

Notice of Overview and Scrutiny Board



Date: Monday, 1 February 2021 at 2.00 pm

Venue: Virtual Meeting – Via MS Teams

Membership:

Chairman:

Cllr S Bartlett

Vice Chairman:

Cllr T O'Neill

Cllr L Allison
Cllr D Borthwick
Cllr M Cox
Cllr L Dedman
Cllr B Dion

Cllr M Earl
Cllr J Edwards
Cllr D Farr
Cllr L Fear
Cllr M Howell

Cllr D Kelsey
Cllr C Rigby
Cllr V Slade

All Members of the Overview and Scrutiny Board 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 view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=4310>

If you would like any further information on the items to be considered at the meeting please contact: Claire Johnston - 01202 123663 or email claire.johnston@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

GRAHAM FARRANT
CHIEF EXECUTIVE

22 January 2021



Available online and
on the Mod.gov app



Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests

Do any matters being discussed at the meeting relate to your registered interests?

Disclosable Pecuniary Interest

Yes

Declare the nature of the interest

Do NOT participate in the item at the meeting. Do NOT speak or vote on the item EXCEPT where you hold a dispensation

You are advised to leave the room during the debate

Local Interest

Yes

Declare the nature of the interest

Applying the bias and pre-determination tests means you may need to refrain from speaking and voting

You may also need to leave the meeting. Please seek advice from the Monitoring Officer

No

Do you have a personal interest in the matter?

Yes

Consider the bias and pre-determination tests

You may need to refrain from speaking & voting

You may also need to leave the meeting. Please seek advice

No

You can take part in the meeting speak and vote

What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer
(susan.zeiss@bcpcouncil.gov.uk)

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 & 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

AGENDA

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

1. Apologies

To receive any apologies for absence from Members.

2. Substitute Members

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. Declarations of Interests

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

4. Confirmation of Minutes

To confirm and sign as a correct record the minutes of the meetings held on 4 January 2021.

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4a. Action Sheet

To note and comment on the attached action sheet which tracks decisions, actions and recommendations from previous meetings.

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5. Public Speaking

To receive any public questions, statements or petitions submitted in accordance with the Constitution, which is available to view at the following link:

<https://democracy.bpcouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of a public question is 4 clear working days before the meeting.

The deadline for the submission of a statement is midday the working day before the meeting.

The deadline for the submission of a petition is 10 working days before the meeting.

6. Budget Scrutiny 2020/21

For the Overview and Scrutiny Board to consider and scrutinise the

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following budget related Cabinet reports which are due to be considered by the Cabinet at its meeting on 10 February 2021:

- 2021/22 Budget and Medium-term Financial Plan (MTFP) (pages 21 – 172)
- Housing Revenue Account Budget Setting 2021/22 (pages 173 – 230)
- Dedicated Schools Grant and Early Years Formulae 2021/22 (pages 231 – 246)

The O&S Board is asked to scrutinise the reports and make recommendations to Cabinet as appropriate.

Also attached are notes from the Children's Services O&S Committee Budget Working Group (pages 247 – 248). In addition, the Chairs and Vice-Chairs from the Children's and Health and Adult Social Overview and Scrutiny Committees are invited to attend the Board for consideration of this item.

The following Cabinet members have been invited to attend for this item: Councillor Drew Mellor, Leader of the Council and Portfolio Holder for Finance and Transformation.

The Cabinet report for these items are included with this agenda for consideration by the Overview and Scrutiny Board.

7. Scrutiny of the Corporate Strategy Delivery Plans Refresh 2021/22

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To consider the Corporate Strategy Delivery Plans Refresh 2021/22 Cabinet report due for consideration by Cabinet on 10 February 2021.

The O&S Board is asked to scrutinise the report and make recommendations to Cabinet as appropriate.

Cabinet member invited to attend for this item: Councillor Drew Mellor, Leader of the Council and Portfolio Holder for Finance and Transformation.

The Cabinet report for this item is included with the agenda for consideration by the Overview and Scrutiny Board.

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.

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
OVERVIEW AND SCRUTINY BOARD

Minutes of the Meeting held on 04 January 2021 at 2.00 pm

Present:-

Cllr S Bartlett – Chairman

Cllr T O'Neill – Vice-Chairman

Present: Cllr D Borthwick, Cllr M Cox, Cllr B Dion, Cllr M Earl, Cllr J Edwards,
Cllr D Farr, Cllr L Fear, Cllr M Howell, Cllr D Kelsey, Cllr C Rigby,
Cllr L Allison, Cllr M Andrews and Cllr P Hilliard

117. Apologies

Apologies were received from Cllrs L Dedman, G Farquhar and V Slade

118. Substitute Members

Cllr P Hilliard substituted for Cllr L Dedman, Cllr L Allison substituted for Cllr G Farquhar and Cllr M Andrews substituted for Cllr V Slade

119. Declarations of Interests

None raised

120. Confirmation of Minutes

The minutes of the meetings held on 7 December 2020 (2pm and 6pm) were agreed as a correct record.

121. Action Sheet

The Board's latest action sheet was noted following an update from the Chairman.

122. Public Speaking

There were not public statements, questions or petitions submitted for this meeting.

123. Pay & Reward Update

The Leader of the Council presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book. A number of issues were raised by the Board in the subsequent discussion, including:

- A Board Member queried whether or not staff would find themselves at equal pay rates at the same time or if there would be prioritisation

across certain service areas. The Leader of the Council explained that there was no definitive date for the implementation of pay equalisation and, in some cases, it was possible that there would be pockets within the organisation where equalisation could occur sooner.

- A Board Member queried whether or not there had been any redundancies made at this point, or if this was still yet to come. The Leader of the Council explained that role mapping had now been completed and that the job descriptions were now all agreed and signed off at director level. No large-scale redundancy programme had taken place at this point, although it was anticipated that such a programme could begin shortly.
- A Board Member queried what the plan was for rates of pay and commented that pay rates should not be reduced in order to save money as this would likely reduce morale amongst staff. The Leader of the Council explained that he was not expecting this part of the process to save a huge amount of money and that as part of the strategy all roles had been re-evaluated.
- A Board Member queried if roles being evaluated were based on BCP Council being a leading council and added that he felt exceptional employees as identified during annual appraisals should be recognised for their hard work. The Leader of the Council assured the Board that by pooling staff into “job families” was an approach that would allow the council to make better use of its resources and would allow the organisation to take a big step forward in its transformation programme. He added that it would also assist the council in becoming more outcomes driven when delivering its services, although he was unsure how the efforts exceptional employees might be recognised and be subsequently rewarded.
- A Board Member queried what form of engagement had taken place with trade unions in producing this strategy and the level of impact that 500-600 job losses would have on the organisation. The Leader of the Council explained that trade unions had responded positively to the Council’s ambition to bring in parity of salary between staff from the predecessor authorities. He detailed that Trade unions were part of a number of different discussions around the pay and reward strategy and played different parts in each depending on the nature of the issue. On top of this, representatives from trade unions had been invited to be part of the senior leadership equalities group. He further added that through the smarter working programme, the impact to the organisation, even though there was the potential for the loss of 500-600 jobs, would be minimalised due to the structures that were being put in place that would make better use of resources.

The Chairman thanked Board Members and the Leader of the Council for their input and added that members of staff had seen a number of changes over the past few years, through shared services, local government reorganisation and now transformation so was pleased to hear that trade unions were involved throughout this programme, particularly at executive level. He wanted to recognise that there had been, and would continue to

be some level of uncertainty for staff over these years and looked forward to when this could be concluded in order to provide stability.

124. Scrutiny of Finance and Transformation Related Cabinet Reports

2020/21 Mid-Year Performance Report - The Leader of the Council presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book. A number of issues were raised by the Board in the subsequent discussion, including:

- A Board Member queried the reliability of the performance indicators and whether they were fit for purpose in terms of reaching desired outcomes. The Leader of the Council explained that performance indicators were used as a way to ensure that organisations 'measured up' to expectations. He added that the council had produced a document which laid out a list of priorities and commitments and so it was important that it measured itself against those commitments to gauge how well it was doing and identify key areas of success as well as key areas where improvements could be made.
- A Board Member agreed that this method of performance reporting was an important tool, particularly when comparing data sets, although he did find some aspects of the report confusing, particularly in relation to why no data had been produced for the first quarter of 2020/2021, as this would have been a helpful comparison. He also raised that some data sets seemed to be measured quarterly and some annually, which could lead to further confusion when reading the report. He added that he had some concerns in relation to the planning department, which had been identified as below target and queried what measures were being taken to ensure that these issues would be addressed promptly. The Leader of the Council agreed that some of the data presentation did appear confusing and would ask that it be rectified ready for when the next report was ready to be presented to the Board. He then moved to explain that the Planning department was in a difficult situation and wanted to ensure that it was recognised that the expertise of officers was not being brought into question and that the difficulties were largely being experienced due to three separate ways of working within teams from the three preceding authorities including; three different pieces of planning software to manage applications as they were received, three separate local plans, each with supporting strategic documents and some with adopted or emerging neighbourhood plans. He acknowledged that there was a great need to fix these issues as a priority and that the portfolio holder was working to ensure that this process was one of the first areas of the organisation, together with children's services, that would benefit from the transformation programme from an early stage.
- A Board Member stated that he was pleased to hear about the work being undertaken within planning and that this was going to be

addressed sooner rather than later. He referred to p48 of the report, which raised the issue of a vacancy within the ASB team, highlighting that it had been vacant for over a year and queried what was being done to fill it and indeed other vacancies. The Leader of the Council explained that a recruitment freeze was not the answer to financial difficulties and that there was a need to invest in the right staff where needed. He further explained that investment areas would be identified in the MTFP item which would be considered at a future meeting. He added that as he did not have a specific answer to the ASB vacant post query, he would respond once he was able to.

- A Board Member commented that there were some significant delays in determining planning applications and queried whether there had been any government intervention relating to planning applications bearing in mind that processing had dropped below national intervention levels, or whether this might be looked at once the covid-19 crisis was over. She further queried if members would be able to see an action plan, as there was for Children's Services, as planning was also a very important part of the Council. The Leader of the Council explained that there had not been any government intervention, but that there needed to be a local intervention in order to turn the situation around, and transformation would assist in doing this. He added that he would appreciate any member involvement, perhaps through the establishment of a working group if deemed appropriate, to assist in addressing the issues raised and welcomed any members to contact him with any suggestions they may have.
- The previous Board Member, having received a response to her queries, suggested that additional staff members be recruited to assist with the backlog of planning applications, even if only on a temporary basis. The Leader of the Council agreed that this was a suitable solution and would be asking for this route to be investigated as it was a priority to fix this issue.
- A Board Member echoed the comments already made, in particular about investment in additional staff and hoped that by resolving the aforementioned issues that it would allow for developers to invest in the area, safe in the knowledge that planning applications would be dealt with in a timely manner.
- A Board Member commented that the past year had been very challenging to all service areas of the Council and that great importance should be given to the management of resources, he therefore queried how the management of resources would be compared with performance of teams to ensure that resources weren't being managed poorly. The Leader of the Council stated that this would largely be managed by service directors, but members would have oversight through the KPI's. In relation to poorly performing teams, he added that it would first be a case of establishing what the issues are behind poor KPI's, before determining what possible actions to take and that transformation was key to the improvement of services.

- A Board Member queried the mandatory training figures, commenting that they did not appear to stack up, in particular noting that the target was 100%, but the actual figure was 2.1% and which was well below the target. The Leader of the Council explained that he had some reservations about the data, bearing in mind that it seemed so far out. The Director of Organisation Development explained that there appeared to be some system issues and that it needed to be modified to send out reminders to staff when mandatory training was due and it was most likely to be 'renewable' training modules that was having such an impact on numbers. He added that he would provide Board Members with detailed information setting out the mandatory training topics.
- A Board Member queried if there was any mandatory training for Councillors. The Leader of the Council explained that he was aware that there were ongoing discussions between Group Leaders, the Monitoring Officer and the Head of Democratic Services as to how to progress Member Training. The Director of Organisational Development Manager explained that he would provide this to Board Members as an additional action.

The Chairman thanked Board Members, the Leader of the Council and Officers for their contributions.

125. Scrutiny of Cabinet Reports from the Tourism, Leisure and Culture Portfolio

Setting up the BCP Cultural Compact - The Portfolio Holder for Tourism, Leisure and Culture presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book. A number of issues were raised by the Board in the subsequent discussion, including:

- A Board Member queried how the Compact would be set up to work effectively in order to drive the project forward. The Portfolio Holder explained that from a governance point of view, there was not the ability to make any changes, but he agreed with the points that had been raised and felt it important to ensure that the driving force behind ideas for moving this forward, came from the creative industries as opposed to the governance board. In response, the Board Member, having led the compact as in his role within the previous administration, could share some additional information with the Portfolio Holder outside of this meeting. The Lead Member for Cultural Events and Bournemouth Regeneration added that the makeup of the compact would be a cross-section of people and was currently quite fluid, the set up would be the next step.
- A Board Member queried if it was possible to move away from using the word 'culture' to avoid putting a large number of people off from getting involved due to the common interpretation of what culture was over what it could actually mean. The Lead Member explained that it was important that the full range of the word 'culture' was understood, i.e. not just ballet or the orchestra and should be about

recognising the diversity of what this compact could encompass and its potential to transform the conurbation.

- A Board Member commented that town centres across the country were rapidly changing and queried whether the regeneration plans for BCP Council included the provision for its cultural aspirations in order to revitalise town centres and other districts across the conurbation. The Portfolio Holder referred to the proposals for the Lansdown Project, which was originally put forward as a way to encourage the use of open space for open air markets or as performance space. He added that he felt town centres needed to be considered as an experience, rather than just a space for the retail sector, as this had been dwindling in recent years.
- A Board Member agreed with the Portfolio Holder's previous statement and stated the importance of encouraging all promoters of culture, regardless of whether large or small in scale, local or national or indeed what sector, e.g. arts, music or sport, to name a few.
- A Board Member queried how youth and students of the area's universities or language schools would be drawn into contributing to this framework. The Lead Member advised that there was a further piece of work to be undertaken to achieve a greater level of engagement in relation to this subject area. The compact needed to include representation from educational settings to promote the contribution of younger people's views into how talent can be attracted to the area, developed and retained in the area. Barriers need to be removed to ensure all demographics are involved. The Portfolio Holder added that universities and the local colleges had been involved throughout so far, his concerns were more so about getting to the 'unidentified' youth or those unaffiliated with an organisation, to seek their views and contributions.

The Chairman thanked Board Members, the Portfolio Holder and the Lead Member for their contributions and summed up the discussion stating that he felt that every aspect of the Council's corporate plan should be influenced by corporate aspects as it was all about the quality of wellbeing of residents. He added that he was impressed with the work that had been undertaken thus far and thanked all those who had been involved.

126. Scrutiny of Transport and Sustainability Related Cabinet Reports

Concessionary Fares Bus Operator Reimbursement - The Portfolio Holder for Transport and Sustainability presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

Committee Members determined that it was necessary to discuss the report's confidential appendix when conducting their scrutiny of the item and therefore moved the discussions into confidential session for the remainder of the item.

Having discussed the item in great detail, the committee were content that no formal recommendation needed to be submitted on behalf of the Board to the Cabinet meeting due to be held on Wednesday 13 January 2021.

