted extensively. These consultations have been driven by the requirements of the Bourne Big Local project to understand local needs. The nature and outcomes of these consultations are summarised in the table below.

Timing	**Consultation**	**No. Residents** **1.1.1**	**Key Findings**
May	Bourne Estate	346	• Anti-social behaviour was a common concern, with

2013	Residents' Survey 2013 *(Borough of Poole Corporate Research Team)*		many residents attributing this to lack of activities available for young people. • Environmental cleanliness and community spirit were other key concerns for residents. • Residents identified the need for more activities and services on the estate. • Services focused on professional development, finances and health were most in need. • 42% of respondents said they did not feel very much part of the community.
Apr 2016	Bourne Estate Residents' Survey 2016 *(Poole Well Being Collaborative and Poole Communities Trust)*	174 (Inc. 30 young people)	• 9/10 respondents said Bourne Estate would be a better place to live if there were more local activities for adults and young people. • High demand for sport & exercise activities. • Advice on money, work & training popular among young adults. • Widespread support for a community hub on youth centre site. • Concerns over quality of existing youth centre building.
Sep 2016	Consultation at Bourne Valley Fun Fair *(BCG)*	260	Local residents identified key priorities: • More activities available locally, with sport & exercise again the most popular. • More activities for children & young people. • Community safety. • Advice and support, especially on health & education.
Dec 2016	Consultation at Bourne Valley Xmas Dinner for the Elderly (Bourne Big Local)	64	• Older people keen to participate in more activities where they can socialise with others. • Coffee mornings, gardening club, arts and crafts, bingo and quiz socials were all popular.
April 2018	Consultation – current pre-school provider	2	• Discussion took place with the existing pre-school provider and feedback has been incorporated into the design
May and June 2018	Public Exhibition of Designs hosted by BCG and PCT	69	• Comments included at Appendix B

Throughout all of the survey work there has been a consistent and strong demand across all age groups for more local activities and services. Residents have also identified the absence of an appropriate community facility to house such activities. Whilst the youth centre provides a base for pre-school and youth club services, local people believe that facilities need modernising and that there is an opportunity to

add extra facilities for wider community usage. The youth centre site is therefore considered the ideal location for a community hub.

4.3 Poor quality of existing youth centre building

In addition to the local people's desire for a community facility in Bourne, we are also aware of growing concerns over the fabric and quality of the current youth centre building. We know from community feedback that facilities fall below expectations and that the pre-school and youth service go to extraordinary lengths to share the same space (e.g. time and resource spent packing away all equipment and materials into storage at the end of each day). The building was not designed for pre-school usage and it barely meets OFSTED requirements. The internal fabric of the building is also in a poor state of repair. Figures provided by the BoP in 2015 showed a forward planned maintenance schedule that carries a £152,112 cost over the next 10 years.

5.Business Plan

5.1 Strategic objectives

To develop a financially sustainable community hub that can be used for community, educational and recreational activities and the delivery of local services that will enhance the well being of all sections of the local community.

Borough of Poole Objectives

Discussions with various departments within BoP have identified the following council objectives.

Children and Young People's services:

- To provide dedicated space for the delivery of a pre-school provision in accordance with B o P's statutory requirements.
- To provide dedicated time and space for the delivery of services to young people.
- To maintain the provision of a children's play park and MUGA. It would also be desirable to maintain the small skateboard area, but this is not essential.
- To improve the quality of existing facilities and, if possible, develop new facilities that will support a greater range of activities for the benefit of its users.

Community development:

- To support BCG in meeting the aspirations of the local community.
- To take advantage of any opportunities that may arise to ensure the B o P's wider community centre estate is appropriately located, well utilised and sustainable.

Financial

- To ensure that any redevelopment and subsequent arrangements are at least cost neutral for the BoP.

BCG objectives

The BCG's primary objective is to develop a sustainable community hub that is able to host a range of services and activities that will benefit all sections of the local community, with the aim of achieving:

- Increased participation in community activities.
- Improved community cohesion.
- Improved access to local advice and support services.
- Improved health and well being of local residents.
- Improved community pride and self-belief.

PCT's objectives

To work with the local community to develop a high quality multi-functional community hub, that is financially sustainable, and can be used for community activities, recreational activities and the delivery of local services.

5.2. Proposed activities and services

5.2.1 Pre-school

The community hub will provide modern facilities for the operation of a pre-school, with capacity for 50 children. This ensures that the new building will provide an additional 10 spaces to that which is currently offered in the youth centre, and in vastly improved facilities. The opening hours are likely to be 8.30.a.m. – 3.30.p.m. The new facilities will fully meet the requirements set out in the Department of Education's '*Statutory Framework for the Early Years Foundation Stage (2014)*'.

The facilities will also, for the first time in Bourne, provide the opportunity for the pre-school provider to offer after-school care and after-school clubs for children.

The pre-school facilities will be leased to an appropriate pre-school provider. PCT will work closely with the BoP Children, Young People and Learning service to ensure that an appropriate provider is awarded a lease. Furthermore, PCT would work closely with BoP Children, Young People and Learning service to ensure that there is scope to manage the provider in the event that the performance of the pre-school falls below expectations.[1]

The rent charged to the pre-school provider will be consistent with the rent currently charged for daytime use of the youth centre, but with an uplift to reflect better quality facilities, an increase in child places and the new capacity to deliver after-school provision.

Whilst capital funding constraints mean it will not immediately be possible to offer sufficient space to expand provision to 60 children, the building design will make provision for future expansion by setting aside space for an extension.

5.2.2 Youth activities

The new building will provide a cafe area and large activity hall, with associated kitchen, toilet and quiet room facilities, which will be exclusively assigned to the BoP Youth Service from 5pm to 9pm on three days per week. Youth workers will also have access to the community centre office. As such, the facilities will provide the BoP youth team with modern facilities from which to operate.

In addition to youth activities provided by the Borough of Poole, the facilities will also be promoted to other organisations working with young people. Facilities will be hired out to these organisations. We anticipate good continuity with existing providers working at the youth centre, thereby sustaining an additional 2 evenings of youth activity each week.

[1] It would be PCT's preference for to sub-let directly to the pre-school provider, as this would be the simplest arrangement. However, we recognise that that the BoP's Children, Young People and Learning service wish to retain sufficient recourse to manage the pre-school provider in the event of under-performance. PCT would therefore be open to sub-letting to the BoP who could then sub-let to the pre-school.

The provision of a resource suite on the first floor will also allow additional youth project activities (e.g. music, IT workshops) to take place at certain agreed times. Overall, this proposal will guarantee 5 nights of youth activity each week, with scope for additional project based activities, in a high quality environment.

5.2.3 Community activities and services

The café, large activity hall, multi functional rooms, and resource suite will be available for hire by community groups and service providers. There will be tiered charging structures with discounts available for charitable and community groups.

PCT will invest in marketing the facilities and in forming partnerships with providers of community activities and services. This will ensure a wide and varied programme of activities and services at the community hub.

We envisage a range of public sector organisations utilising the community hub as a base for delivering local services. The ability to offer local access to advice and support services will be attractive to the likes of Citizens Advice, the Jobs Hub and Skills and Learning BDP.

Furthermore, there is scope to integrate a health hub within the building, providing a base for the local delivery of health and well-being services. In particular, there are growing opportunities to work with Public Health Dorset in the delivery of services including sexual health, healthy weight, active lifestyle, quitting smoking, alcohol, drugs, health protection and child measurement programmes.

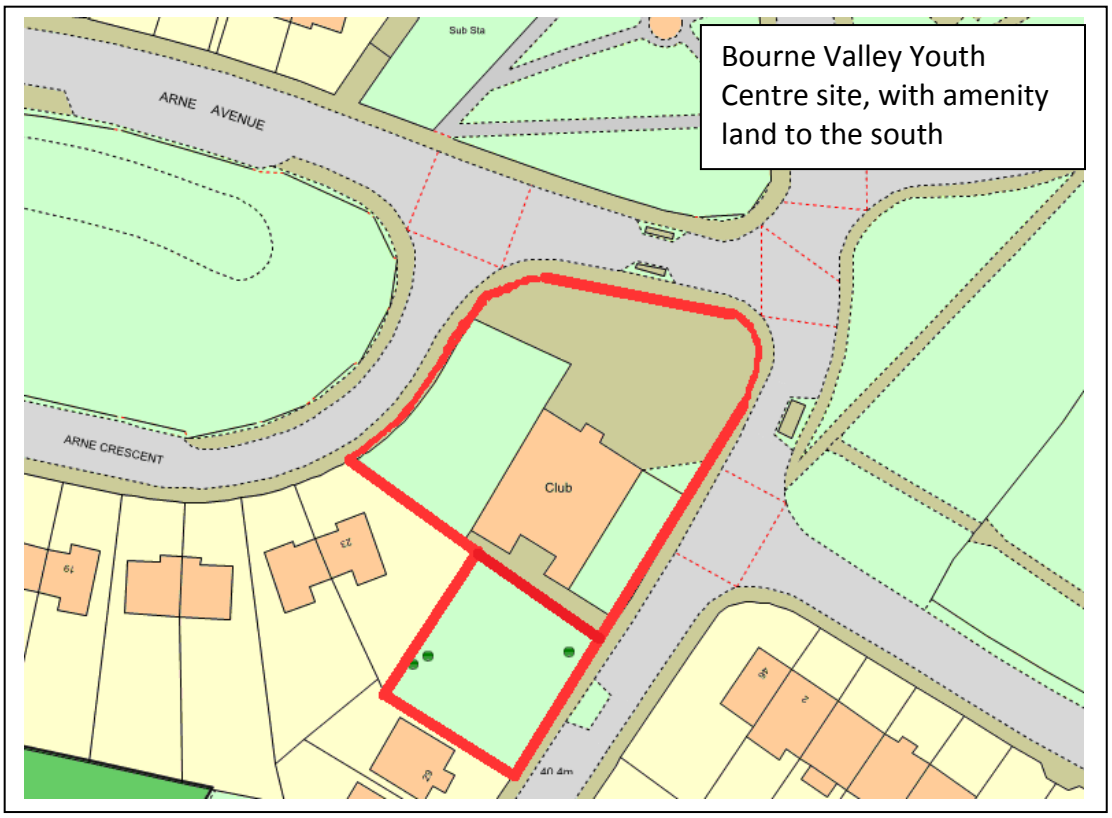
5.2.4 Multi-Use Games Area

The community hub will provide a MUGA facility that will be open for public use from 8am to 9pm each day. The MUGA will be made available to the youth service after-school and during the evenings. The lighting will be on a timer to ensure that the facilities cannot be used after the agreed closing time. The MUGA will be netted to ensure that balls do not enter neighbouring properties.