The meeting ended at 4.22 pm

CHAIRMAN

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BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
OVERVIEW AND SCRUTINY BOARD

Minutes of the Meeting held on 04 January 2021 at 6.00 pm

Present:-

Cllr S Bartlett – Chairman
Cllr T O'Neill – Vice-Chairman

Present: Cllr D Borthwick, Cllr M Cox, Cllr B Dion, Cllr M Earl, Cllr J Edwards,
Cllr D Farr, Cllr L Fear, Cllr M Howell, Cllr D Kelsey, Cllr C Rigby,
Cllr V Slade, Cllr L Allison (In place of Cllr G Farquhar) and
Cllr P Hilliard (In place of Cllr L Dedman)

Also in attendance: Councillor Philip Broadhead
Councillor Marcus Andrews
Councillor Richard Burton
Councillor Diana Butler
Councillor Drew Mellor
Councillor Mike Greene

127. Apologies

Apologies were received from Cllr L Dedman and Cllr G Farquhar

128. Substitute Members

Cllr P Hilliard substituted for Cllr L Dedman and Cllr L Allison substituted for

129. Declarations of Interests

There were no declarations of interests received.

130. Public Speaking

There were no public questions, statements or petitions.

131. Cabinet Member Report - Regeneration, Economy and Strategic Planning

The Chairman introduced the item, a copy of the report had been circulated to the Board members and a copy of which appears as Appendix 'A' to these minutes in the Minute Book. The Chairman advised the Board that the purpose of the item was to help generate ideas for the future and consider those issues which the Overview and Scrutiny Board would want to get involved in or consider further. This was the first time that the Board had undertaken this particular type of scrutiny and the Board was asked to consider its effectiveness for future reports.

The Portfolio Holder for Regeneration, Economy and Strategic Planning outlined the key points from the Portfolio, the future projects which were

coming forward and areas where the Overview and Scrutiny Board may become involved and add value. There were a number of questions and comments made in the ensuing discussion which included:

- A Councillor raised comments concerning the situation in the Planning department. There was concern that the situation was not improving and it was putting off people wanting to invest in the area. The Planning team was still operating as three separate teams. The Portfolio Holder was asked what he felt should be done. The Portfolio Holder advised that the situation was not acceptable, and it was a priority of the Leader. It was noted that it needed to be seriously resourced as we did not have a planning department of an appropriate size for the area of the Council. There was a need to ensure that the system was harmonised and streamlined. A team was looking at Design and Planning Briefs for certain key areas to help give clarity to investors and developers, which should help speed up the system moving forward.
- The Portfolio Holder was asked whether consideration had been given to the 11,000 planning applications which had not been turned into builds and whether any consideration had been given to the timeframe that Planning Applications were valid for. The Portfolio Holder commented that that might be something to look into in the future and thanked the Board member for the suggestion.
- A Board member commented that they were supportive of this inclusive approach particularly more member seminars and the opportunity for the wider input of ward Councillors and the wider input overall. It was suggested that more scrutiny may be useful of the Council owned or part owned Companies and also of the Crime Panel in a more detailed item of scrutiny coming forward to the O&S Board. The Portfolio Holder suggested that the Board may want to look into the value for money that the Council owned companies offer but also to look forward to the future, whether further action could be taken and what further opportunities could be explored.
- A Councillor asked about the relationship between the Portfolio Holder and the lead members responsible for regeneration in the various different areas within BCP and commented that someone had to have a grip on all regenerations. The Portfolio Holder advised that he was accountable and had full responsibility for all regeneration, but the lead members were also able to support and drive forward projects in specific areas drawing on good local knowledge. A good example of this was a report coming forward on retail strategy.
- A Councillor asked about the Future Highstreets Bid which had failed. It was noted that there were always learning points to be taken away. For example, it was suggested that the covered market proposal for Poole Town Centre was achievable, in a defined space and that BPC Council could push itself to move forward. It was suggested that the O&S Board needed to set up a working party to look into the processes for the submission of various bids, including the use of consultants and the overall regeneration function. It was noted that the same consultants had been appointed for the power station site as had been used on the high streets bid. The Chairman confirmed that we were constrained by

resources in terms of a working group, but this could be an issue which the O&S Board looked into further once the Local Plan Working Group had concluded. It was noted that the bid in question failed as the outlined criteria for the bid was not met. The Portfolio Holder suggested that this was something which could be looked into in future.

- A Councillor commented on the lack of information on the Poole Town Centre north regeneration and the power station site. It was noted that there were major plans for Poole, but these had not yet been revealed to the member advisory board. The Portfolio Holder commented that there were ongoing negotiations around the Poole Power Station site. There were massive opportunities in the Poole area, and it was important to actually get on with things and see cranes in the sky. There would be further member workshops on this once some of the issues were resolved.
- A Board member asked about planning applications within their ward and issues with much of the land in the area being owned by one particular family, which was holding up regeneration and redevelopment opportunities in several areas within the ward. The Portfolio Holder advised that he hoped that this was an area which he could address. There was a need for a good hotel policy, to encourage high quality but less provision. Some areas would need to be released for residential development. There was a need to look at how the Council could work together with large family landowners and consider, in consultation with them, what future hotel stock should look like.
- A Councillor commented on Smart Places and wanting to be able to share output, how this was acquired, shared and made available with the public and those in industry etc. It was noted that this issue was coming to fruition now and the smart place programme was certainly on the agenda as to how the information from the project could be used and shared in an open and transparent way. The Portfolio Holder advised that he was looking at bringing a further paper forward about what that meant but that it was in the early stages and only just coming to fruition.
- The Portfolio Holder informed the Board that it was his ambition to have a number of Member Seminars moving forward. There was an opportunity to look at areas that O&S Board would like to move forward in and opportunities coming forward for the O&S Board to drill down into a number of different areas.

The Chairman thanked the Portfolio Holder for his presentation and Board members for the questions and advised that there were a number of issues raised that the Board may wish to look into further.

132. Scrutiny of Regeneration, Economy and Strategic Planning Related Cabinet Reports

Freeport Bid - The Chairman invited the Portfolio Holder for Regeneration, Economy and Strategic Planning to present the report, a copy of which had been circulated to each member and which appears as Appendix 'X' to the Cabinet Minutes of 13 January 2021 in the Minute Book. In the ensuing discussion a number of issues were raised including:

- A Councillor commented, in relation to a reference made by the Portfolio Holder, that they did not think that the Freeport Bid would catch the eye of central government and the BCP area would not be part of the Government's 'levelling up' agenda as there was not much deprivation in the area and would therefore not be attractive.
- In reference to a comment made by the Portfolio Holder that there would be a 'planning bonus', a Board member commented that this was purely for those wanting to develop as it was restricting rights of objection which would not be beneficial to many.
- A Board member commented that the BCP bid would be competing against much larger more developed areas such as Southampton and Portsmouth and therefore if the government was looking at scale there would be many preferred bids ahead of BCPs. It was noted that the BCP area scheme was looking to create something different based on the areas' strengths. For example, the BCP area was developing smart places and smart connectivity and it could demonstrate how things could look into the future. The Portfolio Holder felt that the Council had a very credible pitch.
- A Councillor commented that in terms of connectivity for transport we struggled as a local authority area. Another member suggested that it might assisted in improving the local transport links into the future, as if the bid was successful the government would be interested in seeing the scheme succeed
- The Chairman asked if there had been any encouragement from government for BCP to submit the bid. Issues were raised by the Board concerning the contributions being made to the initial £50k cost for submitting the bid and what the involvement was from the Council partners. The Portfolio Holder confirmed that the Council was the sole contributor at present. A Councillor commented that this seemed very speculative and that private enterprises should also be contributing towards the cost of the Bid. The Portfolio Holder advised that this was purely in relation to the first stage and that if we were successful in the first stage there would be further stages when the cost burden could and would be shared. Another member commented that the contribution was fairly small for the first stage and it would have a positive impact and further opportunities moving forward.
- Councillors questioned the impact that this might have for Poole Harbour in terms of leisure use and as a site of Special Scientific Interest, with increased freight use in the area. It was also noted that the harbour needed to be accessed for the majority of vessels through a very narrow channel.
- It was suggested that the private sector and the LEP should be providing a contribution towards the freeport bid.
- A Board member commented that we should not be making the first stage proposal without a proper understanding of the funding requirements for taking it forward and that the actual proposal being put forward did not meet the government's requirements and that there was not much space available for future developments. The Portfolio Holder responded that the Rigby Group was fully behind the Bid and

that there was lots of space around the airport for future development potential.

- **The Portfolio Holder was asked and undertook to provide the overall cost for stage one of the process and the cost for the overall Bid which would need to be submitted in April – see the Board’s action sheet.**
- A Councillor asked the Portfolio Holder to clarify whether an additional report would come back to the Cabinet and the O&S Board for the future stages of the project. The Portfolio Holder advised that he was keen for the O&S Board to be further involved with the project, but that timing was key and that other members to ensure member involvement may need to be used such as member workshops. The recommendations outlined in the report were to ensure that there was not a need to come back to Cabinet to begin working on the business case, but it would probably come back to Cabinet due to overall cost of future stages.
- A Councillor commented that they did not support the overall project and asked about the proposed aim of the project to bring in high skilled and high salary jobs when the National Insurance rate relief only applied to jobs created under £25,000.
- A Councillor commented that we were competing against other areas of the country and that, similar to other regeneration bids, we were coming late to the party and rather than having put the work in earlier to build a foundation to the bid we were putting something together that we thought government would want. It was also suggested that the government may allow lots of places submitting an expression of interest to continue on to the second stage even if they only stood a very small chance of moving forward.
- **The Portfolio Holder was asked if existing business within the zone would continue to pay business rates or whether they would be exempt under the scheme. The Portfolio Holder undertook to provide a response on this issue to the Board – See the Board’s action sheet.**
- Further concerns were raised about the scope for Poole Harbour to take on any additional traffic due to factors limiting the size of vessels which could access the harbour. It was suggested that developing IT should be an area where we could most likely present a good outcome. The Portfolio Holder agreed that there was a need to be more ambitious in the pitch for this but informed the Board that they had needed to be reactive as the previous administration had not decided to move forward with this. The Portfolio Holder also advised that jobs and investment could and would go to other areas, there was an issue of protecting jobs as well as creating them.
- A Board member raised issues concerning tax exemptions and reputational risk to the area if it became known as an area for tax evasion. It was asked whether that would have an impact on tourism and other industries. The Portfolio Holder acknowledged that these were issues which would need to be looked into further if the project progressed.

- Councillors commented that this was probably not suited to the BCP area but was rather intended for those areas with a manufacturing base who would suffer a detriment as a result of Brexit.

The Chairman summarised that during the discussion we had heard a lot about potential benefits and challenges but there had not been much focused on the impact to the conurbation. It was also noted that information coming out of the bid process could be beneficial in future.

133. Forward Plan

The Chairman presented the Board's Forward Plan and asked Councillors if they had any further comments. A Councillor advised that they were supportive of the current plan and were pleased that the issues raised by Cllr Trent had been added. The Councillor asked that these, potentially, be moved forward to future meetings to ensure capacity for a good level of scrutiny.

134. Future Meeting Dates 2020/21 and 21/22

The dates for future meetings were noted.

The meeting ended at 8.03 pm

CHAIRMAN

ACTION SHEET – BOURNEMOUTH, CHRISTCHURCH AND POOLE OVERVIEW AND SCRUTINY BOARD

Minute number	Item	Action* *Items remain until action completed.	Benefit	Outcome
Actions Arising from Board Meeting: 2 November 2020 – 6.00pm				
87	Scrutiny of Regeneration Related Cabinet Reports – Lansdown Programme	The Portfolio Holder undertook to respond to the request from Cllr Slade for further information regarding the 'bearpit' improvements. Response from Portfolio Holder to be confirmed.	To ensure that all relevant information as requested by members of the Overview and Scrutiny Board is made available.	TBC
Actions Arising from Board Meeting: 4 January 2021 – 2.00pm				
124	Scrutiny of Finance and Transformation Related Cabinet Reports – 2020/21 Mid Year Performance Report	The Leader of the Council undertook to request all relevant data to be displayed in performance reports going forward to allow for better comparisons to be made and to ensure that data used is clear and not confusing.	To ensure that in future the Overview and Scrutiny Board can undertake structured scrutiny with all necessary information provided.	Performance reports in future to include all relevant data.
		Data relating to mandatory training for members of staff to be provided – what are the subject areas and why is the completion rate so low. Information was also requested on Councillor training Actioned: Information sent to Board members by email	To ensure that all relevant information as requested by members of the Overview and Scrutiny Board is made available.	

Minute number	Item	Action* *Items remain until action completed.	Benefit	Outcome
Actions Arising from Board Meeting: 4 January 2021 – 6.00pm				
132	Scrutiny of Regeneration, Economy and Strategic Planning Related Cabinet Reports – Freeport Bid	<p>The Portfolio Holder undertook to provide the overall cost for stage one of the process and the cost for the overall Bid which would need to be submitted in April.</p> <p>The Portfolio Holder was asked if existing business within the zone would continue to pay business rates or whether they would be exempt under the scheme. The Portfolio Holder undertook to provide a response on this issue to the Board</p> <p>Actioned: Information sent to Board members by email</p>	To ensure that all relevant information as requested by members of the Overview and Scrutiny Board is made available.	

CABINET



Report Subject	2021/22 Budget and Medium Term Financial Plan (MTFP)
Meeting date	10 February 2021
Status	Public
Executive summary	<p>To set out for cabinet consideration and recommendation to council the proposed 2021/22 budget and council tax.</p> <p>The budget as presented;</p> <ul style="list-style-type: none"> a) has been drafted on a base 1.55% increase in council tax for 2021/22 applied to the average BCP council tax for 2020/21 as permitted by Government under the Dorset local government review process. b) harmonises council tax at £1,541.57 from 1 April 2021 which is the amount assumed in the 2020/21 budget report. c) Invests £7.5 million into the Children’s Services improvement plan.
Recommendations	<p>Cabinet RECOMMENDS that council;</p> <ul style="list-style-type: none"> 1) 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 £241.1 million, resulting in a total council tax requirement of £214.5 million, is set for 2021/22 based on the settlement figures published by government in December 2020. This is based upon: <ul style="list-style-type: none"> i. an increase in council tax in 2021/22 which means that the total BCP unitary charge will increase by 1.55% when applied to the average charge for 2020/21. Individual resident charges can be summarised as; <ul style="list-style-type: none"> 1. Bournemouth’s council tax charge being an increase of 0.76% over that levied in 2020/21. 2. Christchurch’s council tax charge being frozen compared to that levied in 2020/21. 3. Poole’s council tax charge being an increase of 2.99% over that levied in 2020/21. <p>These increases can be compared to the 4.99% maximum permitted increase for 2021/22 and recognises that the government continue to promote council tax increases via the social care precept as a funding mechanism for social care.</p> ii. the key assumptions and provisions made in the budget as proposed,

	<p>set out in paragraph 35 to 56;</p> <ul style="list-style-type: none"> iii. the allocations to service areas in the budget as proposed and as set out in Appendix 2a; iv. the capital investment programme (CIP) as set out in paragraphs 93 to 154 and Appendix 4; v. the use and level of all reserves to be held by the council further to the advice of the chief finance officer as set out in paragraphs 155 to 173 and Appendix 3 to this report; vi. treasury management strategy (TMS) and prudential indicators as set out in paragraphs 174 to 183 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 185 to 186 and Appendix 7; <ul style="list-style-type: none"> b) approve a £7.2 million gross investment in the council's corporate priorities (£6.2 million net) in 2021/22 which is an increase of £4.8 million compared to the 2020/21 budget; c) approve the flexible use of capital receipts strategy to deliver significant resources towards the BCP Council transformation programme as set out in paragraphs 57 to 67; d) approve the fundamental refinancing of the capital programme and the move to borrowing as a means of financing previously approved programmes of the council as discussed in paragraphs 150 to 154; e) approve the establishment of a £50 million futures fund to support key infrastructure developments as set out in paragraph 97; f) approve the investment of £10 million in special educational needs and disability (SEND) capital expenditure to support the Council in addressing the year on year deficits in the high needs block of the dedicated schools grant as set out in paragraph 110; g) note that it has been agreed, due to unforeseen circumstances, that neither the Council nor Homes England will be taking forward the provision of the grant award relating to the Turlin Moor housing site at this time. This will result in the loss of £3.838m grant funding for the scheme as set out in paragraph 139; h) approve the revised funding strategy for the Council's current approved Capital budget of £420,000 to support delivery of the Turlin Moor project as set out in Appendix 4a, as follows: - <ul style="list-style-type: none"> a. £138,000 which was originally to be funded from the Homes England Grant monies for professional work required to inform the land remediation requirements will now be met from Section 106 monies collected to deliver affordable housing b. £168,000 from further Section 106 monies collected to deliver affordable housing c. £114,000 as an allocation from 2018/2019 in-year capital underspend
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	i) that the chief finance officer provides council with a schedule setting out the rate of council tax for each category of dwelling further to councillors 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, and chartered trustees once these have been determined prior to the Council meeting on the 23 February 2021.
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 2021/22 it is critical that councillors recognise their duty is to balance this budget in a manner which reflects not only their obligation to <u>current</u> taxpayers but also reflects their obligations to <u>future</u> taxpayers.
Portfolio Holder	Cllr Drew Mellor – Leader and Portfolio Holder for Finance and Transformation
Report author	Adam Richens Chief Finance Officer and Director of Finance ☎01202 123027 ✉ adam.richens@bcpcouncil.gov.uk
Contributors	Dan Povey, Acting Assistant Chief Finance Officer Nicola Webb, Assistant Chief Finance Officer Matthew Filmer, Finance Manager
Wards:	All
Classification:	For Recommendation

Overview of the proposed 2021/22 budget

1. The 2021/22 budget as presented is a bold, creative, dynamic, responsible, and robust budget which;
 - a) harmonises council tax with a consistent rate being charged across the BCP area from April 2021 onwards.
 - b) continues to work to ensure consistent standards of service are delivered across the council.
 - c) invests £7.5 million in the Councils highest priority area, namely the children’s services improvement plan alongside an additional £1 million for the innovative Children’s Covid Recovery Fund.
 - d) has due regard to the severely high level of uncertainty being caused by the global public health emergency and the need to support the integrity of the council’s financial position and its future sustainability. This includes, as a one-off for 2021/22, increasing the base revenue budget contingency by £2.4 million to £3.6 million.
 - e) invests £50 million in a futures fund which will enable the Council to support our community recover from Covid-19 with an emphasis on creating a world class city region,

stepping up regeneration with a renewed focus on place-based leadership and restoring a sense of pride.

- f) is based on the delivery of a further £20.6 million in annual service-based and transformation-based savings in addition to the £20.6 million delivered to support the 2019/20 and 2020/21 budgets, bringing the total service-based annual savings following local government review (LGR) to £41.2 million whilst reducing the previous target for 2021/22 transformation savings from £15 million to £7.5 million to reflect the pressure the organisation is under in terms of its response to the Covid pandemic. These savings have prevented some of the cuts to services being implemented by other local authorities at this time.
- g) Invests £7.236 million gross in the new council's priorities in 2021/22. This expenditure most notably includes;
- £1,750,000 investment in regeneration.
 - £1,000,000 as a one-off in education to help children catch up with their education and to support their mental health.
 - £1.155 million gross to improve standards in the highway maintenance network and to address the impact of the inherited under-investment across the Christchurch locality.
 - £500,000 in arts and culture recognising the importance of taking forward the BCP Cultural Compact.
 - £453,000 to improve street cleaning standards across the conurbation including addressing the lack of resources available within the Christchurch locality.
 - £250,000 in support of a cultural bounce back festival.
 - £250,000 to reduce the current pressures in the planning system.
 - £240,000 being set aside to support the climate change and ecological emergency.
 - £240,000 to improve Community Safety by appointing six extra Community Safety Accreditation Officers.
 - £60,000 in assistive technology to start the transformation journey in Adult Social Care
 - £50,000 to improve site management of unauthorised encampments
 - £50,000 in a community engagement strategy with a particular focus on embedding Asset-Based Community Development.
- h) prioritises investment in services to the most vulnerable members of our community with an extra £13 million allocated for adult services.
- i) delivers resources to fund the transformation of the council in 2021/22, with £23.6 million being funded from the application of a flexible use of capital receipts policy with a specific £12.9 million transformation financial resilience reserve being set aside in mitigation which for the purposes of the budget it has been assumed will be applied.
- j) continues the transformation of the council and our journey to create a vibrant new entity which re-imagines and creates a modern and efficient organisation.
- k) continues to protect and invest in vital frontline services.

Background detail

2. The creation of two new unitary authorities, covering the geographical area of Dorset, was a strategic response to the financial challenges faced by all local authorities since 2010 following the application of the government's austerity programme, 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 was designed to ensure improved value for money (VfM) for local council taxpayers and to better enable the protection of quality front line services to our community and residents.
3. In considering the 2021/22 budget for BCP Council it will be important that it is within the context of a unitary authority which is currently only in its second year of operation with turnover of around £0.7 billion per annum and an annual net budget which for 2021/22 is proposed to be £241 million per annum. It is also critical that consideration is given to the ambition and purpose of the council as expressed through the approved corporate strategy as well as the impact on the organisation's financial and non-financial resources of the global Covid-19 public health emergency.
4. BCP Council's Corporate Strategy was adopted by the council on 5 November 2020. The vision is to create vibrant communities with outstanding quality of life where everyone plays an active role. The high-level strategy sets out five council priorities and a commitment to become a modern, accessible and accountable council committed to providing effective community leadership. The priorities are:
 - **Sustainable Environment** - leading our communities towards a cleaner, sustainable future that preserves our outstanding environment for generations to come
 - **Dynamic Places** - supporting an innovative, successful economy in a great place to live, learn, work and visit
 - **Connected Communities** - empowering our communities so everyone feels safe, engaged and included
 - **Brighter Futures** - caring for our children and young people; providing a nurturing environment, high quality educations and great opportunities to grow and flourish
 - **Fulfilled Lives** - helping people lead active, healthy and independent lives, adding years to life and life to years.
5. The strategy is underpinned by an agreed set of core values and delivery plans which set out how the council will achieve the priorities. Alongside this the Leader and Cabinet have developed a vision and narrative for the place of Bournemouth Christchurch and Poole as the UK's newest coastal city region, picking up many of the aspirational themes for the place from the original Local Government Reorganisation planning papers.
6. As well as the delivery plans, which describe how the Council will deliver the priorities in the Corporate Strategy, a programme of five major projects has been developed to deliver big changes across our whole area over the next five to ten years. It is expected that these will support the creation of 30,000 jobs across all sectors of our economy, creating wealth for our businesses and incomes for our families.

7. The projects will make up the 'Big Plan' that reflects the scale of the council's ambition for the area and which will enable the articulation of that vision with key regional and sub-regional partners and with government.
8. These are presented to this meeting as a separate item on the agenda and provide the strategic context for this budget

Figure 1: BCP Corporate Strategy



Impact of the Covid-19 Public Health Emergency

9. This budget cannot be established without considering the medium to long term impact of the country's biggest public health emergency for a generation. Since March 2020 the Covid-19 global pandemic has required urgent and decisive action to be taken by the council to support its community while also supporting the integrity of the council's financial position and future sustainability.
10. The public health emergency resulted in extra pressures on services in support of the most vulnerable; the elderly, disabled and homeless. This included getting rough sleepers off the street, supporting new shielding programmes for clinically extremely vulnerable people, assisting the response of the public sector and social care workforce, and making over £145 million in grants to local businesses and individuals through the council.

11. At the same time the council's varied income base collapsed with leisure centres shut, seafront services closed, and parking fees not generated, as well as lower council tax and business rates yields. This loss of income represented a real reduction in the resources available to fund local services and without government support would have meant the council would have had to fundamentally review the services it could continue to provide.
12. In considering the council's overall financial position it must be borne in mind that BCP as well as being one of the twelve largest unitary councils is also a coastal community particularly exposed to significant income reductions. In a normal year the tourism sector makes a considerable contribution to the budget, including for vital council services such as adults and children's social care. This is emphasised by benchmarking that shows the council is in the top four of unitary councils for being supported by its sales, fees, charges, trading accounts, interest & investment income. Growing our income base was a strategy to sustain services directly linked to reduced government funding through austerity alongside a growing demand and cost base.
13. That said, the position is compounded by the continuing future uncertainty with the possibility of further periods of disruption related to the outbreak in the current and future financial years as well as the less well understood future impact of the pandemic on the cost and demand pressures faced by local authorities such as;
 - adult social care-specifically relating to the legacy impact of the hospital discharge programme and the uplift in care costs experienced in 2020/21.
 - children's social care, specifically the issue of latent safeguarding demands.
 - council tax and business rates yield.
14. These will be exacerbated by what HM Treasury expect to be the worst recession on record and the need for the government to reassure the financial markets that there is a plan to control spending in the medium term. The impact of the pandemic on the country's public finances and in turn its fiscal sustainability can be shown by provisional estimates that indicate the government borrowed £188.6 billion more between April and November 2020 compared to the same period in 2019 with public sector debt increasing by just over £300 billion in the first eight months of the 2020/21 financial year. At the end of November 2020, it stood at £2.1 trillion equivalent to 99.5 per cent of UK gross domestic product (GDP) which is the highest debt to GDP ratio since 1962. As highlighted the legacy impact of Covid-19 is that it will directly impact on the services that our community require us to provide, which in turn will be influenced by the consequential recessionary impact of a predicted growth in unemployment. The council will need to challenge itself to determine how the corporate strategy provides the priorities and objectives required as our community emerges from the public health emergency and begins the recovery and reset phase. Even at this potentially early stage the 13.1% growth in the cost of local council tax support working age claimants since March 2020 and the number of job losses in the local economy point to the need to support our working age benefits claimants and to help our businesses recover. This is one of the reasons why it is believed that now is the time to bring forward an investment budget as we show the leadership our communities need out of this time of crisis

Impact of Covid-19 on the 2020/21 budget of the Council

15. In February 2020 Council agreed a General Fund 2020/21 net revenue budget of £283 million, and a capital programme of £106 million. Budgets were also agreed for the housing revenue account (HRA).

16. In May 2020 a finance update paper to Cabinet considered the impact of the pandemic on the council's approved 2020/21 budget under several potential scenarios and acting reasonably and responsibly commissioned various workstreams designed to ensure the budget remained in balance.
17. The first 2020/21 budget monitoring report for 2020/21 in June 2020 estimated the impact of the pandemic to be a £52.3 million in-year pressure (net of any specific government grants) reduced to a £30.3 million funding gap once £22.0 million in unringfenced Covid-19 emergency government funding had been taken into account. The report also included the previously commissioned mitigation strategy which could then be implemented to rebalance the budget as the uncertainty around the position lifted. This mitigation strategy included;
 - Reducing expenditure which is not being specifically incurred in support of the pandemic.
 - Utilising the 2020/21 base revenue budget contingency.
 - Bringing forward permanent savings from transformation and service alignment which also ensured progress towards supporting the 2021/22 budget.
 - A fundamental review of all projects (revenue and capital) to determine the extent to which they can be deferred, cancelled or refinanced.
 - Reclassification of earmarked reserves.
 - Reducing unearmarked reserves to below the 5% statutory limit.
 - Deferring, until the drawdown on reserves is no longer needed to balance the 2020/21 position, any uncommitted expenditure from the £1.4 million invested as part of the 2020/21 budget on specific corporate priorities.
18. This approach recognised the extremely high level of uncertainty that existed regarding both the financial impact of the pandemic over the course of the year and the extent of central government support to local councils. It also recognised the difficulty in estimating the scale of income losses so early in the financial year.
19. To support government understanding of the severity of the impact of the pandemic on the council's financial position the council has been submitting detailed returns on a monthly basis to the Ministry of Housing, Communities & Local Government (MHCLG). The eighth return submitted in December 2020 has been incorporated in the quarter three budget monitoring report which sets out the council's 2020/21 current in-year position as detailed in figure 2 below. It should also be highlighted that the council is required to submit regular claims to MHCLG in respect of its losses under the sales, fees and charges compensation scheme.

Figure 2: 2020/21 Latest estimate of the General Fund revenue budget position.

	£ millions
Total estimated pressure (83%) of net £283.1m net budget)	236.3
Analysis of total unbudgeted expenditure	
Funding for grant payments to businesses etc.	(145.1)
Ringfenced, specific government grants	(22.9)
Clinical Commission Group (CCG) funded expenditure	(19.2)
Adult Social Care and Public Health services	5.2
Children's services	7.1
Environment and Community services	5.4
Regeneration and Economy services	24.4
Resource services	3.9
Estate management strategy and smarter structures	0.7
100-day plan expenditure	0.4
Investments / central items	2.0
Total Gross Pressures	49.1
Unringfenced, government covid19 specific emergency funding	(29.0)
Unringfenced, government compensation sales, fees & charges (estimate)	(13.3)
Furlough claim	(0.8)
Net in-year pressures	6.0
Directorate savings	
Employee cost base	(3.3)
Expenditure cost base	(9.5)
Contribution to the Covid-19, MTFP and Transformation mitigation reserves	13.3
Net in-year budget gap	6.5
Earmarking of central resources:	
Base revenue budget contingency	(1.2)
Refinancing of the capital programme, review of projects	(2.8)
Refinancing of the capital programme, revenue contribution to capital	(2.5)
Total residual funding gap	0

20. Specific government grants have been made available in year including the £11.458 million Department of Health (DoH) Infection Control Grant, £4.0 million Contain Outbreak Management Fund, £1.8 million Public Health Test and Trace grant, £1.1 million Covid19 Winter Grant Scheme, and the £1.9 million housing related Next Steps Accommodation programme grant amongst many others.
21. The £145.1 million business grants references both the mandatory and discretionary grants available in support both the original (£83.9 million) and November to current national lockdowns (£57.8 million) including the discretionary business grants to 31 March 2022, the test and trace support payments (£0.3 million) and the £3.1 million hardship fund designed to support local council tax support claimants.
22. Additional expenditure included in the total gross pressures includes;

Adult Social Care

- Support for the care market
- Providing the care sector with government funded free personal protective clothing
- Hospital discharge programme
- Additional demand in care packages for people with learning disabilities
- Challenges in the delivery of savings assumed in the 2020/21 budget.