5.2.5 Children's Play Park

PCT are working with the BoP Parks Team to move the children's play park to green space across the junction of Arne Crescent.. PCT will fund the re-provision of this facility through voluntary and community sector grant funding. We have identified the Veolia Environment Trust and Suez Communities Trust as likely funders. The BoP Planning Department have confirmed that explicit planning permission is not required to relocate the play park. The BoP Parks Team has agreed to design and install the new play park. The estimated date for building the new play park is summer 2019.

6 Property development



6.1 Options appraisal

Working with project stakeholders, PCT considered options for meeting the strategic objectives set out above. The options appraisal, which is summarised at Appendix C, concluded that the construction of a new community hub building on the Bourne Valley Youth Centre site (with inclusion of a small parcel of amenity land to the south) was the only viable option for meeting the strategic objectives.

6.2 Designs

PCT commissioned an outline concept building design from Footprint Architects for the preferred option. These designs have been drawn up and amended with input from BCG and representatives from B o P's Children and Young People's and Community Development services. The plans have also been adjusted to reflect comments received from pre-planning advice taken from the BoP Planning Department in March 2017.

Extensive work subsequently took place with the B o P's Children and Young People's Service and the BCG to develop the concept designs into detailed designs. These

were finalised at meetings with the Bourne Community Group on 22 May and the Council on 24th May 2018. These designs formed the basis of the public exhibition held at the end of May and early June 2018. Included at Appendix B is a summary of the results of public consultation and the PCTS response.

A planning application based on the final designs for the revised scheme was submitted to B o P on 26 July 2018. The planning department required the PCT to produce an Energy and Resource Statement to support the application. Planning permission was granted on 12 October 2018.

6.3 Project Costs

Following the final designs and granting of planning permission, the Trusts quantity surveyors (Fellowes) have produced a detailed cost plan with a project cost estimate for the construction of the new Community Hub:

Element	Dec 2018
Demolition and Construction	1,576,791
Contingency 2.5%	39.419
SUB TOTAL	**1,616,211**
Professional Fees	147,875
Project management	35,000
Loan finance arrangement fee – if required	6,000
Equipment	20,000
Children's play park replacement	82,243
Housing revenue account reimbursement – if required *	80,000
Decanting/temporary accommodation net of pre-school rent**	41,880
Additional contingency ***	158,700
SUB TOTAL	491,698
GRAND TOTAL	2,107,909

*The project utilises 2 parcels of HRA land (one adjacent to the current youth centre – not currently used and a section of the green space alongside Arne Crescent opposite the site will be used for a relocated play park. Subject to the Cabinet decision in January it is understood that the Council will not require the Trust to fund this element of the project, which has been valued by the Council in late 2018 at £112.5k.

**This figure provides for the temporary relocation of the pre-school and youth centre in temporary accommodation during construction. The Planning Department has confirmed that planning permission is not required. We have assumed that the Borough will let us use this space rent-free.

***Total contingency of £196,371is provided (including both the Fellowes Contingency of £39,419 plus an additional amount to reflect the challenging nature of the site and represents approximately 10% of the total capital budget.

6.4 VAT position

The financial projections presented in this report assume zero rating of construction costs on the basis that the building will be used for charitable purposes. However, this is a complicated issue, especially in relation to construction costs associated with the pre-school element, and will require further investigation. In the event that VAT is chargeable, consideration will be given to PCT's VAT position and the best way to structure the development to maximise the recovery of input VAT. A VAT Adviser has been appointed and is currently reviewing the project.

7 Financial Plan

7.1 Capital financing

PCT proposes to finance the c £2.m community hub development predominantly through grants and only if required loan finance (not exceeding £0.3m). The current position is as follows:

7.1.1 Funding

Our current funding position is:

Funder	Amount	Notes
Bourne Big Local	£550,000	Agreed
Power to Change	£300,000	Agreed
CIL	£250,000	Agreed in principle
Talbot Village Trust	£200,000	Agreed
Borough of Poole	£200,000	Subject to Cabinet approval January 2019
Stackhouse Poland Group	£4,000 - £5,000	Bourne Hub nominated charity

Sub total: £1,504,000

Applications made:

Funder	Amount	Notes
Garfield Weston Foundation	£95,000	Application made
Big Lottery	£100,000 capital £25,000 revenue for 3 years	Through to second stage.
Sports England	£50,000	Application made
Valentine Charitable Trust	£15,000	Application made
Alice Ellen Cooper Dean Charitable Foundation	£15,000	Application made
Asda (Significant Community Projects Fund	Awaiting reply from ASDA	Application made
Battens Charitable Trust	Trust advise on amount	Application made
Waitrose Charitable Contribution through the green tokens (Ashley Road Branch)	£1,000 shared between 3 charities based on public "vote" with green tokens	Will be included in the scheme in January 2019
Asda Charitable Contribution through green tokens	Awaiting reply from ASDA	Application made
Tudor Trust	Trust advise on amount (no maximum amount is specified)	Application made
Santander	£5,000	Application made

Suitable Trusts identified for further funding are:

Funder	Amount	Notes
Veolia Environment Trust	£75,000	Apply in Jan 2019 to fit BoP timetable for installation of new play park in summer 2019.
Trusthouse Charitable Trust	£50,000	Apply January 2019
Children in Need	£20,000	Apply January 2019 (unable to apply by the September deadline as planning permission was a prerequisite and we obtained this in October)
Bernard Sunley Charitable Trust	£25,000	Apply December 2018
Suez Community Trust	£50,000	Requires lease prior to application
Foyle Foundation	£10,000	Advised by Foyle Foundation to apply towards end of fund raising
Cloth Workers Foundation	Foundation advise on amount	Apply December 2018
People's Health Trust	£50,000	Launches on 12 December 2018

We have checked all the above listed grant-making organisation's guidelines to ensure that this project (or elements thereof) is eligible. We recognise that we may not be successful in all applications. If we are to be successful in all the above grants then we will have succeeded in raising c £2m. Our aim will be to minimise borrowing if at all possible through obtaining as much funding through grant applications and

local fund raising. Our target for local fundraising is £5,000, which we will seek to secure through a charity "danceathon" planned for February 2019 and a crowd-funding site. Although this represents a risk, we constantly monitor the funding landscape and know that there is a regular flow of new and time limited funding opportunities, which can contribute to the funding requirement.

7.1.2 Loan financing

To fund any remaining capital costs, we propose that the PCT obtains capital loan financing of up to £300,000, through social investment finance. We have prepared this feasibility report and capital cash flow on this worse case scenario basis.
This feasibility report proposes to draw on social investment loan finance via a 25-year loan facility of up to £300,000. Preliminary conversations with a specialist social investment advisor have suggested that a repayment mortgage with a fixed rate of between 3% and 6% may be achievable from a number of social investment lenders.

A social investment lender will have two main goals. Firstly, they will want to ensure the repayment of the loan with interest. Secondly, they will also want to see positive social change take place as a result of their investment. They will almost certainly require us to offer some form of collateral, probably by way of the new Bourne Community Hub building (or part of it). The overall balance of the social lender's requirements and terms will ultimately depend on how they assess the project's blend of social value, financial return and risk.

To achieve such finance, it is likely that PCT will require the grant of an appropriate long lease (60 years+) on the Bourne Valley Youth Centre site by the BoP.

7.2 Cash flow

A 5-year summary of cash flow projections is provided below, with a detailed 25-year cash flow forecast being available.

Cash Flow Forecast

	Year 0 £	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
Inflows						
Capital grants	1,895,000	0	0	0	0	0
Secured loan	300,000	0	0	0	0	0
Room hire income *	0	20,580	28,126	32,433	36,937	37,861
Activity income **	0	7,000	7,175	7,354	7,538	7,727
Community café sales	0	6,000	6,150	6,304	6,461	6,623
Pre-school rental income	0	19,500	19,500	19,500	20,999	20,999
Event income	0	3,000	3,075	3,152	3,231	3,311
Revenue grants ***	0	23,000	23,575	24,164	3,000	6,735
Total income	**2,195,000**	**79,080**	**87,601**	**92,907**	**78,167**	**83,257**
Outflows						
Construction costs	2,176,171	0	0	0	0	0
Staffing:	0	28,824	29,545	30,283	31,040	31,816
Building utlities & services	0	12,837	13,158	13,487	13,824	14,170
Maintenance	0	1,062	1,219	1,312	1,439	8,785
Other costs	0	6,300	6,458	6,619	6,784	6,954
PCT management	0	7,353	7,537	7,726	7,919	8,117
Loan repayments	0	19,203	19,203	19,203	19,203	19,203
Total outflows	**2,176,171**	**75,580**	**77,120**	**78,630**	**80,210**	**89,046**
Net cash movement	**18,829**	**3,500**	**10,481**	**14,276**	**(2,043)**	**(5,789)**
Cash b/f	**0**	**18,829**	**22,329**	**32,810**	**47,086**	**45,043**
Cash c/f	**18,829**	**22,329**	**32,810**	**47,086**	**45,043**	**39,254**

* Room hire income is based on affordable hire charges and conservative assessments of room occupancy rates. It makes allowance in the first three years for lower occupancy rates as new business is developed. By way of comparison, after just 5 months operating the Branksome Centre, we are already achieving £1,500 room hire revenue per month.

** Activity income comprises youth club attendance fees (£1 per user), which will go to PCT in lieu of charging reduced room hire fees to the BoP youth service. It also includes £2 'turn up and play' sessions for older people during the daytime (e.g. table tennis, short mat bowls, etc.).

*** Revenue grants will be sought to cover the centre coordinator's staff costs in the first three years of operation. (Application has been made to the Big Lottery). On-going revenue grants of £3k per annum are also forecaster thereafter from small local funders. Further grant funding amounting to just £27,000 over the 25 years is anticipated to cover 50% of planned maintenance costs.

From a BoP perspective, we are confident that the financial arrangements would be at least cost neutral. At present, we understand that the rental income from the pre-school covers the building's day-to-day operational costs (although this does not take into account planned maintenance costs and staff costs associated with building

management). Under this proposal, the only on-going cost to BoP would be a specially discounted room hire charge of £3,000 per annum for 3 evenings per week usage by the youth service.

7.3 Room Hire Policy

The Cash Flow forecast includes income based on affordable hire charges and conservative estimates for occupancy rates. A draft Room Hire Policy has been developed in consultation with the Bourne Big Local, Bourne Community Group and Borough of Poole. The PCT Board has adopted the policy.

8 Risk management

PCT has identified the following key risks associated with development of the Bourne Community Hub project. These are set out in the table below, together with actions taken to mitigate them.