Children's Services

- Increase in the number of children coming into care.
- Increased cost of some placements due to needs and complexity.
- High cost placements within the children's health and disability team
- Pressure for secure / remand beds
- Staffing pressures associated with the social work front door special educational needs and disability (SEND), business support teams and interim management positions.

Environment and Community

- Measures to support homelessness.
- Provision of a mortality support facility.
- Increases in the tonnages of waste being collected from domestic properties
- Increased cost for recycle.
- Reduced sales, fees and charges income associated with trade waste, household waste recycling centre, catering concessions, parks, licensing, and fixed penalty notices.
- Additional town centre security costs.

Regeneration and Economy

- Reduced sales, fees and charges income associated with car parking income, seafront, cultural and heritage assets, planning, and building control
- Additional Investment in the management of the resort (social distancing, additional cleansing, security, and communication).
- Support to leisure and conference providers.

Resources / Central Items

- Reduced sales, fees and charges associated with summonses, land charges, and investment property income.

23. An estimated pressure of £236.3 million, which is more than 83% of the 2020/21 net budget for the year, highlights the huge impact that the Covid-19 public health emergency is having on the council and its financial resources. A clear priority for the council will be the constant vigilant management and oversight of this position to ensure not just the maximum inward investment into the community, but that the grant conditions, necessary returns, reconciliations and assurance processes are adhered to with a view to limiting our financial risk and exposure to potential variations. The cultural of strong and effective financial management which enabled the council to deliver a financial outturn for its first year of operation within the parameters of the original budget for 2019/20, will help support and guide the council through the pandemic.
24. The December 2020 forecast financial outturn indicates that through the continued diligent and careful financial management and due to the comprehensive package of financial support from the government that the June £30.3 million predicted funding gap for 2020/21 has reduced to £6 million which releases approximately £24 million in support of the 2021/22 budget and Medium Term Financial Plan.

Financial Strategy 2021/22

25. The budget and MTFP for 2021/22 should be seen in the context of a rolling, evolving process structured to enable the proactive management and prioritisation of the council's resources.
26. As a new council, setting the budgets in the first two years has been a challenge due to the lack of complete historic data and trend information for the Council as a single entity. For year three, 2021/22, this has now been compounded by the uncertainty around what the new normal and longer-term impacts of Covid-19 will be.
27. At the meetings of the Cabinet on the 27 May 2020, 24 June 2020, 11 November 2020 and 16 December 2020 the councils financial exposure to the pandemic has been explored with prompt action taken to ensure the 2020/21 budget was rebalanced and a financial strategy developed to set out the themes and categories the council would further develop as a means of delivering a robust and lawfully balanced budget for 2021/22. Included in these reports were the budget timetable, key planning assumptions, and details of the savings being assumed.
28. The key dates in the 2021/22 budget setting process can therefore be set out as follows;
- | | |
|------------------|---|
| 27 May 2020 | Cabinet (BCP Council Finance Update) |
| 24 June 2020 | Cabinet (Budget Monitoring and MTFP Update) |
| 11 November 2020 | Cabinet (Quarter 1 and MTFP update) |
| November 2020 | Portfolio Holders presentation of the budget to Cabinet, the Chief Executive and Chief Finance Officer. |
| 16 December 2020 | Cabinet (Quarter 2 and MTFP update) |
| 18 December 2020 | Budget Café (all councillor presentations) |
| 1 February 2021 | Budget to Overview and Scrutiny Board |
| 3 February 2021 | Presentation to representatives from Commerce and Industry |
| 10 February 2021 | Budget to Cabinet |
| 23 February 2021 | Budget to Council |
29. The financial strategy approved by Cabinet on 11 November set out the following themes and workstreams for developing the 2021/22 budget;
- Influence and lobbying:** to encourage government to continue to meet its commitment that councils will get all the resources they need to cope with the pandemic. This to include consideration of the 2021/22 local government finance settlement following the November 2020 government spending review.
 - Transformation:** maximising the savings afforded by the £38 million investment in the programme.
 - Refinancing of the Capital Programme:** release of resources in support of the revenue budget by greater use of borrowing.
 - Ongoing review:** of normal operating costs, what is referred to a Covid-19 scarring costs, and the potential for savings, efficiencies and additional resources by the portfolio holders, corporate directors, service directors and budget holders.

- e) **Review of projects (revenue and capital):** to determine the extent to which schemes and programmes could be deferred, cancelled or refinanced.
 - f) **Review of inherited resources and provisions:** release of resources in support of the revenue budget with specific reference to historic section 106 and community infrastructure levy receipts.
 - g) **Review of third-party contributions:** towards costs.
 - h) **Maximising government financial flexibilities** includes taking advantage of the system to allow council tax and business rates tax deficits to be repaid over three years instead of one.
 - i) **Reserves:** consideration of the extent to which it would be prudent and appropriate to support the 2021/22 by the application of any available reserves.
30. The government's working assumption is that Covid-19 will start to decline from Easter 2021 onwards.
31. Figure 3 below sets out the budget for 2021/22 and Medium-Term Financial Plan (MTFP) to 2024. It should be emphasised that the table shows the incremental changes, positive and negative from the preceding year. It does not show absolute amounts, these are reflected in Appendix 2a. Key features of the 2021/22 budget as presented include;
- £23.9 million investment in the transformation programme revenue costs.
 - £13.1 million investment in adult social care services.
 - £7.5 million investment in children's services.
 - £7 million provision for reduced car parking income, mostly town centre based, recovering by 90% from 2022/23 onwards.
 - £6 million provision for reduced sales, fees and charges income (non-car parking related) recovering fully from 2022/23 excluding the service fee from BH Live which is based on a revised fee structure arrangement.
 - £6.2 million (net investment) in corporate priorities.
 - A £3.5 million provision for the ongoing revenue costs of the transformation programme.
 - A £3.6 million base budget revenue contingency. Increased as a one-off for 2021/22 due to the increased level of uncertainty.
 - Delivery of £25.2 million as a one-off contribution from the fundamental refinancing of the capital investment programme through borrowing and in doing so better matching the cost with the period over which the council anticipates benefitting from the investment.
 - £20.6 million of ongoing savings and efficiencies including the assumption of £7.5 million from the transformation programme.
 - Delivery of £4.7 million as a one-off contribution from the fundamental review of inherited section 106 and community infrastructure levy resources as agreed by Council in January 2021.
 - Recognising numerous unringfenced grants being made available from the government as part of their fundamental package of support to assist local authorities address the implications of the public health emergency.

- A 1.55% council tax increase from the average for 2020/21, harmonisation of council tax from 1 April 2021 and recognition of reduced council tax yield as evidenced by the reduced tax base agreed by Cabinet in January 2021.
- Recognition of reduced business rate yield / income.

Figure 3: General Fund - Budget 2021/22 and MTFP 2021 to 2024

20/21 £m	Additional Investment into Services	21/22 £m	22/23 £m	23/24 £m	Total £m
11.0	Adult social care inc public health	13.0	10.1	10.6	33.7
3.0	Children's services	7.5	2.4	2.2	12.1
3.2	Environment and communities	3.3	1.7	0.4	5.4
2.0	Regeneration and economy	13.8	(10.2)	(0.4)	3.2
0.8	Resource services	1.6	(0.2)	0.2	1.6
3.9	Contingency - pay award	1.8	3.1	3.1	8.0
1.1	Core government funding changes	0.0	2.1	0.8	2.9
0.0	Transformation programme costs including borrowing	23.9	(15.9)	(5.3)	2.7
0.0	Transformation - ongoing revenue costs	3.5	0.5	0.5	4.5
(0.5)	Minimum revenue provision & interest payable	1.7	0.7	0.3	2.7
1.4	Corporate priorities	4.8	(2.0)	0.0	2.8
1.2	Investment related to the high needs deficit	(1.2)	0.0	0.0	(1.2)
1.1	Revenue contribution to capital	(2.8)	0.0	0.0	(2.8)
(1.7)	Pension fund – tri-annual revaluation impact	0.0	0.0	0.2	0.2
(1.3)	Contingency	2.4	(1.6)	0.0	0.8
25.2	Total Additional Investment into Services	73.3	(9.3)	12.6	76.6
	Cumulative Investment into Services	73.3	64.0	76.6	

20/21 £m	Additional Resources	21/22 £m	22/23 £m	23/24 £m	Total £m
(7.7)	Council tax – income	2.5	(14.3)	(6.6)	(18.4)
(1.0)	Business rates income	1.7	0.0	0.0	1.7
(1.2)	Collection fund – (surplus) / deficit distribution net of S31 grant	4.2	0.7	0.0	4.9
0.8	Use of reserves	0.0	(2.1)	2.1	0.0
0.0	NNDR 75% loss grant through reserves	(0.6)	0.0	0.0	(0.6)
0.0	Council tax 75% loss grant through reserves	(0.4)	0.0	0.0	(0.4)
0.0	Local council tax support scheme grant 2021/22	(3.8)	3.8	0.0	0.0
0.0	Sales, fees and charges compensation 2021/22	(1.7)	1.7	0.0	0.0
0.0	Top slice covid pressures grant 2021/22	(1.1)	1.1	0.0	0.0
(6.7)	Social care funding	0.0	0.0	0.0	0.0
0.0	Investment income	0.1	0.0	0.0	0.1
0.0	Refinancing of capital programme	(25.2)	25.2	0.0	0.0
0.0	Review of inherited resources	(4.7)	4.7	0.0	0.0
0.0	Transformation savings	(7.5)	(17.5)	(17.4)	(42.4)
0.0	Transformation programme funding - capital receipts / reserves	(23.6)	23.6	0.0	0.0
(9.4)	Service based savings	(13.2)	(0.6)	(0.2)	(14.0)
(25.2)	Total annual extra resource & savings	(73.3)	26.3	(22.1)	(69.1)
	Cumulative extra resources & savings	(73.3)	(47.0)	(69.1)	

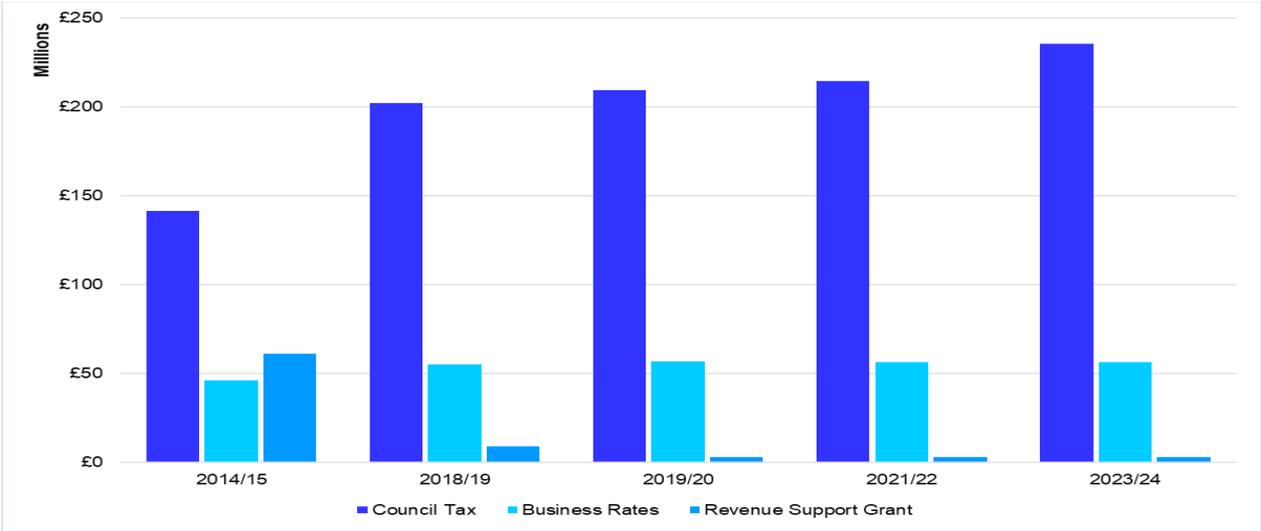
Annual – Net Funding Gap	0.0	17.0	(9.5)	7.5
Cumulative MTFP – Net Funding Gap	0.0	17.0	7.5	

32. Based on the assumptions within the MTFP, and based on the recovery of the majority of the councils sales, fees and charges income streams from the 1 April 2022, the Council will need to identify a further £17 million to balance the 2022/23 budget but this drops to a cumulative deficit of £7.5 million for 2023/24 as the Council moves to a net surplus position expected through transformation delivery.
33. The 2022/23 position is therefore net of the delivery of £38.7 million in savings and efficiencies of which £25 million is transformation related and £13.7 million service based. Therefore, the intention is to underpin the 2022/23 funding gap by the consideration of two new financial resilience earmarked reserves. A £9.9 million Covid-19 mitigation (matching the tranche 5 Covid19 grant allocation from government) and a £12.9 million Transformation Mitigation reserve. The strategy assumes that the strong and effective financial management culture of the council can protect these reserves in support of the current funding gap for 2022/23. This will be achieved by generating capital receipts above the £13.8 million currently underpinning the transformation programme as set out later in the report.
34. The proposed 2021/22 budget and MTFP as presented is based on several key 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 follows;
35. **Government funding** (including new homes bonus)

BCP Council received £3 million in revenue support grant (RSG) from the government in 2020/21. This RSG is unringfenced meaning it can be used to finance revenue expenditure on any council service. RSG is confirmed annually as part of the local government finance settlement with the £3 million allocation for 2020/21 driven by the characteristics and activity of the Bournemouth area.

The council's finances remain under immense pressure including cost increases through such factors as the living wage (8.5% over the last two financial years 2020/21 and 2021/22) as well as the relentless increase in demand for council services, particularly those related to vulnerable adults and children. As a result, by 2024 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 permitted to retain. As a council our unringfenced funding is highly geared (weighted) towards Council Tax but this will be only one ingredient along with others such as cost pressures, demand management, efficiency and revenue creation which will influence the future financial sustainability of the council. Figure 4 below highlights the anticipated changing pattern of council funding.

Figure 4: Changing pattern of council funding



36. Local Government Finance Settlement and Spending Review 2020 (SR20)

On the 25 November the Chancellor announced a one-year spending review which set out government’s revenue and capital plans for the various government departments for 2021/22. Originally it had been hoped that the review would set out the government’s plans for the remaining life of this parliament and in doing so provide the council with the level of certainty that it needs to conduct effective long-term financial planning. A one-year settlement was understandable in the circumstance, even if it does subject us to further periods of uncertainty in being able to plan how to provide the local services upon which our local community relies.

The 2020 spending review was focused on three areas, namely;

1. Providing departments with the certainty they need to tackle Covid-19 and deliver a plan for jobs to support employment.
2. Giving vital public services enhanced support to continue to fight against the virus alongside delivering first class frontline services.
3. Investing in infrastructure to deliver ambitious plans to unite and level up the different areas of the country, drive economic recovery and build back better.

As part of the review the government made several key announcements which are relevant to local government and the council’s budget for 2021/22. Principal amongst which was the government’s strategy that unitary councils may increase their council tax for 2021/22 by 4.99% made up of a basic annual referendum threshold of 1.99% plus 3% for a social care precept. The government continues to promote council tax increases via the social care precept as the main additional funding mechanism for social care. Subsequent clarification emphasised that the 3% social care precept can be spread over the two financial years 2021/22 and 2022/23.