Risks	**Mitigation**
Failure to identify all capital expenditure requirements	• Use of professional advisors throughout to obtain realistic costs.
VAT treatment & impact on capital costs	• Obtain professional advice.
Failure to obtain sufficient capital funding	• Feasibility study has identified specific capital funders. • Hold detailed discussions with funders during / prior to making applications. • Preparation of carefully considered approaches to relevant funders. • Secure commitments from major anchor donors.
Ability to provide collateral for a secured loan	• Negotiate suitable long leasehold with the BoP. • Explore innovative financing options with BoP.
Upward movement in interest rates may affect affordability of loan finance.	• Closely monitor interest rate movements during the development phase. • Secure long-term fixed loan rates. If required.
Continuity of pre-school and youth service provision during construction	• Develop detailed plans for providing temporary accommodation during RIBA Work Stage 3. • Careful management of relations with existing pre-school provider.
Ongoing financial sustainability	• Vigorous community engagement, market research and business planning, ensuring that the building is well used by hirers. • PCT to draw on experience from running the Branksome Centre.

Managing multiple stakeholders and maintaining resilience	• Adopt a collaborative approach. • Invest in community engagement work through the development process.
Failure to deliver outcomes	• Set key targets and monitoring progress against these.

9 Further project development

9.1 Community asset transfer process and lease terms

The sequencing of transferring the property from BoP to PCT is challenging. Most voluntary sector funders will not entertain capital funding bids until the grant applicant has achieved security of tenure. However, BoP is unlikely to commit to a long lease until there is adequate assurance that the redevelopment is funded and will go ahead. We will also need to ensure the terms of a lease are consistent with meeting the requirements of both grant funders and the provider of loan finance (if required.)
We would therefore like to work with the council to formulate an agreement and lease terms, which would provide PCT with a guarantee of long leasehold in the event that we successfully raise the funds to proceed with the redevelopment.

As of September 2018 the B o P has provided draft heads of terms for the lease based on a 60-year lease. The PCT has provided feedback to the B o P. As predicted a number of funders do require the PCT to have a lease prior to considering grant aid, so the matter is now pressing and the PCT hopes the B o P will resolve the matter at the January Cabinet meeting.

9.2 Deliverables for the next phase of planning

ACTIVITY	TIMESCALE	NOTES
Complete final grant applications	December / January	
Finalise Temporary Building for pre-school and youth services during construction	March	PCT/Borough of Poole /Bourne Community Group
Finalise play park (grant application, design etc.)	January onwards	PCT/Borough of Poole/Bourne Community Group
Local Fund raising	February	PCT/Bourne Community Group / Bourne Big Local
Overall review of funding plan (including grants,	January – March	

loan, VAT position)		
Develop volunteering policy	January	PCT /Bourne Community Group
Marketing Plan	January onwards	Potential hirers including Public Health Dorset, Learning and Skills, Poole Housing Partnership, CAB etc.
Commence planning services, activities, bookings, operational procedures, staffing, publicity materials etc.	May onwards	
Commence technical drawings (RIBA stage 4)	April	Design Team
Finalise decanting arrangements and confirm hire of temporary accommodation	April	Borough of Poole and contractor
Set up Users/Community Steering group	May / June	
Tender process and contract agreement	July – September	Quantity Surveyors and Architects
Commence Construction (RIBA stage 5)	Sept 2019- Oct 2020	Contractor
Plan Opening Arrangements	Jan 2020 onwards	Bourne Community Group, Bourne Big Local, Borough of Poole
Open Hub	Nov 2020	Bourne Community Group, Bourne Big Local, Borough of Poole
Post project review, including assessment of outcomes	Dec 2020- April 2021	Bourne Community Group, Bourne Big Local, Borough of Poole

Appendix A
RIBA Stage 3 Costs

During February 2018, specialist companies were invited to submit quotes for undertaking RIBA stage 3 and 4 (stage 4 was included to enable some certainty in planning ahead). Following an evaluation of quotes the following services were engaged for RIBA 3:

	£
Architect	15,000
Cost consultant	3,400
Structural engineer	4,100
Mechanical and electrical engineer	6,650
Accountancy advice	1,800
Project Management	12,000 (no VAT)
Arboriculture advice	695
Acoustic impact assessment	1,800
Transport advice	2,040
GEOTECH	5,791
TOTAL	**53,276 plus VAT**

In addition to this we were required to pay a planning application fee. (£4620)

Appendix B

Public Consultation on Designs

Exhibition on 30 May 2018 - 10 am - 1pm and 4pm - 7pm (36 attendees) and 2 June 2018 - 12.15p.m - 2.15pm (17 attendees) and 13 June 2018 -7pm -9pm (young peoples event) (16 attendees) hosted by BCG and PCT.

Theme	**Comments**	**Response from Poole Communities Trust, on questions raised on design. (Ideas on activities will be considered during 2019 when planning activities for the new Hub)**
Overall Feedback	Wow! What a fantastic development for an area of such need. I believe the benefits for everyone are endless. I love the modern look and think it will appeal to younger people in particular. This is just what this community needs. Very exciting!	
	It will make the area look a lot nicer and will be nicer for residents living on the estate.	

	This is a truly amazing design. This building will be the key to open the door to the community and change many people's lives- young and old. Well overdue.	
	Great building to lift the whole area and spirit and attract more people to community hub area.	
	I think this is amazing! This build will changes lives for our local people. Can't wait to see it all finished. Thank you. I really believe this can bring the community together and will be the start of many events and building positive relationships.	
	Excellent exhibition and it will be a great facility for the area. Lets hope the Council supports this.	
	I like it, as it is interesting. I don't want anything to change on the plans. I like it as it is. So much bigger!	
	I like this new idea about the new Youth Club as you can put all sorts of things into it. It's like a new life for the Youth Centre. Wow!	
	Good design, good use of green space.	
	It looks lovely, can't wait for the improvement to our community.	
	Amazing – looking forward to it!	
	Very crazy looking /appealing	
	It will be nice for young people to chill in	
	Its good	
	Its alright	

Specific Design Elements	Have well lit signs so people can see its open.i.e. Sign for youth, sign for community (neon light in the evening) Lower fence and shrubs around the café as it blocks the view and does not feel welcoming. Well done.	We have incorporated signs, lower fencing and shrubs into our designs and budget for the project. We will discuss with the Arts University whether they could support a project with young people to design a neon light.
	Having a window from the kitchen into the TV room would allow people to monitor activity in the room without disturbing. Avoid bright colours or a lot of colour as it confuses people's emotions and affects their behaviour.	We have updated our drawings and budget to include a window from the kitchen to the TV room. This is a helpful point about the effect of colour on people's emotions. We will ask residents for ideas on room colours prior to us starting building the Hub.
	These plans look fantastic. The consultation with residents being carried out is really fantastic and needs to continue. One comment I would have is that as well as creating the space for the community to use there needs to be a focus on how we get the community to use it in reality- so marketing the facility should perhaps start ahead of the actual build and opening if funding for the building is secured for the build to go ahead. It would be such a shame if the space was created but once here was not used – there have been case studies where this has happened and brand new building shave been empty,	Some very helpful comments. We shall work hard to continue to engage residents and really market the Hub.

	despite a positive engagement and vocalization form communities in the beginning requesting services and activities and a place for them to happen. Keep the good engagement and resident engagement going!	
	Ensure all potential users are involved in planning/fund raising to ensure ownership and respect for the building. Business Plan – need to identify user groups and people / services who will use the building and get them to sign up to it somehow. Could have done with more publicity as I think community will be excited to see the plans. Possibly useful to have a timescale.	Some more very helpful comments. We have included in the Business Plan some of the user groups and potential services that will be run from the Hub. We will be seeking to "sign them up" during the Autumn and Winter of 2018 in readiness for the building work starting in Autumn 2019. We included a timescale in the exhibition but will publicise this more widely. We will be launching regular newsletters to keep everyone updated on the progress of the project.
	I think there needs to be netting of the MUGA to stop balls going into adjoining properties, The café windows /area needs to be fully visible to people walking by (low shrubs and fence) Ensure lighting for MUGA outside building is on sensors and timers to ensure if accidentally left on lights do not annoy adjoining properties. Drawings show no lights for MUGA – this is needed.	We will install netting over the MUGA. We have incorporated lighting with sensors and timers into the drawings and budget. We have incorporated into our drawings and budget low shrubs and fencing around the café area.
	Netting over the MUGA to stop balls going into neighbouring homes.	We will install netting over the MUGA.
	I think there should be segregation between the small children's play area and the large kids area, as sometimes there is a problem with the older kids swearing within earshot of the little ones and it is not appropriate. If there is a gap between the areas they can all be happy.	We are working with the Parks Team on the design of the new play area and will ensure this feedback is acted on.
	As you look across from the shop the dark brick looks quite harsh. Is there a softer colour brick that could be used? Are you planning to install and solar/PV panels and or heat pump or any other renewable energy items?	The architects selected this colour as a good contrast to the coloured strips in the design and to suit the location. Also in the past there were clay pits in the area, which would have been used for making this type of brick. Unfortunately our budget does not stretch to solar/PV panels or a heat source pump.
	Very good presentation. Please no wood, high maintenance.	
	Just a few points – access from car park to pre-school area. High security lighting for roof spaces. No planting around café fence. Good wifi for whole site. A good well thought out name for the project. I like the design and the layout – looks good and modern.	It would not be secure to have access from the car park to the pre-school. Safety lighting is part of the design and budget. We have amended the planting around the café fence to be low level. WIFI is incorporated into the design and budget.
	Try to incorporate ownership with young people by working on an art project/ mural in the café with an artist. Plus arts projects in the garden. E.g. sculpture.	Great idea. We will investigate this.
	Building looks great and finishes fine. Access to roof still worries me a bit, however a green roof and solar panels	Unfortunately our budget does not stretch to a green roof or solar panels. There will be low-level shrubs around

	should be considered and provided for future if not fitted. Trees etc should not hide Café. As it needs to be inviting (but still secure) Landscape link to relocated play park would be nice. South and West boundaries still need to be green as possible to hide hard features. Flood risk needs sorting. Stryker camera (already installed) needs to be able to be monitored and recorded on site (as well as current arrangements etc) Good quality finishes essential- no fading paint like on the library up the road.	café garden area. A flood risk report has been commissioned and will inform the plans. Trees have been included around the car park area. The materials used will be very different to the local library and will not require high maintenance.
	A name for the building – Bourne 20-20- the name of the area, the year we hope to finish and 2020 vision – our vision for Bourne. Posts that is removable in front of the gates so that vehicles can unload any large items that are needed. Around café gardens – lower or just low plants around. Reasonable high fence – no climbing. Is the new playground having fencing around? 2 disabled car parking spaces? Temporary or occasional licenses? Bright and cheery colours everywhere. Like the outdoor seating.	We have incorporated removable posts at the front of the building. We have included low level planting around the garden to the café. The new playground will be fenced. There is 1 disabled parking space. The Poole Communities Trust will be discussing the issue of temporary or occasional licenses with the Bourne Community Group.
	This should be very environmentally built building. – to future proof the ever rising costs of gas, electricity, water etc. by use of solar panels grey water and heat source pumps. The result of the extra cost initially would mean we could offer very competitive rates to users, which could generate income. Have you explored seeking out advisers who might give their time free of charge to help find sources of finance specific to carbon reduction- a plus to this could be when seeking funding streams, a carbon neutral building could generate more funding. (Just a thought where do we go if Russia holds the country hostage regarding supplying gas and electricity? Will there be blinds to all ground floor windows facing onto pavements?	Unfortunately our budget does not stretch to a wide range of environmentally friendly features. We have researched the opportunities for grants but the sums available are very low. We have not yet looked at internal fittings like blinds. Generally we want the building to be inviting and encourage people to come in.
	The Centre needs to try and actively engage the community with information on what is going on. The common feeling up the top of the hill (Northmere and Sancred) is that it is just a youth club and nursery. Most people who are not in Arne Avenue area do not realise there are other activities.	This is a good point. We will include these streets when we deliver our publicity.
	Make sure building is accessible for older people and that there are activities for all. Building looks fab!	The building is fully accessible.
	Safety mirror for activity hall for dance group that has been running for many years and gets lots of community involvement. It would be beneficial to have a sprung floor too. This will help increase performance level and involvement.	The design and our budget incorporate a sprung floor and safety mirror.
	Anti graffiti paint to keep it pretty.	The building differs from the current youth club in that it does not have large rendered walls, which are often treated with anti graffiti paint.
	A lit sign outside	There are outside lights but we will

		discuss with the Arts University whether they could support a project with young people to design a neon sign.
	Colour	We have included coloured strips in the design to give the building a fun, community feel.
	A welcome mat	It's on our shopping list, when we come to fit the Hub out!
	LEDS	We would like to discuss this idea with young people when we come to fit the Hub out.

Ideas for activities	More trips for year 5 and 6 because I can get jealous when older year groups go on more trips!	
	More clubs for years 5 and 6 – I want to go to clubs but I am not in the right year.	
	Knitting groups. Would be a great idea.	
	I think there should be a book group for all ages.	
	More activities for year 5 and 6 – cooking, trips, planting.	
	PS4	
	Roller disco	
	Xbox 1S	
	Music speakers	
	Boxing club	
	Dodge ball/zorb balls	
	Basketball hoops	
	Non alcoholic cocktail bar	
	Locked gate on MUGA	
	Gym	
	Abseiling	
	Paintballing	
	Better pool table	

Appendix C – Options Appraisal Summary

Option	Assessment	Appraisal Outcome
a) Refurbishment of existing building and facilities plus two storey extension of 215sqm to the eastern elevation to provide new community rooms.	• Fails to address poor layout of existing pre-school and youth service facilities. • Also fails to provide an aspirational project, as it would retain the existing building's ugly external façade. • High cost of upgrading existing building services and integrating the extension. • Estimated cost of £0.7m-£1m represents poor value given limited improvements. • Highly unlikely to win grant funding as not sufficiently attractive.	Rejected.
b) Construct new community hub building on the existing site	• Site and design limitations have led the architects to conclude the existing site is insufficient to meet the design brief. Particular challenges include: pre-school requirement for ground floor space; unlikely to obtain planning permission for a three storey building; requirement to provide car parking; and re-provision of the MUGA.	Rejected.
c) Construct new community hub building on the site, with inclusion of the amenity land to the south.	• Produces significantly improved facilities for the pre-school and youth service. • Likely to approve attractive to funders. • Realistic expectation of meeting the capital cost of up to £2m if sufficiently aspirational.	Take forward as preferred option.

AGENDA ITEM 5

BOROUGH OF POOLE

5 FEBRUARY 2019

CABINET

JOINT REPORT FROM THE HEADS OF CULTURE & COMMUNITY AND GROWTH & INFRASTRUCTURE

SEAFRONT DEVELOPMENT - CANFORD CLIFFS

1.0 PURPOSE

1.1 To seek approval to revise the seafront development scheme at Canford Cliffs and undertake essential cliff stabilisation works to enable the previously approved enhancements of beach huts & seafront facilities to proceed.

RECOMMENDATIONS

2.1 To note the impact of the 2017 cliff slippage at Canford Cliffs (West) and the work undertaken to develop solutions to stabilise the cliff.

2.2 To recommend to Council that it approves the revised seafront development scheme for Canford Cliffs and undertakes essential cliff stabilisation works to enable the previously approved enhancements of beach huts & seafront facilities to proceed.

2.3 To recommend to Council that it approves the financial strategy for the revised scheme using up to £2.9m prudential borrowing (repaid from the additional income earned).

2.4 To recommend to Council that it delegates to the Chief Financial Officer the ability to decide on the final funding mix of the revised scheme between the use of the Councils Capital Contingency or prudential borrowing.

3.0 LOCAL GOVERNMENT REVIEW

3.1 The Bournemouth, Christchurch and Poole Shadow Executive Committee will be consulted on the revised scheme at its meeting on 12 February 2019 prior to Poole Council considering it for final approval at its meeting on the 19 February 2019.

4.0 BACKGROUND

4.1 In Nov 2016 the Council approved investment in the Seafront Development Programme to deliver the policy and priorities set out in the Draft Local Plan and the Seafront SPD by improving seafront facilities, beach hut provision and underlying infrastructure. The programme was reviewed and extended in Nov 2017 (see Council Minutes 14/11/17).

4.2 The various projects within the overall programme will improve the connectivity of public spaces, create new plazas and gardens and new catering & commercial outlets, and add a wide range of new, rebuilt or refurbished beach huts. Delivery of the programme is led by BoP Culture & Community.

4.3 Significant progress has been made with projects completed at Sandbanks, Flaghead, Branksome Dene & Hamworthy. Construction works are also planned during 2019 at Shore Rd, Shore Rd East & Branksome Chine. For full details see Appendix 1.

5.0 **INFORMATION**

5.1 **Original scheme for Canford Cliffs**

Following a cliff slippage in Feb 2017 (see ariel photo in Appendix 2) the enhancements of beach huts & seafront facilities shown in Table 1 originally planned for Canford Cliffs during 2017/18 were postponed. The scheme was at an advanced stage having achieved planning permission and due to be tendered within weeks.

Table 1 – Original scope of works

	Block Numbers (see Appendix 2)			
Proposed Works	1 – 8	9 - 11	Pavilion	12-13
Demolish beach huts and stabilise the lower cliff replacing part of the catch wall + plinth	✓	✓		
Rebuild 102 existing, add 89 new + refurbish 4 huts	✓	✓	✓	
Develop new café, refurbish toilets & improve public realm			✓	
Refurbish 18 huts				✓

5.2 Following the cliff slip, BoP engineers have worked closely with consultants WSP to assess the cliff and site geology. Vegetation has been carefully cleared and maintained in a sterile state, monitoring targets installed and borehole samples taken.

5.3 Analysis shows that the cliff face is continuing to deteriorate and in order to: maintain the condition; prevent damage / safeguard the infrastructure on Cliff Drive in the longer term; and allow for the more immediate development of the seafront, a permanent remedial solution should be implemented.

5.4 In light of this analysis (see Appendix 3 for WSP report), recommendations for a revised scheme for cliff stabilisation and enhancement of beach huts & seafront facilities at Canford Cliffs are therefore the main focus of this report.

5.5 **OPTIONS**

The options for scheme delivery at Canford Cliffs are summarised below together with a brief description of the works and potential associated benefits /issues:

Option A - No remedial action

- Potential significant infrastructural, financial and reputational risks.
- Further beach hut closures expected with loss of additional rental income.
- Opportunities from delivery of the enhancement scheme would not be realised.

Option B - Stabilise upper cliff face only

- Rectifies immediate issue of soil movement and stabilises upper cliff using soil nailing.
- Further issues with lower cliff face anticipated in near future affecting service provision and rental income.
- Opportunities from delivery of the enhancement scheme would not be realised.

Option C - Stabilise whole cliff face

- Rectifies immediate issue of soil movement and stabilises the upper & lower cliff.
- Significant revenue loss from the demolition of huts (c £200k/yr), necessary to replace catch wall and plinth
- Opportunities from delivery of the full enhancement scheme would not be realised.

Option D - Stabilise whole cliff face and deliver reduced development scheme

- Rectifies immediate issue of soil movement and stabilises the upper & lower cliff.
- Replaces lost revenue from demolished huts within current approved budget.
- Opportunities from delivery of the enhancement scheme would not be realised.

Option E - Stabilise whole cliff face and deliver revised development scheme

- Rectifies immediate issue of soil movement and stabilises the upper & lower cliff.
- Replaces lost revenue from demolished huts.
- Enables significant additional service benefits and revenues to be realised from delivery of full enhancement scheme using prudential borrowing.

5.6 **Recommended Option**

5.6.1 Options A - D have been considered and discounted. Taking no remedial action carries potentially significant risks to the cliff and highway infrastructure, as well as the continued and future increased loss of beach hut incomes. These options would not:

- achieve the public service/facility benefits anticipated from the full scheme
- achieve the £230k/yr+ net revenue forecast from the full scheme or
- provide the Council with a cost effective solution

5.6.2 Option E provides the most beneficial outcomes in terms of cliff stabilisation, future proofing, service provision, income protection & generation, efficiency and return on investment (ROI). It is a pro-active and responsible approach and would stabilise the whole cliff face and deliver for enhancements to beach huts & seafront facilities. Key benefits include:

- a prudent, long term, value for money investment in preserving and enhancing the quality of a prime destination for both local residents and tourists
- improving the design and attractiveness of the area whilst protecting existing and achieving significant new additional income
- cliff stabilisation work to protect the infrastructure above and below the cliff face
- helping to meet consistently strong resident demand for beach huts in this location

5.7 **Proposed scope of works**

	Block Numbers (see Appendix 2)		
Actions	1 – 8	9 - 11	Pavilion
Stabilise upper cliff face using soil nailing	✓		
Demolish beach huts and stabilise the lower cliff replacing all the catch wall + plinth	✓	✓	
Rebuild 102 existing, add 89 new + refurbish 4 huts	✓	✓	✓
Develop new café, refurbish toilets & improve public realm			✓

5.8 The revised scheme could take 9-12 months to complete and the most efficient option is to undertake cliff and seafront construction as a single co-ordinated project. Subject to approvals in Feb 2019, works could start in Sept 2019. Delaying the start carries potentially significant infrastructural, financial and reputational risks.