A known risk BCP Council has held for some time is that as part the government’s funding formulae some authorities are deemed to receive more income from council tax and business rates relative to other authorities. This perceived excess amount, known as negative revenue support grant, amounted to £3.1 million for Poole and Christchurch. The

Government's stated intention was to remove these resources which would have meant the council paying across £3.1 million of its council tax and business rates resources to be redistributed nationally. The government however have provided what they described as one-off resources in the previous two years, 2019/20 and 2020/21, to avoid negative RSG impacting on the council. As part of SR20 the government confirmed that negative RSG will also not be implemented in next year 2021/22.

In addition, the government also announced that the existing new homes bonus (NHB) scheme will be extended for a further year with no new legacy payments. NHB was introduced in 2011 to incentivise local authorities to encourage housing growth in their area. BCP achieved NHB of £3.8 million in 2019/20 with the grant structured around receiving a grant for four years for each new home above a 0.4% baseline, with the value based on the average national council tax level. The previous indication was that 2019/20 would be the final year for any new NHB allocations as the government looked to explore how to incentivise housing growth as part of the next spending review. The 2019 government spending round however set out the intention to make available funding to support an additional 2020/21 allocation for new homes delivered but that this would not result in any legacy payments being made in subsequent years. The 2020 government spending review adopted the same stance with them making a one-off allocation for 2021/22 that does not result in any legacy payments.

Figure 5: Profile of New Homes Bonus payments

Year Payment	2019/20	2020/21	2021/22	2022/23	2023/24
Bonus Year					
2016/17	£1,808,241				
2017/18	£251,901	£251,901			
2018/19	£881,673	£881,673	£881,673		
2019/20	£846,339	£846,339	£846,339	£846,339	
2020/21		£667,924			
2021/22			£834,836		
Total Payment	£3,788,154	£2,647,837	£2,562,848	£846,339	£ nil

Initially as part of the spending review and then later as part of the local government finance settlement received on 17 December 2020, the government set out further details of their comprehensive package of support designed to assist council in addressing the impact of the public health emergency and honour the government's commitment to provide councils with all the support necessary to cope with the pandemic. This included the following;

- a) Rephasing of collection fund deficits.
- b) Compensation towards local tax losses.
- c) Compensation towards the impact of increasing council tax support scheme claimants.
- d) Extension of the current sales, fees and charges compensation scheme into the first three months of 2021/22.
- e) Tranche 5 Covid19 grant to specifically cover cost pressures caused by the pandemic in the first few months of 2021/22.

37. Rephasing of Collection Fund Deficits

On 5 November 2020 the Government laid before Parliament the Local Authority (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 which gave effect to the three-year phasing of local tax deficits as originally considered in the Governments July 2020 comprehensive plan to support local authorities through the pandemic.

These regulations mean that council tax and national non-domestic rates deficits arising in the 2020/21 financial year are now required to be spread evenly over the three years 2021/22 to 2023/24. The Council cannot opt out of this deficit phasing or adopt a different repayment profile. This provision does not however include any surplus or deficit carried forward from 2019/20 into 2020/21 which will need to be distributed in the normal way.

The actual amount to be rephased is £10.568 million based on an estimate using the Government's methodology in January 2021. As this pressure, as a matter of prudence, was previously recognised as part of the 2020/21 forecast outturn its rephasing releases £11.9 million to support the creation of the Covid-19 and transformation mitigation reserves.

38. Compensation towards local tax losses.

In addition to this rephasing the government have also introduced a local tax income guarantee scheme for 2020/21. This scheme sets out that local authorities will be compensated for 75% of irrecoverable 2020/21 losses in council tax and business rates income.

For council tax, losses in scope will be measured through a comparison of each authority's 2020/21 original council tax requirement against the actual net collectable debit for the year. This loss might be for example due to an increase in local council tax support costs or unachieved council tax base growth. The government expects billing authorities to continue appropriate collection and enforcement action for outstanding council tax debt, in the usual way.

For business rates, losses will be measured through a comparison of income as calculated in the National Non-Domestic Rates ('NNDR') statistical collection forms 1 (estimate) and 3 (actual) for the year. Estimates of this position have had to be calculated as the actual position will not be known until after the financial year end.

Government do not expect to be able to make these grant payments until January 2022 at the earliest.

The compensation funding is calculated as £1.8 million for business rates and £1.3 million for council tax, and the MTFP phases this income across the three years in which the council must spread the collection fund deficits.

39. Compensation towards the impact of increasing council tax support scheme claimants

On 18 December 2020 the government announced a £3.8 million allocation to BCP Council in 2021/22 as part of a £670 million national allocation to help authorities meet the additional costs associated with increases in local council tax support scheme (LCTSS) caseloads in 2021/22. The increase in the costs of the LCTSS is considered directly linked to higher levels of unemployment.

This is different from the 2020/21 hardship fund, see section 51 below, as it is being distributed to all major preceptors including police and fire authorities to help them manage the impact on their

taxbase of the LCTSS set by the relevant billing authorities. The hardship scheme was a scheme introduced specific to billing authorities to enable them to provide direct support to claimants in 2020/21.

The taxbase report to Cabinet in January 2021 set out that the costs of the local council tax support scheme had increased by £3.4 million between years or a 13.1% increase and reflects a 13.5% increase in the cost of working age claimants. This is the principle reason why the council's taxbase reduced between 2020/21 and 2021/22 by 2.7%.

The taxbase is the number of band D equivalent properties after adjustments for the number of claimants entitled to a discount and after the impact of the LCTSS has been factored in. It is used for calculating the levels of council tax charged to residents.

40. Extension of the current sales, fees and charges compensation (income support) scheme into the first three months of 2021/22.

On 2 July 2020 the government announced a sales, fees and charges compensation scheme for 2020/21. Under this arrangement the council is be able to submit three claims during the 2020/21 financial year relating to losses in sales, fees and charges income that is directly related to the pandemic. The council is required to cover the first 5% of the budgeted amount for these losses, after which the government will compensate for 75% of the remaining loss. The exact amount receivable will not be known until the three payments on account are received and a final reconciliation and verification exercise is carried out by MHCLG after the year end. The December 2020 forecast at the time of writing this report is that the council is looking to reclaim £13.3 million. Based on the first claim BCP Council was claiming the second highest amount, of any local authority in England, behind only Leeds City Council.

As part of SR20 the government announced that it will extend the scheme to cover the first quarter of 2021/22. In so doing they intend to use councils' 2020/21 budgeted income as the baseline from which to assess losses retaining the 5% deductible rate and providing compensation at a rate of 75p in the pound of relevant losses thereafter.

Based on a monthly profile of BCP councils forecast lost sales, fees and charges next year it has been estimated that this claim will be valued at £1.6 million.

41. Tranche 5 Covid-19 grant to specifically cover cost pressures caused by the pandemic in the first few months of 2021/22.

The government is optimistic about overcoming the public health emergency specifically due to the roll out of new vaccines. However, they also recognise that many of the challenges posed by the virus will not go away immediately especially as new strains are identified. Nationally the government expect councils to have unbudgeted cost pressures associated with Covid-19 until the middle of the 2021 calendar year. In support the government have already announced Tranche 5 of their unringfenced grant funding. BCP Council has been awarded £9.9 million from a national allocation of £1.55 billion. The council is expected to use this funding to support costs which have not been included in the 2021/22 budget in respect of the following potential costs.

- Shielding the clinically extremely vulnerable
- Homelessness and rough sleeping
- Domestic abuse
- Managing excess deaths
- Support for re-opening the country
- Public health services

- Adult social care
- Children's services
- Household waste services
- Additional costs associated with the local elections in May 2021.

As these are unbudgeted cost pressures the council is advised not to budget for this grant and instead use it to cover the costs as they begin to transpire in a similar way to that adopted to the application of tranche 1 to 4 grants during 2020/21. That said as £1.030 million has been included in the budget by services for costs for such relevant items as personal protective equipment and emergency homelessness provision then an equivalent sum will be set aside for these costs. The grant allocation is based on a formula that recognises population and deprivation with a cost floor arrangement in place.

Additional investment into services

42. Investment in adult social care - £13.1 million 2021/22 - 12% gross increase

The MTFP makes provision for an additional gross £33.8 million investment in adult social care services over the 3-year period to March 2024. This pressure is a combination of;

- a) Assumptions around inflationary pressures within the care market. These pressures mainly relate to increases for providers in staffing costs where a significant driver will be the consequential impact of increases in the national living wage.
- b) Demographic growth within the learning disability and mental health client group.
- c) Demographic growth in demand for care packages for people with long-term conditions including those to support the NHS urgent and emergency care system as well as preventing delayed discharges from hospital.
- d) Increased cost of care and additional resources as a result of the pandemic.
- e) Increased cost in respect of people with no recourse to public funds.

On 31 December 2019 the government published their response to the Low Pay Commission's recommendation on the national minimum (NMW) and national living (NLW) wages which promised that the NMW for those aged over 25 will reach £10.50 per hour in 2024. The NLW increased from £8.21 to £8.72 in April 2020 (6.2%). The National Living Wage will be increased by 2.2% to £8.91 per hour for 2021/22 and extended to those aged 23 and over.

The NMW remains a key cost driver for the cost of care services and has been factored into the cost pressures increasing 6% per year to reach £10.50 by 2024.

The £1 billion social care grant provided in 2020/21 will be maintained into 2021/22 along with all other social care funding.

New grant funding of £300 million for adult and children's social care will be provided in 2021/22. The allocation to BCP is £1.3 million, split £0.9 million to adult social care and £0.4 million to children's social care.

The MTFP assumes that the government will continue to provide an infection control grant for the care sector to support restrictions of staff movement between care providers, paying

full wages for staff isolating and funding the cost of PPE for Covid-19 on an ongoing basis. The assumption therefore is that the council do not need to provide for and fund such costs.

The numbers and average cost of care home placements commissioned since the beginning of the pandemic under emergency hospital discharge arrangements have increased significantly during 2020/21. The increases in average costs have been related to market conditions and the intensity of needs of many people who are being placed in residential and nursing care. While there have been specific NHS funding schemes in 2020/21 to cover the costs of some of these placements, there will be a significant longer term impact on the adult social care budget of the costs of care home placements for people who are eligible for social care funding and who have been placed in care homes during the pandemic period. An initial sum of £1.3 million has been included in the MTFP for 2021/22 in recognition of these legacy costs. However, the severity of the pandemic in December 2020 and the initial months of 2021 has placed the highest level of pressure yet seen on the NHS. As a response, the health and care system has commissioned a further extensive range of higher cost beds in the care home sector, and some very high cost community care packages to support timely and safe hospital discharge. It is not possible to project in detail the financial impact of the legacy long-term care costs of the pandemic until all assessment work on people's eligibility for social care has been completed. The national timeframe for completion of assessment for people placed between March and August 2020 is March 2021; and the assessments of eligibility for everyone placed since September 2020 take place within six weeks of the care home placement. It is critical to highlight that there is a high likelihood that the initially budgeted figure of £1.3 million for 2021/22 will be exceeded and costs may also continue into 2022/23. A commitment has therefore been made that legacy care costs of the pandemic which exceed the £1.3 million budget will have a call on the £9.9 million of Covid-19 emergency funding which has been referenced previously in this report.

It should also be noted that a Mental Capacity (Amendment) Bill has replaced the Deprivation of Liberty Safeguards (DoLS) with a scheme known as the Liberty Protection Safeguards (LPS) with the target date for implementation of October 2020 has been postponed. These arrangements describe the procedures when it is necessary to deprive a resident in a range of settings of their liberty as they lack capacity to consent to their care to keep them safe. The council will commit spending on this activity up to any amount funded by the government.

It had been anticipated that the green paper on social care funding would provide a sustainable funding source for adult social care moving forward. However, the government have set out the intent to provide the detail of these fundamental reforms in due course.

43. Better Care Fund

The fund requires Clinical Commissioning Groups (CCGs) and local authorities to pool budgets and agree integrated spending plans to support more people at home, reduce delays in discharges from hospital and to prevent avoidable hospital admissions.

The 2020/21 Better Care Fund (BCF) allocation is £59.8 million. The Dorset CCG is contributing approximately £40.8 million of which £10.5 million is passed to the BCP Council to support the delivery of adult social care services that also benefits health services.

The BCP Council contribution is £19 million and includes base budget resources (£2.5 million), the disabled facilities grant (£3.5 million), the improved better care fund (iBCF) (£13 million), which includes the previously separate winter pressures money.

In the November 2020 spending round, the government reiterated its commitment to the integration of health and social care. In support they confirmed that the BCF and (iBCF) would continue into 2021/22. They also announced that the NHS contribution to adult social care through the BCF will increase in the region of 5.5%, therefore the 2021/22 budget assumes an extra BCF allocation to BCP Council of £632,000 which will be applied to fund the government requirement of extended hours and 7 day working to support the discharge to assess programme (introduced as a result of the pandemic) as well as contributing to the ongoing increased cost of residential placements.

44. Investment in children's services (including social care) - £7.5 million 2021/22 - 12% gross increase

The MTFP makes provision for an additional net £12.1 million investment in children social care services over the 3-year period to March 2024. The most significant and notable of these can be listed as;

1. an increase in the cost of children in care:
 - the overall number of children in care has remained steady but the placement costs of new children coming into care are often more expensive than those of children and young people who leave care (for instance as they turn 18); and the costs of children who remain in care beyond 18 is high.
 - in addition to the cost of new placements is the increased cost arising due to the complexity of some existing and new cases.
 - new cases and subsequent placement costs relating to 16+ cohort around complex safeguarding, including those children vulnerable to Child Sexual Exploitation
 - a high cost placement within the CHAD team (children with health & disability). The cost of this placement has decreased considerably from the cost in 2020/21 due to the new agreement with health on the split of costs between health and social care.
2. rebase of the budget for the front door and assessment social work team's establishment to recognise the increase in workload.
3. additional investment needed to establish a fully functioning quality assurance team and complex safeguarding team to manage the 16+ cohort as mentioned above.
4. additional investment to support the recently agreed recruitment and retention strategy for children's services to provide stability in the social worker workforce and to reduce reliance on costly agency social work staff.
5. additional investment in specific post Ofsted activities around rapid improvement.

45. Investment in Environment and Communities - £3.4 million 2021/22 - 7% gross increase

The proposed budget for 2021/22 makes provision for £3.4 million additional investment into environment and communities.

Ongoing pressures from 2010/21 predominately relate to the disposal of waste, both residual and recycling. Waste collection and disposal services cost the council in the region of £28

million and generate £6 million income, with a significant portion of the budget relating to disposal through third parties.

Until recent years, recycling generated income for the council but now costs rise annually from approximately £35 per tonne two years ago to now in the region of £60 per tonne. The market is proving to be volatile in an unprecedented way, partly related to the Covid-19 pandemic. Budget growth of £0.3 million is included for price increase as well as higher tonnage collected, which is running at about 5% higher than the previous twelve months, possibly as more people are working from home.

Budget provision has also been made for re-tendering contracts for the disposal of organic and residual waste (£0.3 million) and to reduce unachievable income targets (0.3 million). Additional costs related to Port of Poole as a result of the UK transition from the European Union are expected to be met from additional income and government grant.