5.9 Bournemouth B.C. have also been dealing with a land slippage from April 2016 on the East Cliff, with a different set of circumstances and options. Officers from both authorities have worked closely to consider the proposal for Canford Cliffs and support delivery of the proposed scheme.

6.0 RISK MANAGEMENT

6.1 Summary of key project risks for delivery of the revised scheme at Canford Cliffs:

	Strategic Risk Identified	**Action Taken/Proposed**	**Residual Risk**
1	Further cliff movement could affect the scheme	Cliff stabilisation works planned to start as soon as possible.	High
2	Project delivery costs higher than expected.	Cost advice procured from independent experts. Contingency increased for sub-substructure works.	Med
3	Environmental issues impact on scheme delivery	Impact assessments carried out and appropriate mitigations in place.	Low
4	Construction takes longer then planned	Cautious approach to delivery and financial planning to allow for possible delays.	Low
5	Fall in customer demand for beach huts.	Consistently strong demand + positive customer feedback. 300 people on waiting list for Canford Cliffs (1693 total)	Low

7.0 FINANCIAL STRATEGY

7.1 CAPITAL

Appendix 4 outlines the financial strategy to deliver the proposed works at Canford Cliffs which can be summarised as follows:

Costs	**£**
Cliff stabilisation works	3,100,000
Seafront development scheme	4,200,000
Total	**7,300,000**

Funding	**£**
Approved capital contingency resource	4,000,000
Coastal Communities Fund (CCF)	400,000
Prudential Borrowing	2,900,000
Total	**7,300,000**

7.2 Cliff stabilisation works are based on expert technical advice and estimated to cost £3.1m made up of cliff stabilisation works £3m (WSP estimate + 25% contingency) + internal project management fees estimated at £100k. No external grant funding sources have been identified to finance the works.

7.3 The proposed £4.2m seafront development scheme costs include beach huts £2.3m, pavilion toilets & café £426k and public realm £353k. Prelims, project management and 10% contingency total £1.05m. The original budget was £4.8m (Nov 2017) and in bringing forward the proposals approx. £500k has been spent or committed for: design, planning & project management (£220k) and cliff stabilisation assessment & design (£280k). £100k of refurbishment work to Blocks 12 & 13 has been withdrawn.

7.4 The revised scheme is forecast to provide the new BCP Unitary with the following financial outcomes:

- £230k+ net revenue income from year 1
- Payback of investment in beach huts within 15 years
- Beach Hut life span of 50 years+
- 5.6% rate of return on seafront development scheme (£4.2m)
- Potential to improve returns further from development of BCP wide seafront pricing strategy and from reducing the borrowing period from 25 years.

7.5 In seeking to reduce the cost of the works, consideration will be given to all value engineering options through the design and subsequent tender process, where it is effective to do so without compromising quality or life span. These could include repairing rather than replacing elements of the current stabilisation infrastructure and considering the use of alternative forms of construction such as off-site modular build.

7.6 **Prudential Borrowing**

7.6.1 The Council would be exercising its legal power to prudentially borrow £2.9m. In considering this borrowing activity, Members should be aware that:

- There are no current Government caps on borrowing
- Any borrowing is required to conform with the "CIPFA Prudential Code for Capital Finance in Local Authorities (2017 edition). This stipulates that:
    - the borrowing is used to support capital investment
    - the borrowing is affordable over the life of the asset (period it provides value to the organisation). The test of affordability being ability to repay the capital sum and associated interest costs over the life of the asset

7.6.2 The £2.9m borrowing proposed requires annual payments over the next 25 years of £157k (£117 principal + £40k interest). Allowance for this sum has been made within investment financial appraisal calculations. After deducting borrowing repayments, the Council still anticipates generating net revenue contributions of £230k+ from year 1.

7.6.3 The borrowing proposal is also within the Council's Prudential Borrowing operational boundary and authorised limits. These are the internal limits the Council sets to control its level of borrowing.

7.7 **REVENUE**

7.7.1 There is a current income loss of £36k/yr from Blocks 4 & 5 (18 huts) which are unusable. £108k/yr revenue income from the remaining blocks in this location (1-3 & 6-8) income is also at risk if the proposed remedial works are not delivered. The income projections for the revised scheme are cautious and include CPI based inflation only, pending wholesale review of BCP pricing structure.

7.7.2 Provision for the loss of beach hut income for (up to) 12 months during construction has been set aside within the Medium Term Financial Plan and would be used if Council approves the revised scheme.

8.0 **LEGAL**

8.1 There is not a specific legal requirement on the Council to undertake repairs to the cliff face. If repairs are not carried out however the Council faces potentially significant infrastructural, financial and reputational risks.

8.2 To achieve the proposals for beach huts and catering provision will require negotiation the current catering kiosk tenant. This could have some resource implications and may effect the design proposal for Block 10.

8.3 In accepting the £1.2m grant awarded by the Coastal Communities Fund, the Borough has entered into a legal agreement relating to the delivery of the Dorset Coastal Connections 'People & Places Project', which governs and restricts use of these funds. Should the £400k of the grant allocated to Canford Cliffs seafront not be spent by May 2020, there is a risk that that element of the funding could be withheld.

9.0 **PLANNING**

9.1 Planning permission was granted in 2017 for the rebuilding of 102 existing, 89 new and 4 refurbished beach huts, together with a new café, refurbished public toilets and improved public realm, along the western promenade of Canford Cliffs Beach. See Appendix 5 for images of proposed enhancements. The permission requires commencement within 3 years and should the scope of the works differ substantially from that approved, a further application will be required.

9.2 The scheme was developed in the context of previous approvals, operational requirements, the vision of 'Sustaining Poole's Seafront' Supplementary Planning Document (SPD) and using feedback from public consultation.

9.3 Adopted in December 2015, the SPD sets out a 25 year vision for the development of Poole's beaches and aims to:

1. Conserve the beautiful natural environment
2. Improve the range of facilities to encourage visitors all year round
3. Invest in the ageing infrastructure such as drainage and toilets, to ensure the preservation of core services

10.0 POLICY IMPLICATIONS

10.1 The Seafront Development Programme supports the Council's vision to develop a strategic commercialisation programme and generate more income from the seafront by providing long term, high quality and desirable recreational assets.

11.0 ENVIRONMENTAL IMPLICATIONS

11.1 To reduce the likelihood that environmental factors such as wildlife and protected species constrain future decision making, the affected cliff face has been maintained in a sterile state. Protected species such as lizards and slow worms have been relocated and the vegetation and habitat appropriately and sensitively managed.

HEAD OF CULTURE & COMMUNITY Kevin McErlane
HEAD OF GROWTH & INFRASTRUCTURE Julian Mclaughlin

CONTACT OFFICERS
Anthony Rogers, Recreation Manager Ext. 1345
Lynne Wait, Interim Engineering Manager Ext. 2172

Appendix 1: Seafront Development Programme Summary
Appendix 2: Ariel Photo – Canford Cliffs (West)
Appendix 3: Feasibility Report & Outline Construction Costs (WSP Jan 2019)
Appendix 4: Financial Summary
Appendix 5: Images of proposed enhancement scheme

Appendix 1: Seafront Development Programme Summary

Location		Project	Status	Update
Sandbanks	Block 5	Refurb 6 + add 6 new huts		Complete
Shore Rd	Block 8	Refurb 12 + add 12 new huts		Construction starts Sept 2019. Capital budget moved from 18/19 to 19/20.
	Block 1	Refurb 10 + add 2 new huts		
	Promenade	Enhance public realm & facilities inc. new kiosk and water sports concessions		
Flaghead Chine	Promenade	Add 4 huts + enhance public realm		Complete
Branksome Chine	Promenade	Improved public realm + enable land train		Construction phased during 2019.
Branksome Dene Chine	Promenade	Add 4 new huts		Complete
Hamworthy Park	Eastern promenade	Add 16 new huts		Complete
General		Connectivity Projects: Way Marking / Info Points		Installation planned during 2019 (various)

Canford Cliffs (W)	Pavilion	New café, refurb toilets & improve public realm		Planning Permission granted. On hold following cliff slip.
	Block 1-11	Rebuild 102 existing, add 89 new + refurb 4 huts.		
	Blocks 12&13	Refurbish		To be included in a future phase of work.

Key:

Completed or progressing	Currently on hold	Withdrawn

Appendix 2: Canford Cliffs (West) - Ariel View



Appendix 3: Feasibility Report & Outline Construction Costs (WSP Jan 2019)



Canford Cliffs Beach Hut Foundations r1.pd

TECHNICAL NOTE

TO	Borough of Poole	**FROM**	WSP
DATE	**07 January 2019**	**CONFIDENTIALITY**	**Confidential**
SUBJECT	**Canford Cliffs Beach Hut Foundations Feasibility and Outline Costing**		

QUALITY ASSURANCE		
Author	**Checker**	**Approver**
Ben Ward Senior Engineer	Simon Maynard Associate	Andy Indoe Associate Director

Scope of Work

At the request of the Borough of Poole (BoP), WSP have been engaged to undertake a feasibility study into the foundation options for the proposed beach huts (Blocks 1-11) forming part of the Canford Cliffs Scheme. This includes a review of the ACS technical report data, prepared in November 2015.

As part of this review, outline construction costs have been presented for the foundation options and proposed cliff stabilisation works. Considerations have also been given to the costs associated with the restraint or reconstruction of the retaining walls.

The retaining walls are located immediately behind the existing beach huts, which are currently intended to be demolished, with 2 storey beach huts constructed within the same footprint. The works proposed previously included retention of the existing retaining walls. However, due to the construction of the new beach huts, the existing passive restraint to the wall which is provided by the current foundation slab, will be removed in the temporary condition combined with excavation of the retaining wall toe. This would lead to instability of the current retaining walls. Refer to the 'Numerical Assessment of Existing Retaining Wall Stability – September 2018' for further details.

This technical note provides a review of the foundations options and a preliminary assessment of the preferred foundation solution based on the current available information.

The foundation assessment has been split into two sections:

- A review of the historic investigation carried out by ACS testing and a subsequent assessment on the suitability of a raft foundation; and
- A preliminary assessment of an alternative piled slab, in order to ascertain pile diameter and length.

The outline construction costing has been included based on the outcome of the above review. It also considers differing options for the retaining walls, as well as providing an estimate for the cliff stabilisation works.

Ground Conditions - General

The ground conditions have been interpreted from the Ground Investigations undertaken by Geotechnical Engineering (GEL) [Ref 1], Card Geotechnical Ltd (CGL) [Ref 2] and ACS Testing 2015 [Ref 3]. It shall be noted that the GEL investigation was specified in relation to the cliff stabilisation works only.

Table 1 overleaf summaries the encountered strata adjacent to beach hut blocks 1 to 11. A further review of the dynamic probing (DPSH) data is included in the following sections.

Table 1 – Typical Ground Conditions

Beach Hut Blocks 1 - 11		
Stratum	**Depth Encountered (mBGL)**	**Thickness (m)**
Promenade (Tarmacadam)	0.0	0.10
Made Ground – Reworked Branksome Sand *(loose silty SAND / Firm sandy CLAY)*	0.10	2.4
Branksome Sand Formation *(medium dense to very dense silty Sand with occasional deposits of Gravel of subrounded to rounded fine flint, with pockets of firm thinly laminated brown silty clay)*	2.4	>8.1 Not proven
Note: Existing beach hut slab surface level is typically 0.6m above promenade level, which would give a Made Ground thickness of 3.0m		

The characteristic geotechnical parameters used in the review of the suitability of raft foundations have been determined on the basis of the engineering descriptions in the exploratory hole logs, and the SPT 'N' values derived from the DPSH tests undertaken by ACS in 2015, where a conservative correlation of N_{200} = N has been taken [Ref 4]. These values have been plotted against the SPT 'N' values gathered during the 2018 GEL investigation and are presented in Figure 1 below.

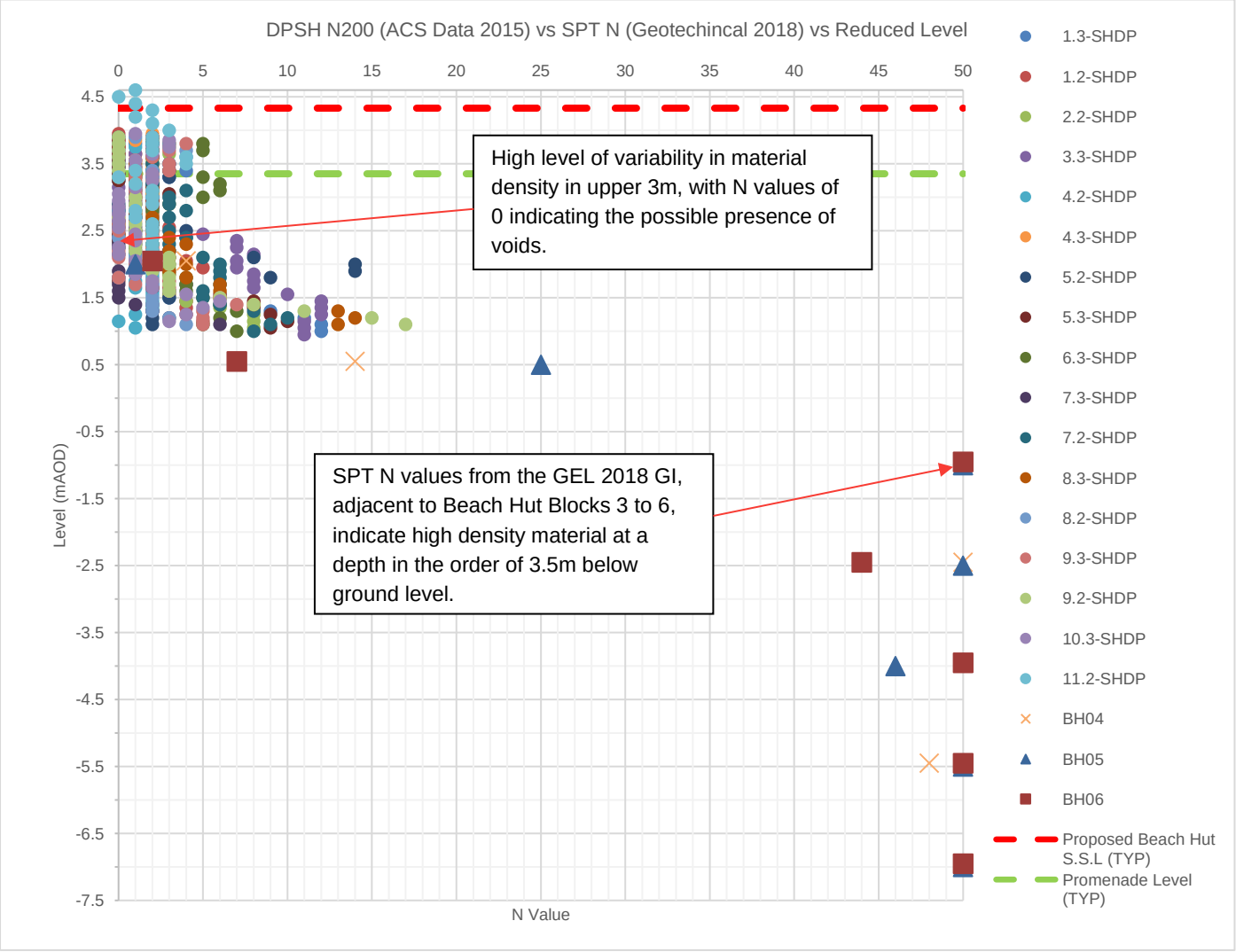


Figure 1 DSPH vs SPT N vs Reduced Level

Table 2 - Characteristic Geotechnical Properties for feasibility assessment only

Stratum	Parameter	Symbol	Magnitude	Unit	Source
Made Ground – Reworked Branksome Sand	Unit Weight	γ	15	kN/m^3	Figure 2 of BS 8002: 2015, assumed lower bound as conservative [Ref 5]
	Effective Internal Angle of Friction	φ'_{cv}	28	°	Figure 5 of CGL Report 28116 2017 [Ref 2] Peck, Hanson & Thornberg, CIRIA 143 Figure 36 pg 79 [Ref 6]
	Effective Cohesion	c'	0	kPa	Assumed to be 0 as conservative estimate based on standard practice
	Effective Stiffness (Large Strain)	E'_{LS}	Highly variable – 4 to 30	MPa	Peck, Hanson & Thornberg, CIRIA Section 8.1 [Ref 6]
Branksome Formation	Bulk Unit Weight	γ_b	20	kN/m^3	Figure 2 of BS 8002: 2015, assumed lower bound as conservative [Ref 5]
	Internal Angle of Shear Resistance	φ'	38	°	Peck, Hanson & Thornberg, CIRIA 143 Figure 36 pg 79 [Ref 6]
	Effective Cohesion	c'	0	kPa	Assumed to be 0 as conservative estimate based on standard practice
	Effective Stiffness (Large Strain)	E'_{LS}	40 – 65	MPa	Peck, Hanson & Thornberg, CIRIA 143 Section 8.1 [Ref 6]

Raft Foundation Considerations

The properties of the reworked Branksome Formation beneath the existing beach huts has been considered assuming the material to comprise a single stratum. This is because while exploratory hole logs indicate distinct layers of cohesive and granular material, in practice the material is likely to be heavily mixed due to reworking on site. Any cohesive layer is likely to contain a high granular percentage and vice versa. Furthermore, the material has remained in place with the *in-situ* overburden from the existing structures for sufficient time for drained conditions to have fully mobilised within any cohesive material, it is therefore not required to model total stress conditions or make an assessment on long term settlement at this stage.

The effective internal angle of friction of the reworked Branksome Formation has been reduced from what has been assumed in the CGL report. This is on the basis of the derived SPT values given in Figure 5 of the CGL report, in accordance with the correlation given by Peck, Hanson and Thornburn in CIRIA 143 [Ref 6]. The reduced value also accounts for the potential high percentage of fines within the stratum.

It shall be noted that at the time of preparing this technical note, no settlement limits have been provided by the beach hut designer nor has a breakdown of the beach hut loads been established. Therefore a differential settlement limit of 10mm has been assumed. A uniformly distributed load over a typical raft area beneath a beach hut block has also been adopted to allow for an outline assessment to be undertaken. It shall be noted that this is not anticipated to represent the worst case or most onerous form of loading to the raft.

The raft geometry has been based on information presented in the Smith Foster drawings series 25075.

A preliminary elastic settlement assessment beneath a typical beach block arrangement indicates an immediate settlement in excess of 35mm. The variability in the material stiffness is anticipated to result in differential settlements beneath the raft foundation in excess of 25mm. A simplified model is presented in figure 2 below, illustrating the effects of varying foundation stiffness, note this does not include the effects of possible voids.

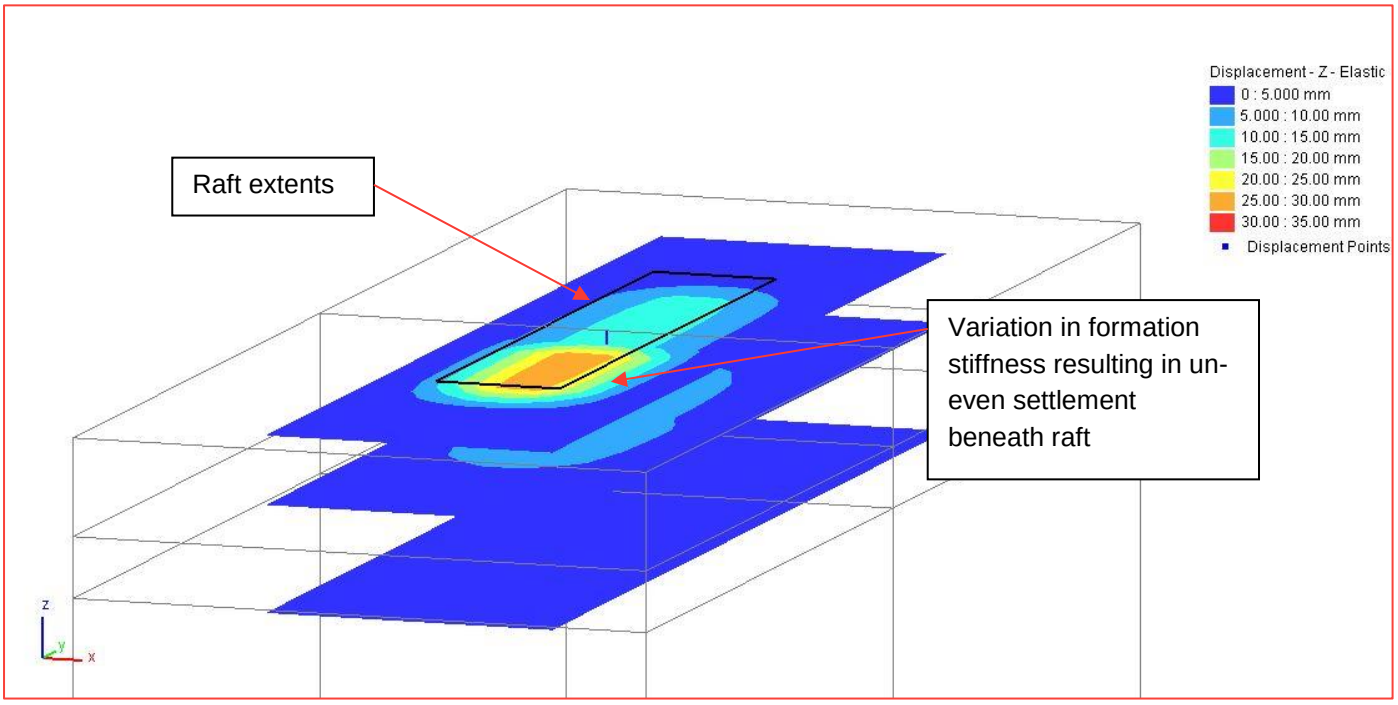


Figure 2 Outline Settlement Assessment

These settlement values are anticipated to increase with more onerous loading conditions, where concentrated areas of load are anticipated to result in a non-uniform loading of the raft, requiring a significantly greater amount of reinforcement or un-economic increase in raft slab thickness. The presence of possible voids up to 3m below the surface slab level could also have a detrimental effect on the structural performance of the raft slab and subsequently result in structural damage to the beach huts. Any ground improvement methods to this depth are anticipated to outweigh the cost of adopting a small diameter piled approach. On this basis an assessment of a piled raft approach is presented in the following sections.