There is some ongoing pandemic impact expected in reduced income streams (£0.4 million) plus significant pressure from homelessness, with extra costs of £0.4 million provided. It has been assumed that the service will have continued success in bidding to government to maintain services due to the announced £254 million of additional resource to tackle homelessness and rough sleeping in 2021/22. This is a 60% cash increase compared to SR19, to bolster vital accommodation, substance misuse and frontline support services

46. Investment in Regeneration and Economy - £13.8 million 2020/21 - 205% gross increase

An amount of £13.8 million has been set aside as part of the budget for 2020/21 to support increasing cost pressures specifically associated with regeneration and economy.

The most significant theme is the potential ongoing impact of the pandemic. Significant reductions in income totalling £12.4 million are forecast. The key areas affected are car parking (£7.0 million), seafront trading operations (£1.8 million), cultural, heritage and leisure assets (£2.4 million) and property (£1.2 million). Some of these pressures can be mitigated in the first quarter from the continuation of the government grant scheme for lost sales fees and charges with this budget held centrally.

The impact of inflation and demand growth (including PFI contracts, rates, social care transportation and utilities), pension and pay award increases has led to pressures of £0.8 million.

Regeneration schemes being delivered via the Bournemouth Development Company (BDC) necessitate temporary closure of car parks during the construction phase with the resultant pressures of £0.6 million being included.

The cost of these investments has been partly supported by a one-off benefit to beach hut licence fee income (£0.5 million), the introduction of new car parking zones (£0.2 million) plus some smaller cost savings and underlying income improvements (£0.1 million).

47. Pay award

Local government agreed pay awards for 2018/19, 2019/20 and 2020/21 were 2%, 2% and 2.75% respectively.

The budget for 2020/21 assumed a 2% increase within the base budget of each service directorate with, as a corporate item, provision being made for a potential 0.75 % increase which reflected the strong wage inflation during the previous twelve months.

The MTFP makes no provision for a pay increase in 2021/22. This position reflects the recent biggest fall in wages since the three months to April 2009 amid lower pay for furloughed employees, reduced bonus in the wider economy and the likely impact of rising unemployment in a recessionary economy.

The position also accords with the announcement by the Chancellor of a public sector pay freeze as part of his November 2020 spending review in which he emphasised that in order to protect jobs and ensure fairness, pay rises in the public sector will be restrained and targeted in 2021/22. That said, it should be borne in mind that this has no formal bearing on the decisions around any annual local government pay increase as these are developed through negotiations with the trade unions.

The base revenue budget contingency considers the risk associated with this assumption and specifically the likelihood of a £250 increase for employees earning less than £24,000 which was also a feature of the spending review.

In addition, budgetary provision is made for between 95% and 98% of each service’s employee establishment to allow for the impact of turnover and other matters on the actual costs of the service. Services are expected to manage the impact of any incremental drift in their pay base.

The assumption continues to be made that the harmonised pay and grading structure of BCP Council will be cost neutral. It is currently anticipated that the new pay and grading structure will become effective from January 2022.

48. Pension Fund

BCP Council is a member of the Dorset Local Government Pension Scheme administered by Dorset Council. The funds actuary Barnett Waddingham is required to revalue the fund every three years (tri-annual revaluation) to determine both the value of its assets and liabilities and the contributions rates for each employer in the fund. The fund was last revalued as at April 2019 with the impact as follows;

Figure 6: BCP Pension Fund – funding levels

Local Authority	31 March 2019 Funding level	31 March 2016 Funding level
Bournemouth Council		79%
Christchurch Council		88%
Dorset Council		80%
Poole		86%
BCP Council	92%	82%

As at 31 March 2019 BCP Council has a funding deficit of £86.6 million with a resulting funding level of 92%. The improvement was a combination of the good asset performance of the fund with a slowdown in mortality improvement, negated to some extent by an

assumption of higher future inflation and a lower discount rate compared to the 2016 valuation.

As part of the process agreement was reached with the pension fund actuary in respect of the profile of primary rate and back-funding contributions over the three-year period which are then fixed until the next tri-annual revaluation. This approach offers a degree of protection to the council in respect of the consequences of the pandemic as any impact will be deferred until the 2023/24 financial year. That said, it should also be recognised that recent changes in legislation state that the actuary can now request an employer changes their contribution rates/levels between formal valuation dates although this ability has not yet been used;

Figure 7: BCP Pension Fund contributions agreed with the Actuary

	2019/20	2020/21	2021/22	2022/23
Ongoing (primary) rate	15.6%	16.2%	16.8%	17.4%
Back-funding (secondary) rate	£9.428m	£5.887m	£6.101m	£6.324m

Generally, in respect of the 2019 revaluation, the increase on the ongoing rate was offset by the reduction in the back-funding element although it should be acknowledged that agreement was reached with the actuary to taper the ongoing rate increases over the three year period.

49. Exit payment cap and redundancy costs

Following the Government's consultation in April 2019, the Restriction of Public Exit Payments Regulations 2020 came into force on 4 November 2020. This limits the value of exit payments, resulting from redundancy or efficiency of the service retirements for members over the age of 55, made by the council to £95,000. However this new legislation is now in conflict with the Local Government Pension Scheme (LGPS) regulations which currently require the immediate payment of an unreduced pension for any member leaving their employment on the grounds of redundancy or efficiency of the service and who is aged 55 or over. This conflict only occurs where the £95,000 cap is breached. The largest, and most common payments to be included in the cap are the redundancy/pension strain payments.

This places the council in a difficult position in respect of any redundancies between 4 November 2020 and the date upon which the LGPS regulations are amended, which is currently unknown.

As the council's average redundancy cost per full time equivalent since its inception is £48,284, excluding tier 1 to tier 3 officers, then in all likelihood this conflict in regulations is unlikely to have any significant impact on the value of any budgeted provisions for redundancy costs associated with both non-transformation and transformation saving programmes. Recently further guidance has been issued to clarify that employer national insurance costs are ignored for the purposes of calculating the cap.

In consideration of the need for an appropriate provision for redundancy costs consideration has been given to the approach of advancing the profile of savings in respect of the transformation programme and the need to make further provision for staff exit costs over and above the £6 million provided as part of the original programme budget. This includes

approximately £1.3 million needed to cover the 26.5 full time equivalent posts that it is already known will be removed from the establishment as part of the £19.1 million of total savings and efficiencies proposals underpinning the 2021/22 budget.

To that effect provision has been made as both part of the transformation programme for a further £12.9 million in redundancy costs across 2020/21 and 2021/22. This provision is being funded in the first instance by a transformation mitigation earmarked reserve although it should be emphasised that the preference is to fund such costs by utilisation of the government's two year window whereby capital receipts can, via the flexible use of capital receipts policy, be used to fund transformation expenditure. Therefore, capital receipts over and above the £13.8 million already earmarked in support of the transformation programme will be sought. Such an approach will enable the reserve to be used support the 2022/23 base budget of the council.

50. Inflationary costs

Inflation is only provided for in service directorate budgets where it can be demonstrated that it will be needed due to either market or contract conditions. Inflation as at December 2020 was 0.6% as measured by the (CPI) Consumer Price Index (September which is applied to many annual uplifts was 0.5%).

Additional resources, savings, and efficiencies

51. Adults and children's social care grant

As part of SR19 the government set out plans to enable local authorities to access £1 billion of new funding by way of an additional adults and children's social grant in 2020/21. This funding being intended to support local authorities meet rising demand and recognises the vital role that social care plays in supporting the most vulnerable in our society.

The technical consultation document issued by MHCLG in October 2019 confirmed an adults and children's social care grant to BCP of £9.6 million in 2020/21 of which £6.6 million was new funding. It also confirmed that this grant would not be ringfenced, and that there will be no conditions or reporting requirements attached or requirements around how much should be spent on either adult or children's social care.

Spending review 2020 confirmed that the 2020/21 allocations would be maintained with a further £300 million of additional adult and children's social care funding was being made available in 2021/22 as noted above. This was lower than expected when calculated according to the usual allocation methodologies as the formula used for distribution recognised the different level of resources that each local authority can raise if they implement the 3 per cent social care council tax precept.

52. Council tax harmonisation strategy

The 2020/21 budget endorsed a Council Tax Harmonisation strategy designed to ensure consistent levels of tax are charged across the conurbation from 1 April 2021 onwards (2021/22 financial year). At its core this strategy was underpinned by the 3.99% assumed increase as adjusted for the impact of the precept for Charter Trustees in 2020/21 and an increase in line with the total referendum limit for 2021/22, estimated at the time to be 2.99%.

The intent in harmonising council tax over the first three years of the new BCP Council has been to align with the period required to deliver consistent levels of service.

As part of November 2020 spending review the government announced that the council tax referendum threshold was 4.99% for 2021/22, made up of a 1.99% increase and a 3% adult social care precept. Such a move was consistent with the strategic approach taken by government in its 2015 spending review, and 2019 spending round which was to increase council tax as a mechanism for funding local services, and within that the use of the adult social care precept as a means of asserting national direction on how such resources are applied.

The 2021/22 local government finance settlement confirmed that some or all the 3 per cent adult social care precept can be deferred to 2022/23.

In proposing this budget, the administration has had to weigh up carefully the fact that as a council our unringfenced funding is heavily weighted towards Council Tax (76% in 2020/21) and therefore such increases undoubtedly support our future financial sustainability and the services vital to our local community. However, this must be considered against its affordability to the local taxpayer. The changes being proposed in each town for 2022/23 are set out as follows in figure 8 below;

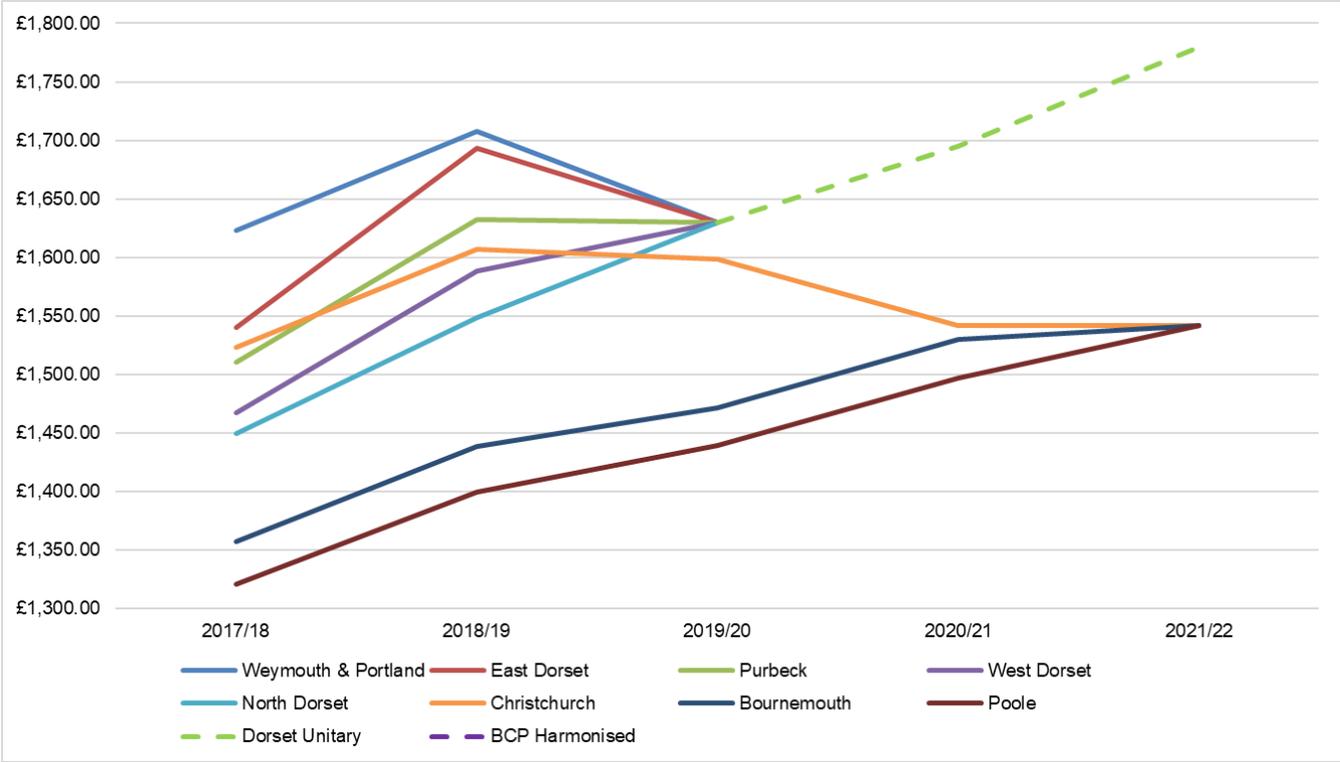
Figure 8: Proposed council tax harmonisation strategy

2020/21 Financial Year					
<ul style="list-style-type: none"> • Poole and Bournemouth = 2019/20 charges plus 3.99%, as adjusted for the impact of the Charter Trustees precept. • Christchurch = 3.5% reduction which is to a level of tax consistent with the 2021/22 estimate for Poole. 					
2021/22 Financial Year					
<ul style="list-style-type: none"> • Calculate average council tax for 2020/21 being the total yield (£217.075 million) divided by the total tax base (£142,995.70) which equates to £1,518.05 • Increase £1,518 05 by 1.55% to £1,541.57 • £1,541.57 was the council tax charge proposed in the 2020/21 budget report 					
Harmonised Council Tax achieved in 2021/22					
	2019/20	2020/21	<i>Increase</i>	2021/22	<i>Increase</i>
Christchurch	1,598.30	1,541.57	-3.55%	1,541.57	<i>frozen</i>
Bournemouth	1,473.40	1,530.00	3.84%	1,541.57	0.76%
Poole	1,441.53	1,496.81	3.83%	1,541.57	2.99%

- Please note the above table excludes the impact of the separate Charter Trustee council tax charge in Poole and Bournemouth which was applied from 2019/20 onwards and potential adjustment to the Bournemouth area council tax arising from the establishment of the Throop and Holdenhurst parish on 1 April 2021.
- This harmonisation approach provides the opportunity to defer the 3% adult social care precept from 2021/22 into 2022/23. The assumption therefore used for financial planning purposes and to produce the MTFP is that council tax will increase by 4.99% in 2022/23 (1.99% core plus 3% social care precept) and 1.99% in 2023/24 (1.99% core increase only).

The below table below sets out a comparison of the historic and 2021/22 council tax levels in Dorset, assuming that Dorset Council increases their 2021/22 council tax by 4.99% as previously indicated.

Figure 9: Dorset Councils – Historic and Projected Council Tax Levels



53. Alternative council tax strategies considered and rejected

In respect of the legislation which supported the creation of BCP Council the Secretary of State was keen to strike the right balance between ensuring council tax payers do not experience a large increase in bills and not allowing residents in any one part of the area to be concerned that they are effectively contributing more to the cost of services than others in the area. Therefore, BCP Council are permitted to consider either;

1. harmonising over a maximum of seven years with a fully equalised council tax to be set by the start of year eight at the latest (2026/27). Each year the differential between the highest and lowest is required to reduce.
2. harmonising at the average council tax across the area in any year prior to 2026/27.

These regulations also permitted BCP Council to apply the annual referendum principles in any year before harmonisation to either the average council tax across the whole area, or to the council tax in each predecessor area.