Piled Foundation Considerations

Groundwater

A moderately conservative design groundwater level was used in the calculations of the foundation feasibility study and defined as 2.0 mbgl (1mAOD), based upon the groundwater monitoring results provided in the GEL Factual Report [Ref 1].

Ground model and Characteristic Geotechnical Parameters

Made Ground - reworked natural materials approximately 2 m thick were encountered overlaying the Branksome Sand Formation. The Made Ground was described as Loose to medium dense sand, whilst the Branksome Sand formation as dense to very dense sands. Thin layers of firm to stiff Clays with frequent pockets of fine to coarse sand were encountered interbedding with very dense sands in BH04 and BH06. In BH06 the same materials were encountered underneath the very dense Sands below 5.7 mbgl (-2.35 mAOD).

Table 3 overleaf proposes the ground model and the geotechnical parameters used in the piled foundation feasibility study. Note these have been based on the 2018 GEL investigation, where boreholes were formed to a depth of 10mbgl.

Table 3 Ground model - piles

STRATUM	DESCRIPTION	Thickness (m)	γ (kN/m^3)	φ' (°)	c' (kPa)	c_u (kPa)	E' (MPa)	E_u (MPa)	μ (-)
Made Ground / Reworked natural materials	Medium Dense Sand	2	18	32	0	N/A	31	N/A	0.30
Branksome Sand	Very Dense Sand	2	17	38	0	N/A	44	N/A	0.30
	Firm to Stiff Clay	>6	19	27	0	100	40	60	0.45
1 – the ground level was considered to be 3.4 mOD which is the top of the BH04 cosidered to be the most representative of the ground for the design of the foundation; 2 – the bottom of the stratum was not recorded during the GI.									

Piled Foundation Methodology

It is proposed to form small diameter piles using replacement methods, which shall be comprised of reinforced concrete and constructed through cased boring to prevent void filling or hole collapse. The assessment has been carried out using the loads and pile layout is indicated in Smith Foster drawings series 25075.

The construction method shall comply with the recommendations of the 3rd Edition of ICE Specification for pilling and embedded retaining walls [Ref 7].

Soil structure interaction

It has been assumed that the interaction between piles and the cohesive materials is represented by a ratio α_{repl} provided in Figure 16-14 in Foundation Analysis and Design [Ref 8]. A value of 0.5 was adopted in the analysis.

An earth pressure coefficient of k_0 = 0.7 soil and a pile interaction angle δ = 1.0 were used as per recommendations of Table 8 and Table 9 of BS 8004 [Ref 9].

Actions

Actions are indicated in the Smith Foster piles layout drawing series 25075.

It has been assumed the actions indicated in the drawings are the sum of 70% Permanent and 30% Variable (25% Surcharge and 5% Wind). The percentage used in the calculation shall be confirmed at the detailed design stage.

The combination of Actions to be analysed followed the recommendations provided in Section 6.4 of BE EN 1990 [Ref 10].

Action eccentricity at the top of the piles was not considered at this stage and will have to be assessed at detailed design stage.

Method of analysis

Standards

The recommendations of the following standards were used:

- BS EN 1997-1:2004+A1:2013 Eurocode 7: Geotechnical design – Part 1: General rules [Ref 11];
- NA+A1:2014 to BS EN 1997-1:2004+A1:2013 Eurocode 7: Geotechnical Design – Part 1: General Rules [Ref 12].

Complementary references

The pile stability analysis was also undertaken considering the recommendations indicated in:

- BS 8004:2015 Code of practice for foundations [Ref 9].

Ultimate Limit States

The analysis method and the partial safety factors adopted to undertake the stability analysis of the piles conform to BS EN 1997-1, with due consideration of NA to BS EN 1997-1.

The Design Approach 1, Combination 1 and Design Approach 1, Combination 2 partial factors are summarised in Table 4.

In addition to the partial safety factors a design model factor of 1.40 to affect the piles resistance has been applied with the assumption that static load tests will not be undertaken prior to construction.

The recommended ψ factors to affect secondary variable actions for buildings is provided in Table NA.A1.1 of NA to BS EN 1990:2002+A1:2005.

Table 4 Partial Factors for Ultimate Limit State analysis – Piled Foundations

DESIGN APPROACH 1		COMBINATION 1			COMBINATION 2		
		A1	M1	R1	A2	M1	R4(1)
Permanent Actions		1.35	-	-	1.00	-	-
Variable Actions		1.50	-	-	1.30	-	-
Material Properties		-	1.00	-	-	1.00	-
Bored Piles	Base Resistance	-	-	1.00	-	-	2.00
	Shaft Resistance (compression)	-	-	1.00	-	-	1.60
	Shaft Resistance (tension)	-	-	1.00	-	-	2.00
Model Factor		1.40					
1 – Applied to the resistance of piles when the resistance is not verified on site by a maintained load test.							

Serviceability limit states

Predicted displacements were calculated in Repute. The characteristic value of actions was used in the Serviceability Limit States analysis.

The Serviceability Limit State analysis was undertaken using the partial factors on actions equal to 1.0 as per Annex A of BS EN 1990 as well as on materials as per Section 6.5.4 of BS EN 1990.

Results of analysis

The outline pile diameter and lengths for a range of load cases is presented in Table 5.

Table 5 Outline Pile characteristics

RANGE OF ACTIONS (1) (KN)	DIAMETER (mm)	LENGTH (mm)
Action < 70	300	5000
70 ≤ Action < 90	300	6000
90 ≤ Action < 110	300	7000
110 ≤ Action < 130	300	8000
130 ≤ Action ≤ 160	300	9000
1 – the indicated range of loads is in accordance with the values provided in drawings 25075.		

An outline assessment of the loadings and pile lengths above result in an acceptable utilisation for the proposed solution of below 1.0, with preliminary anticipated maximum vertical and horizontal displacements of below 10 mm.

It should be noted that the ground conditions at a depth of 3m below the current beach hut level have not been established adjacent to Beach Hut Blocks 1,2, 7 to 11. It is recommended supplementary GI be undertaken to verify the ground conditions used to establish the conclusions of this outline assessment and therefore provided suitable information for the detailed design of the works. This could be achieved through use of a truck mounted Cone Penetration Testing (CPT) unit, with a series of investigation points adjacent to the proposed beach hut blocks spaced at regular intervals along the scheme. The CPT data can be made immediately available after the investigation has been undertaken, with anticipated duration of the site works in the order of 3 days. The CPT probe may refuse at depths around 5m below existing beach hut level, but will allow for identification of the top of the dense layer of Branksome Formation in which to found the piles and result in a more economic design.

Outline Construction Costs

Outline construction costs have been estimated for the following elements:

- The stabilisation of Canford Cliffs comprising a grid pattern soils nails and a tensioned flexible facing system meshing;
- The reconstruction of the retaining walls behind beach hut blocks 1 to 8;
- The anchoring of the retaining walls behind beach hut blocks 9 to 11;
- The construction of small diameter bored pile raft foundations for beach hut blocks 1 to 11.

Cliff Stabilisation

Based on the outline stabilisation solution proposed - soil nails are to extend over the cliff profile adjacent to beach hut blocks 1 to 8. WSP have approached a specialist geotechnical contractor to establish outline cost for the works, which are summarised in table 4 below.

Table 4 Cliff Stabilisation Outline Construction Costs

Works Element	**Estimated Cost**
Mobilisation / site establishment	£25,000
Site overheads / welfare	£30,000
Soil nails	£1,040,000
Inclined drains	£50,000
Nail Testing	£15,000
Meshing System	£152,000
TOTAL	£1,312,000

It shall be noted that the above estimate makes no allowance for the installation of test nails prior to site works, associated attendances and traffic management or any demolition works and subsequent offsite disposal. It is suggested that a further 25% contingent should be added to the total cost.

The duration for the will be reliant on the construction methodology and could be accelerated if nails were installed simultaneously from the top and bottom of the cliff utilising long reach excavators with boom mounted rigs, combined with roped access skid frames.

The contractor further recommends the installation and testing of nails ahead of the main works, which will not only determine the likely bond to be developed between the ground and the nail and therefore its ultimate capacity, but will also provide valuable information on the best method of nail installation.

Retaining Walls

A number of options have been explored in relation to the proposals for the existing retaining walls adjacent to beach hut blocks 1 to 11. Table 5 presents the outline costs for the reconstruction of the retaining walls adjacent to beach hut blocks 1 to 8. This construction is facilitated by the advanced stabilisation works to the cliffs above, and the use of temporary soil nails to construct the new walls. Note that current proposals do not extend the soil nails to the cliffs adjacent to blocks 9 to 11, therefore along this particular section it is proposed to retain the existing retaining walls and install anchors to maintain their stability throughout the construction of the new beach huts.

Table 5 Retaining Walls Outline Construction Costs

Works Element	Estimated Cost
Temporary Soil nails to facilitate retaining wall construction adjacent to Beach Hut Blocks 1 to 8	£180,000
Gravity blockwork retaining wall solution adjacent to Beach Hut Blocks 1 to 8	£270,000
Installation of anchors to existing retaining structures adjacent to Beach Hut Blocks 9 to 11	£80,000
TOTAL	£530,000

The above costs include an allowance for the excavation of temporary benches or overstepping into the cliff to allow for the installation of temporary soil nails, disposal of arisings and placement and compaction of fill material adjacent to the new block work wall. However, no allowance has been made for the demolition and disposal of the existing retaining walls. It is suggested that a further 25% contingent should be added to the total cost.

It is recommended that a detailed survey is undertaken into the condition of the existing retaining walls and their suitability for anchoring is to be assessed. It is suggested that anchoring all existing retaining walls (Beach Hut Blocks 1 to 11) as an alternative to the re-construction of the walls adjacent to blocks 1 to 8 above, would be in the order of £200,000 - £300,000 less and may prove to be the most cost-effective solution. There is also potentially less risk to the stability of the cliff in adopting this approach. The maintenance costs of any anchors installed are not included in the above construction costing.

Foundations

The outline construction costs for the foundations and slabs to the proposed beach huts are presented in Table 6 below, these estimates have been based on the foundation recommendations

Table 6 Slab and Foundation Outline Construction Costs

Works Element	Estimated Cost
Installation of 300mm diameter bored piles (332no.) typical length 7m	£270,000
Reinforced concrete slab to piled foundations to Beach Hut Blocks 1 to 11	£300,000
TOTAL	£570,000

Allowance for breaking out the existing slab, excavation around the piles, offsite disposal and import and placement of compacted fill have been made in the above costing. However, it is suggested that a further 25% contingent should be added to the total cost.

The rates used to generate these outline construction costs have been based on values taken from the 2016 edition of SPONS Civil Engineering and Highways Works Price Book [Ref 13]. No increase has been made for inflation.

It shall be noted that these costs do not relate to the demolition of the existing beach huts or the construction of the proposed new beach huts.

The material cost for the piled option has been based on the Smith Foster general arrangement in drawings 25075-01 to 25075-027.

The labour costs have been assumed as 1 concrete gang, consisting of 1 charge hand, 2 skilled operatives, 4 unskilled operatives and 1 plant operator, working on the slab for each block for 2 weeks. This is from the start of the excavation to the finished power floated floor surface. Allowance has been made to account for possible difficult site access which could delay concrete delivery.

A waterproofing allowance has been based on a damp-proof membrane below the foundation slab across the full area of each block and includes labour and material costs. As the slabs of each block are independent of one another and therefore do not exceed a length of 30m expansion joints to accommodate movement would not be necessary in the structure. Construction joints would be used in order to form the slab but this type of joint will not incur significant extra cost.

References

1. Geotechnical Engineering Ltd, Canford Cliffs Factual Report on Ground Investigation, Report Ref 34039, July 2018
2. Card Geotechnical Ltd, Canford Cliffs Beach Huts, Poole, Dorset, Geotechnical Design Report, May 2017
3. ACS, Canford Cliffs Chine Beach Huts, Technical Report, November 2015
4. Card et al. Applications of continuous dynamic probing in ground investigation, January 1990
5. BS 8002: 2015, Code of Practice for Retaining Structures
6. CIRIA Report 143, The Standard Penetration Test (SPT): Methods and Use, 1995
7. Institute of Civil Engineers, ICE Specification for pilling and embedded retaining walls, 3rd edition, London: Thomas Telford Publishing, 2007
8. P. S. J. E. Bowles, Foundation analysis and design, 5th edition, Singapore: McGraw-Hill Companies, Inc., 1997.
9. The British Standards Institution, “BS 8004:2015 Code of practice for foundations,” BSI Standards Limited, London, 2015
10. The British Standards Institution, NA to BS EN 1990:2002+A1:2005 UK National Annex for Eurocode - Basis of structural design, London: BSI Standards Limited, 2009
11. BS EN 1997-1: 2004 + A1: 2013, Eurocode 7: Geotechnical Design – Part 1: General Rules (incorporating corrigendum February 2009)
12. NA+A1: 2014 to BS EN 1997-1: 2004 + A1: 2013, UK National Annex to Eurocode 7: Geotechnical Design – Part 1: General Rules
13. SPON’S Civil Engineering and Highway Works Price Book 2016, Aecom, October 2015

Appendix 4: Financial Strategy

Canford Cliffs (West) over 25 years

	£
Cliff Stabilisation Works	1,312,000
Retaining Walls	530,000
Piling and new slab foundations	587,100
Contingency (25%)	607,400
BOP project management fees	93,400
Cliff Stabilisation Works	**3,129,900**
Beach Huts	2,349,000
Pavilion & Café	426,500
External Works & Public Realm (inc potential utilities upgrade)	353,000
Contractor preliminaries, overhead and profit	512,000
BCP project management fees	203,000
Contingency (10%)	341,500
New Beach Hut Provision (191 new and 4 refurbished)	**4,185,000**
Total Capital Expenditure	**7,314,900**
Reprioritised Approved Capital Allocation (cliff stabilisation)	3,129,900
Residual Approved Capital Allocation (residual available for revised beach hut development)	870,100
Coastal Communities Grant (revised development - public realm elements)	400,000
PRU Borrowing requirement over 25 years (v estimated beach hut useful economic life of 50 years)	2,914,900
Total Funding	**7,314,900**
Loan period (years)	**25**
Investment payback period	**Year 15**
Return on investment (over 25 years)	**5.6%**

Key Assumptions:

1 Existing Blocks 1 -10 demolished to facilitate efficient and more cost effective cliff stabilisation
2 New Blocks 1-10 174 new huts (150 standard, 18 Super, 6 Deluxe)
3 4 standard new huts on Pavilion (8 huts in total)
4 Block 11 - development proposes remodelled, enhanced provision of 13 different huts (9 Super, 3 Deluxe, 1 Premier).
5 New Pavilion café estimated £10k additional net income above current kiosk
6 Construction spend based on BCIS inflation rates to QTR2 2020
7 Borrowing over 25 years - cautious estimate of Beach Hut Useful Economic Life

8 Income projections include CPI based inflation only - pending wholesale review of BCP pricing structure
9 NDR impact not material. Average rateable value of a hut is £2k, and most occupants are entitled to 100% business rates relief (as sole non-domestic property)
10 Project includes £0.95m contingency

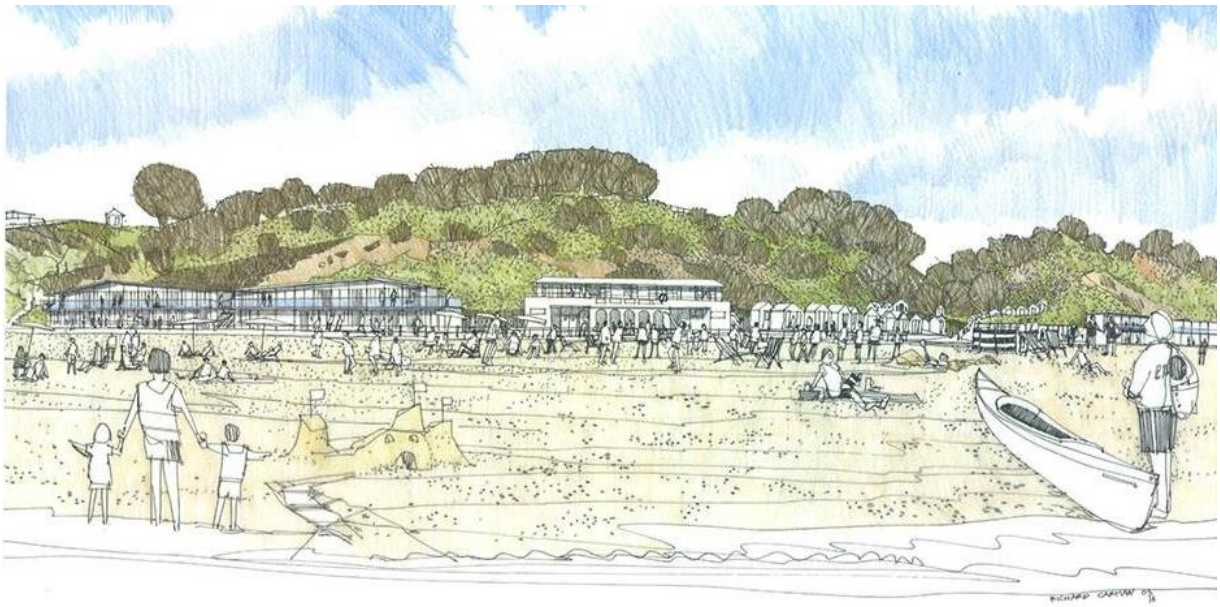
Appendix 5: Images of proposed enhancement scheme at Canford Cliffs

Current beach huts



Proposed beach huts

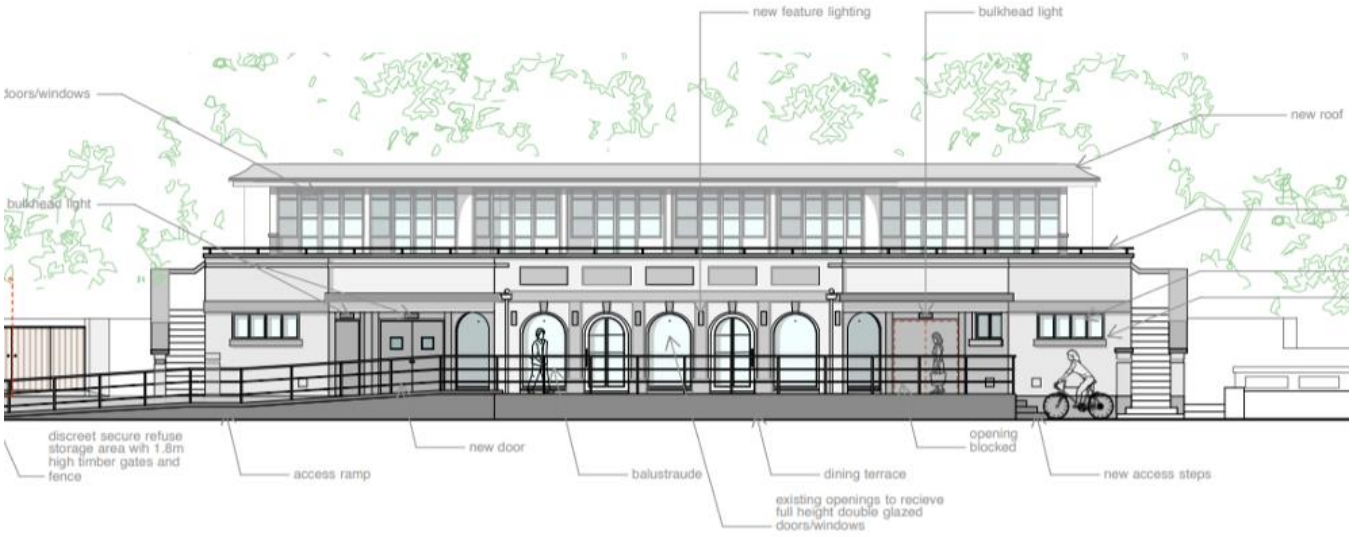




Current Pavilion



Proposed Pavilion + Café



This page is intentionally left blank