This means that for 2021/22 BCP Council could set a £1,593.80 harmonised band D rate of council tax which is the £1,518.05 average for 2020/21 council tax plus 4.99%.

The proposal which underpins the proposed 2021/22 budget is consistent with the second of the options with the annual increase restricted to 1.55% which produces a harmonised rate

of council tax for 2021/22 of £1,541.57. This is the absolute amount assumed in the 2020/21 budget report for the 2021/22 financial year.

At this stage, other than the ability to defer the 2021/22 adult social care precept into 2022/23, the government have made no announcement of any future adult social care precepts.

There are numerous permutations available to the council within parameters of the Dorset local government reorganisation regulations in respect of the council tax level which could be proposed for 2021/22. By way of an example two that have been considered and rejected;

A. Average basis, as assumed in the proposed budget, but with a 4.99% increase instead of the 1.55%. This would create a harmonised rate of council tax for 2021/22 of £1,593.80.

B. Defer harmonisation until 2022/23

This would mean a 2021/22 Council Tax based on a 4.99% increase in both Bournemouth and Poole. The Christchurch council would increase by 4.98% to ensure the resultant differential between the highest and lowest rates is reduced.

Compared to the proposal underpinning the budget as set out, both option A and option B would generate approximately £7.3 million more in revenue in 2021/22. These approaches have been rejected on the basis that;

- Option A would mean residents in all predecessor areas facing larger increases in their bills. Poole's council tax would increase by 6.5% in 2021/22 which would be a 1.5 % increase above the level the government deem to be excessive (the 5% referendum threshold).
- Option B would mean residents being concerned they are effectively contributing more to the cost of the council services than others in the area for a period considered excessive by the current administration. Harmonisation under this option would be achieved in 2022/23 by the fourth year of the new council which is an additional year beyond that currently being assumed for financial planning purposes.

It may worth highlighting that a 1% change in council tax will change the council's revenue funding (in either direction) by approximately £2.1 million per annum.

54. **2021/22 Local Council Tax Support scheme (LCTSS)**

Cabinet in December 2020 agreed there would be no change to the local council tax support scheme between 2020/21 and 2021/22.

As part of the government's response to Covid19 BCP Council were allocated £3.1 million to support economically vulnerable working age people and households in their area for 2020/21. The expectation was that most of these funds would be used to provide council tax relief alongside existing local council tax support schemes (LCTSS) using discretionary powers under s13A of the Local Government Finance Act 1992. The strong expectation was that councils would provide working age LCTSS recipients with a further reduction in their 2020/21 annual council bill of £150. Where a taxpayer's liability for 2020/21 is following the application of council tax support, less than £150, then their liability is reduced to nil. This included the new LCTSS accounts resulting from the 13.1% increase in the cost associated with working age claimants since March 2020.

Expenditure for 2020/21 is currently forecast to be £2.3 million which is not as high as originally intended presumably because of the extension of the HMRC Covid-19 furlough support scheme.

On this basis the council's corporate incident management team agreed on the 18 January 2021 to allocate the remaining £830,000 by way of a higher level of council tax reduction for 2020/21 for those working age LCTSS recipients whose annual liability exceeds £200 which was a further £50 in hardship support.

55. Business rates

Our current financial planning assumption is that the council will retain £56.4 million in business rates for 2021/22, excluding the impact of prior year surplus and deficits. This represents a reduction of £1.7 million compared to the 2020/21 budgeted amount. This is based on the NDR1 statistical return that is submitted to the government in January 2021.

Based on the NDR1 return, the net collectable business rates for the BCP Council area are consistent with last year at £134.9 million (£135.0 million for 2020/21). However, the net collectable business rate figure for 2020/21 included retail relief of £5.8 million which was funded through additional S31 grant. This relief is not replicated for 2021/22 and so while the net collectable debits are comparable between years, the 2021/22 figure includes reductions to the tax base that will not be compensated. For example, gross rateable values for the BCP Council area are reduced by £1.8 million and the council will also receive £2.1 million less in S31 grants, largely due to the reduction in retail relief.

Within the NDR1 return provision has been made for further losses in business rate income from the effects of the pandemic, including a continued decline in the number of businesses, losses in collection rates and appeals for reduced rateable values by businesses.

At this stage the risk associated with this forecast cannot be underestimated. The legacy impact of Covid-19 on the business rates resources collected by the council will not be fully understood until the response phase has passed and we move into the recovery stage of the global pandemic.

It should be borne in mind that under the government's formula the council is initially allocated 49%, the government 50%, and the fire authority 1% of such resources. However due to the impact of issues such as appeals the council budget to retain 42% or £56.4 million of the total business rates collectable in 2021/22.

One such risk is that on the 22 December 2020 the Valuation Office Agency (VOA) set out details of a discussion they have had with rating agents concerning challenges to rateable value on the grounds of material changes of circumstances due to the Covid-19 pandemic and potentially for a 25 per cent reduction in rateable value for premises such as offices. We understand that the VOA are working to resolve these cases as quickly and efficiently as they can and will share details of any impact on the gross collectable business rates as quickly as possible.

Councillors may also recall that local government funding reforms were planned for introduction from April 2021 (i.e. Fair Funding, 75% Business Rates Retention and the full reset of the business rates baseline). These fundamental changes have been delayed, as a consequence of the government focusing its resources on other more pressing priorities. However, as part of the 2021/22 provisional local government finance settlement the Minister

highlighted there may be an opportunity to bring these reforms forward next year and that the position would be reviewed with the Treasury.

56. Assumed savings and efficiencies

Figure 10 below identifies that £20.6 million in additional savings and efficiencies have been identified in establishing the budget for 2021/22. These savings generally flow from reduced staffing, reduced operational costs, or from creating common and consistent charging policies following the creation of the new council as part of the review of local government in Dorset. They also include £7.5m in assumed savings from the transformation programme.

It should be stressed that some of these savings have been assumed for financial planning purposes only as they will remain subject to public and staff consultation and subsequent councillor approval. A detailed schedule of these assumed savings is presented as appendix 2b. Most of these savings will have been subject to the consideration of the Overview and Scrutiny Board at its meeting on the 1 February 2021.

Figure 10 below sets out an analysis of the £41.2 million service-based savings and efficiencies for 2019/20 (£11.2 million), 2020/21 (£9.4 million) and 2021/22 (£20.6m);

Figure 10: Analysis of service-based savings (shown on an incremental basis)

	Budgeted 2019/20 £m	Budgeted 2020/21 £m	Estimated 2021/22 £m	Total £m
Staffing and organisation	(5.3)	(2.9)	(1.8)	(10.0)
Transformation		(1.0)	(7.8)	(8.8)
Democratic Representation	(0.5)			(0.5)
External Audit	(0.2)			(0.2)
Service Efficiencies				
Adult Social Care	(2.0)	(2.0)	(5.8)	(9.8)
Children Services	(0.2)	(0.1)	(0.7)	(1.0)
Place Theme	(0.7)			(0.7)
Regeneration & Economy		(0.5)	(0.0)	(0.5)
Environment & Communities		(0.2)	(1.7)	(1.9)
Resources	(0.7)	(0.3)	(0.8)	(1.8)
Commercial Opportunities	(0.7)	(0.3)		(1.0)
Fees and Charges	(0.9)	(2.1)	(2.1)	(5.1)
Total	(11.2)	(9.4)	(20.6)	(41.2)

These total savings can be compared to the £14.2 million (£9.2 million net) that Local Partnerships stated could be realised in BCP Council in their August 2016 financial model associated with local government review (LGR) in Dorset. Across the two new unitary Councils the savings total was £27.8 million gross or £18.1 million net, which was after allowance had been made for savings from joint working prior to the 1 April 2019.

Transformation funding strategy - Flexible use of capital receipts – efficiency statement

57. In a Local Government Reorganisation (LGR) update report to Cabinet in July 2019 it was acknowledged that phase one (creating BCP Council) had been completed and phase two (delivering senior staffing structures and business functionality for April 2019) was materially complete. In support of these phases the predecessor councils and BCP Council itself set aside £9.1 million to fund the associated programme and transition costs which have now been fully committed. These costs supported the Council in delivering the £20.6 million of annual service-based savings included in the BCP revenue budgets for 2019/20 and 2020/21 which were additional to the £1.3 million of additional resources identified on the disaggregation of the Dorset County Council 2018/19 budget.
58. Phase three related to the designing and building of the new local authority by taking the opportunity to fundamentally transform and provide improved services to residents while also identifying and releasing savings and efficiencies.
59. As part of SR15, the government announced that to support local authorities to deliver more efficient and sustainable services it would allow local authorities to spend up to 100 per cent of their fixed asset receipts on the revenue costs of service reform and transformation. Guidance on the use of this flexibility stipulated that the flexibility applied to the three financial years to end March 2019. However, this was extended for a further three years to 31 March 2022 as part of the 2018/19 local government finance settlement.
60. The guidance makes it clear that local authorities cannot borrow to finance the revenue costs of service reforms. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years the flexibility is offered. Local authorities may not use any existing stock of capital receipts to finance the revenue costs of reforming their services. Set up and implementation costs of any new processes or arrangements that will generate future ongoing savings and/or transform service delivery to reduce or improve the quality of service delivery in future years can be classified as qualifying expenditure. The ongoing revenue costs of such processes or arrangements cannot be classified as qualifying expenditure. In addition, the guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specifies that;
- The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
 - In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice
61. A high-level business case was presented to Cabinet in November 2019 which set out the original scope of the council's organisation design project, which was facilitated by KPMG, and identified that it could potentially deliver up to £43.9 million of gross annual savings by year 4 based on an investment of £29.5 million. The profile of these savings was assumed to accumulate as £7.8 million in year 1 growing to £16.5 million in year 2, £36.9 million in year 3 and £43.9 million in year 4. It should be highlighted that these savings will impact on the council including both General Fund and Housing Revenue Account (HRA) services.
62. Council on 7 July 2020 agreed to the extension of the project to a £38 million programme referencing the quantum leap forward in different ways of working as a consequence of the Covid-19 public health emergency and the need to accelerate the pace at which we generate

savings and efficiencies. This report also approved the procurement of a strategy partner, approved oversight of the programme by a Cabinet Working Group as part of the governance arrangements and set out that the £43.9 million must now be adopted as our minimum expectation of savings and efficiencies.

63. This 2021/22 budget report is premised on the council delivering £7.5 million in savings to underpin the budget for the 2021/22 with additional savings of £34.9 million over the following two years. The 2021/22 savings from the transformation programme are associated with the;

- Work to enable communities take more responsibilities for their need.
- Reduction in employee headcount through the consolidation of common roles/work.
- Reduction in employee headcount through the consolidation of organisational layers/structures.
- Reduction in third-party spend through more robust procurement and contract management. This will include smarter ways of working such as the digital mail and the reduction of spend throughout the council by the centralisation of spending on items such as stationery, photocopying and printing.
- Review of the corporate structure to enable the council to continue to reflect and realign its management structure to ensure we are continuously improving towards being the organisation that we aspire to be and to ensure we deliver our priorities. This included the integration of the library services with customer facing services and community hubs and the recruitment / appointment of a new corporate director for marketing, communications & strategy
- The Councils estate and accommodation project.

It should be highlighted that at this stage these savings have not been itemised on a line by line basis. However, this is a key priority work stream for the council with significant activity providing reassurance that £7.5 million is achievable with a significant reduction in head count from the 1 October 2021 onwards. Direct assurance has also been received from the corporate management team on the validity of this assumption.

64. The current profile of expenditure within the transformation programme and the associated funding strategy are set out in Figure 11 below. This excludes the £3.5 million additional annual revenue operating costs required as a result of this investment and the borrowing costs associated with the financing of the capital elements of the programme. These revenue costs relate to new transformative operating systems and their licencing costs and will include the recent investment in Microsoft teams.

Figure 11: Transformation spend profile and funding strategy

Transformation Programme		2020/21	2021/22	2022/23	2023/24	2024/25	
		£m	£m	£m	£m	£m	£m
Capital Spend	Expenditure						
	Capital expenditure	2.06	2.74	1.00	0.00	0.00	5.80
		2.06	2.74	1.00	0.00	0.00	5.80
	Funding						
	Prudential Borrowing (funded from General Fund MRP)	(0.81)	(1.54)	(1.00)	0.00	0.00	(3.35)
	Prudential Borrowing (funded from HRA land tfr)	(1.25)	(1.20)	0.00	0.00	0.00	(2.45)
	(2.06)	(2.74)	(1.00)	0.00	0.00	(5.80)	
Revenue Spend	Expenditure						
	One-off costs	1.84	10.32	7.08	2.45	1.35	23.04
	Original redundancy costs reprofiled	0.00	6.00	0.00	0.00	0.00	6.00
	Additional redundancy cost provision	1.28	5.62	0.00	0.00	0.00	6.90
	Contingency	0.00	1.65	0.69	0.00	0.44	2.78
		3.12	23.59	7.77	2.45	1.79	38.72
	Funding						
	Base Revenue funding for Transformation Agenda	0.00	0.00	(7.77)	(2.45)	(1.79)	(12.01)
	New Transformation Mitigation Reserve	0.00	(12.90)	0.00	0.00	0.00	(12.90)
	Temporary Funding	(2.44)	2.44	0.00	0.00	0.00	0.00
Capital Receipts	(0.68)	(13.13)	0.00	0.00	0.00	(13.81)	
	(3.12)	(23.59)	(7.77)	(2.45)	(1.79)	(38.72)	
Total	Total expenditure	5.18	26.33	8.77	2.45	1.79	44.52
	Total funding	(5.18)	(26.33)	(8.77)	(2.45)	(1.79)	(44.52)

65. Therefore, the proposal is that the council under the flexible use of capital receipts approach uses all such resources generated in both 2020/21 and 2021/22 to support its investment in transformation. This includes the receipts generated from the following listed asset sales;

- Southbourne Crossroads surface car park
- Wessex Fields net of the necessary debt repayments
- Former depot site, Cambridge Road
- Waitrose car park (Christchurch)
- Former private car park, Upper Terrace Road
- Bargates site (corner of Barrack Road and Fairmile)
- Thistle hotel lease restructure
- BCP Councils share of Dorset County Council assets held for sale
- Former caretakers' accommodation

At this stage the estimated value of the above capital receipts in 2021/22 is £13.8 million with, as set out figure 11, the residual funding provided by the application of the transformation mitigation reserve. This assumption has been made based on prudent financial management, and the ambition is to generate significant receipts over and above the £13.8 million which will enable this reserve to be carried forward in support of the revenue funding gap in 2022/23.

The council will consider a range of options to ensure delivery of these capital receipts before the 31 March 2022 deadline. In doing so the Council will not be limited to traditional open market sales as consideration will also be given to disposal via current council owned companies and new property companies within the council's ownership or via joint ventures.

66. Ultimately the value and timing of the resources generated will impact on the scale and scheduling of the organisation's transformation as influenced by the work with the strategic partner.
67. The guidance requires the approach is approved by Council and that the Ministry of Housing, Communities and Local Government are duly notified (via capitalreceiptsflexibility@communities.gsi.gov.uk) so they can keep track of the planned use of this flexibility for national purposes.

Refinancing of the capital programme

68. The treasury management strategy section later in this report sets out further details of the fundamental change in approach to the financing of the capital programme and its refinancing designed to release resources in support of the revenue budget. The proposed approach is to borrow to finance these schemes over the life of the asset which will enable the council to match the cost of investment in capital infrastructure with its benefits. This approach releases £25.2 million in 2021/22 in addition to £2.8 million delivered in 2020/21 and includes resources previously committed to;
 - Transformation programme
 - ICT investment plan
 - Poole Bay beach master plan
 - Town centre development fund
 - Canford Cliff stabilisation programme
 - Hillbourne school
 - Heart of Poole project

The borrowing costs of these investments have been included in the budget and medium-term financial plan to the extent to which the necessary capital and interest repayments fall within the relevant time period. It is also worth highlighting in certain circumstances the council will look to avoid borrowing where provision can be made as part of its community infrastructure levy arrangements.

It should be highlighted these resources include those redirected from the transformation programme further to Council's approval of a £37.6 million budget as part of the organisational redesign report in July 2020. This budget included approximately £18 million in resources set aside up front (including £10 million from the financial liability earmarked reserves previously set aside as a counterweight to the deficit on the Dedicated Schools Grant).

69. As part of the process of considering the resources made available to support the capital programme and the focus on, where appropriate the use of borrowing, it is proposed to release the £2.8 million set aside as part of the 2020/21 budget as a revenue contribution to capital.

Review of inherited resources

70. Council on the 5 January 2021 endorsed the proposal of Cabinet on 16 December 2020 to refinance £4.8 million historic infrastructure spending via community infrastructure levy (CIL) and s106 funds to support the 2021/22 budget position.
71. This work focused on the first phase of a review of resources and provisions inherited from predecessor councils relating to s106 deposits and CIL receipts. The purpose was to establish if there had been consistency in how they have been used and to determine the extent to which they should have been applied to historic capital expenditure.

Schools Forum

72. 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.
73. The BCP Schools Forum has a complement of twenty-four members with representation from all categories of schools. Two 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 DSG.

Dedicated Schools Grant (DSG)

74. The gross DSG of £300 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 with amounts subsequently recouped by the DfE to enable the budget share for pre 16 pupils to be paid directly by the Education & Skills Funding Agency (ESFA).
75. 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. The separate DfE grants provided in recent years to reflect otherwise unfunded uplifts in teacher pay and pensions costs have been subsumed into the 2021/22 DSG within each of the three relevant funding blocks. This accounts for £11 million of the £25 million overall increase in the DSG for 2021/22.
76. The council brought forward a DSG accumulated deficit of £4.6 million in April 2020 due to the now recognised national underfunding of the high needs budget. The deficit was budgeted to grow by £5 million during the current year. The deficit arises from the restrictions in how funding can be moved between blocks with it not possible to reduce expenditure to balance the account

as well as meet the statutory education entitlements of pupils identified with high needs. A £1 million overspend is projected for 2020/21 with the accumulated deficit at March 2021, therefore, an estimated £10.6 million.

77. The council is not able to add to the DSG from its own funds to support annual expenditure or to reduce the accumulated deficit without the approval of central government. The projected annual high needs deficit for 2021/22 is £10.8 million and without any mitigation the deficit will grow to £21.4 million by 31 March 2022. The deficit recovery plan and related service action plan are being reviewed as a matter of urgency and this budget looks to materially impact both financial resilience and improved service delivery for our children in this area by the commitment of the council to finance £10 million in further capital investment in order to bring down expensive external placement costs.
78. The DSG accumulated deficit, under recently implemented accounting rules, is required to be carried on the council's balance sheet as an unusable negative earmarked reserve with this considered further in the reserves section of the report. The projected position is summarised below:

Figure 12: Projected dedicated schools grant at March 2022

	£m
Accumulated deficit 1 April 2020	4.6
Budgeted high needs shortfall 2020/21	6.0
Projected pressure in the High Needs Block 2020/21	1.4
School funding block surplus 2020/21	(1.0)
Projected savings on other blocks 2020/21	(0.4)
Projected deficit 31 March 2021	10.6
Projected high needs funding shortfall 2021/22	10.8
Projected deficit 31 March 2022	21.4
Surplus school's block funding (0.5%) agreed by schools' forum to transfer to high needs.	(1.1)
Proposed projected deficit 31 March 2022	20.3

Early years block - £21 million

79. The Department for Education (DfE) introduced a national formula in 2017/18 to fund Local Authorities for the free education childcare entitlements for those aged 2, 3 and 4. This provided a significant increase in funding for the legacy councils in the first year of a static 3-year funding rate. An increase of £0.08 per hour of provision (less than 2 per cent) was applicable for all local authorities in 2020/21. In 2021/22 the hourly funding rates have been increased for 2-year provision by £0.08 per hour (1.5%) and for 3 and 4 year- olds by £0.06 per hour (1.4%).
80. The level of funding retained for central budgets relating to the free entitlements have been agreed by the Schools Forum. The amount centrally retained is less than the 5% maximum allowed.
81. A consultation took place with all providers in November / December regarding how the formula is to be updated for the new funding level when it became known. The outcome of this was

considered by the school's forum in January 2021. A separate paper on the meeting agenda for a council decision includes the recommendations from this meeting

Schools block - £229 million

82. The national funding formula (NFF) for mainstream schools funding provided a £7.9 million (3.6 %) increase for 2021/22 due to uplifted formula values and revised local school data. A further £2.2 million (1.1%) has been provided in final allocations through growing pupil numbers from the October 2020 school census.
83. Consultation was undertaken with all schools in November / December regarding the mainstream school formula for 2021/22 with options regarding varying levels of funding transfer to high needs. The school's forum received the outcome of this consultation in January. A separate paper on this meeting agenda includes proposals for Council decisions regarding the mainstream school's formula.
84. Also included in the school's block is funding for pupil growth in mainstream schools from September 2021. These allocations are made to schools where growth meets specific national criteria. The DSG allocation has reduced by £0.4 million compared with last year but is enough to meet estimated costs with a balance available to transfer to high needs.

High needs block - £48 million

85. The funding shortfall for pupils with high needs continues to be a national problem with the LGA report (Have we reached a 'tipping point'?) still relevant despite the 9% increase in funding for 2021/22 of £4 million (which is similar in scale to the increase for 2020/21). The education environment has changed little with the report's main conclusion 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" still valid. The trends in spending for children and young people with SEND have continued ahead of funding levels with the BCP annual gap growing each year due to the rise in caseload and average cost of provision. This is despite implementation of the high needs action plan, drawn up following a series of consultant reviews, and which includes the creation of a significant number of lower cost places in our local schools which are on track to be delivered.
86. The DSG regulations allow schools forum to approve a transfer of mainstream school funding of up to 0.5% in 2021/22 (with the £10 million of subsumed separate pay grants not permitted to be included in the percentage calculation). A higher level requires the approval of the DfE. A transfer to high needs of £1.1 million (0.5%) was considered by the school's forum in January and approved. The small school's block surplus remaining (after all mainstream schools have been allocated their full NFF allocations) of £0.2 million is to remain in the growth fund as a contingency. A request to the DfE for a greater level of transfer is considered unlikely to succeed as it was declined last year. Any significant increase beyond the 0.5% secured from school's forum would lead to schools not receiving their full NFF allocations for which there is little support from schools individually or the school's forum and with the DfE being very unlikely to override these views.
87. A separate report on the agenda recommends the transfer of £1.1 million from mainstream schools funding to the high needs budget. This balances the financial needs of the council and schools as far as possible within the approvals already secured and in accordance with the statutory school budget setting framework.

Central school services block - £2 million

88. The funding is provided largely through a national formula for on-going functions with per pupil rates uplifted for 2021/22 to reflect the previous teacher's pay grants now subsumed into the DSG for LA expenditure. This arises from the small number of teachers undertaking central functions. The underlying rate for BCP has reduced by 2.5% as expected from the transitional protection arrangements. Pupil number growth provides some mitigation with only a small overall reduction between years. Historic commitments in BCP are funded at previous levels (instead of the announced planned reduction) following a successful application to the DfE. Funding in this block supports specific central services for all schools and the DSG budgeting system. The school's forum has agreed the budgets are set at the level of funding.

Maintained schools

89. As last year, no schools have converted to Academy status during 2020/21 with none currently planned for 2021/22. BCP will, therefore, continue to have 16 schools plus the Christchurch learning centre to maintain at April 2021. 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 school's forum. This retention totalling £0.2 million is still to be agreed by the relevant members of the school's forum but the outcome should be available by the end of January.

Academies

90. Academies are independent organisations; their funding and expenditure is not contained within the council's budget.

Education & Skills Funding Agency (ESFA)

91. 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 until later in the year.

Schools pupil premium

92. The school 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, Children in Care (CiC) or adopted, and of forces personnel.

Capital strategy

93. 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 including;

- 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 9,620 council homes (through the Housing Revenue Account).

94. The council's capital investment 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.

Overview and core principles

95. The capital strategy is based on the following core principles:

- Capital projects are supported by appropriate business cases, that clearly identify funding sources, and are approved in accordance with BCP financial regulations. No project that relies on government grant, external funding (including third party contributions) or capital receipts can commence until the council has complete assurance the funding will be / has been received or has otherwise explicitly agreed to accept the risk.
- The use of prudential borrowing for capital projects where no alternative source of funding is identified must comply with published HM Treasury PWLB borrowing restrictions. Business cases must demonstrate the council is able to meet annual borrowing repayments. The council's overall borrowing capacity is set out in its treasury management strategy.
- Interest rates from the council's invest to save framework (which provides a framework through which to recognise an appropriate level of risk for each project) are applied to all business cases that rely on future income streams from which to meet annual borrowing repayment costs.
- To support any future ambitions or key infrastructure developments and to mitigate the underlying risks within its capital investment 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.
- BCP capital resources (CIL, s106 contributions, capital reserves, capital receipts) are prioritised towards:
 - commitments under the council's flexible use of capital receipts strategy
 - schemes which require a local contribution to lever in capital grants or external capital contributions
 - schemes which enable delivery of the savings assumed within the MTFP
 - schemes which enable the council to exploit its assets
 - schemes which protect key infrastructure
 - schemes considered a corporate priority.
- No resources are earmarked within the capital strategy for the consequential impacts of capital investment on the council's revenue budget (for example programme maintenance). These must be identified and managed within revenue budgets set as part of the MTFP.
- Funding earmarked for delivery of the capital strategy (including external government grant and new borrowing facilities) is only recognised within the capital programme as these funds are utilised / allocated to approved capital projects.

Capital investment programme (CIP) 2021/22 to 2025/26

96. BCP's 5-year capital investment programme consists of £124.8 million capital budget in 2021/22 and a further £131.3 million capital budget in the following four years – a total 5-year programme of £256.1 million spend on assets and infrastructure across the conurbation. The programme does not include projects undertaken by the Bournemouth Development Company (BDC), for example the Winter Gardens which are approved, monitored and reported outside of the council's general fund capital investment programme. The programme does not include funding available but not yet earmarked to specific capital projects (e.g. new £50 million future fund and £10 million fund to support special educational needs and disability capital expenditure. Neither does it include capital projects where funding is still pending approval (e.g. £25 million Boscombe towns fund).
97. The £50 million futures fund and the £10 million support to SEND capital is in line with the bold vision to support our community respond to the impact of the pandemic. The assumption in the MTFP is that the £50 million futures fund will be drawn down in tranches of £10 million per annum over five years in support of investment in local infrastructure. It will be funded through borrowing with the capital and interest repayments which will reach £1.435 million per annum by year five factored into the 2021/22 budget and medium-term financial plan as appropriate.
98. The council's HRA capital budgets are also reported separately to the general fund capital investment programme.
99. Outside of the 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, local organisations affiliated with the National Health Service, Bournemouth and Poole College, Port of Poole, Bournemouth Airport, academies and local employers.
100. The five-year capital programme represents an ambitious strategic medium-term programme of investment in each of the council's priorities. It includes all capital projects for which funding has been secured and will develop further as new capital projects are approved. It does not include grant funding (either anticipated or already received) that has not yet been allocated to approved projects. Neither does it include one-off capital grant bids that are pending outcomes, such as the council's £25 million Boscombe towns fund bid. It does, however, include estimates of annual capital grant allocations, where supported by government notifications of indicative grant awards (e.g. local transport plan, pothole grant, DfE capital grants, disabled facilities grant (DFG)). These indicative grants have been allocated to capital projects in the CIP. Indicative values are expected to be formally confirmed by March 2021, and the CIP adjusted if required.

101. **Figure 13: Capital Investment Programme (CIP) spend 2021/22 to 2025/26 (£256.1m)**

	2021/22	2022/23	2023/24	2024/25	2025/26	5 year total
	£000	£000	£000	£000	£000	£000
Adult Social Care	1,872	1,545	1,545	1,545	1,545	8,050
Children's Services	9,850	510	70	0	0	10,430
Highways maintenance	14,375	7,691	8,167	9,667	9,667	49,567
Highways major projects	43,354	32,444	1,500	0	0	77,298
Coastal Protection	8,045	16,981	3,451	1,788	8,417	38,682
Economic Regeneration	10,472	336	336	0	0	11,144
Destination & Culture	9,776	6,861	50	0	0	16,687
Housing & Communities	17,486	8,159	1,974	1,974	1,974	31,567
Hard Facilities Management	703	518	518	518	518	2,775
Environment	2,762	0	0	0	0	2,762
Resources	6,139	1,000	0	0	0	7,139
BCP planned capital expenditure	124,834	76,044	17,610	15,491	22,120	256,100

102. The following assumptions underpin the CIP 2021/22 to 2025/26:

- Capital schemes are only included within the CIP once funding has been identified and secured. The only exception to this is the transformation programme, which relies on capital receipts not yet realised to fully fund planned expenditure.
- The CIP includes indicative estimated values for local transport plan (LTP), pothole grant, school condition grant and better care fund (including disabled facilities grant) government grant awards. These are based on 2020/21 government grant allocations and will be revised, if necessary, once formal funding announcements are made (expected quarter four 2020/21).
- Revenue funding for capital spend has been included within the CIP, where revenue 'base budgets' have allowed for this funding contribution.
- Repayment of all prudential borrowing within the CIP is fully funded from revenue budgets.
- Work is ongoing to ensure availability of community infrastructure levy (CIL) and s106 developer contributions to support the CIP.
- Unspent approved capital budget from 2020/21 (amounts already reprofiled and final slippage that will only be quantified at the year-end) are / will be included within final CIP budget 2021/22.
- Any new capital projects not already included within the CIP will require separate approval in line with BCP financial regulations.

103. The Council's constitution requires formal Council approval of each capital project before it can commence. In line with this, Council endorsement is sought for the £124.8 million capital programme budget 2021/22 (year 1 of total 5-year CIP budget of £256.1 million). A full listing of capital projects comprising CIP 2021/22 is attached as Appendix 4.

104. In endorsing this budget, councillors should be aware that it is likely to change during 2021/22 as new schemes are approved, new funding sources identified, indicative grant funding is confirmed, and capital schemes are potentially revised in line with new council-wide priorities. The 2021/22 capital budget will also be increased for any capital budget underspends from 2020/21, which will only become known at year end.

5-year capital investment programme (CIP) - key areas of focus

105. Significant capital projects by service directorate currently included within the five-year CIP include:

Adults services

Figure 14: 5-year capital investment £8.1m

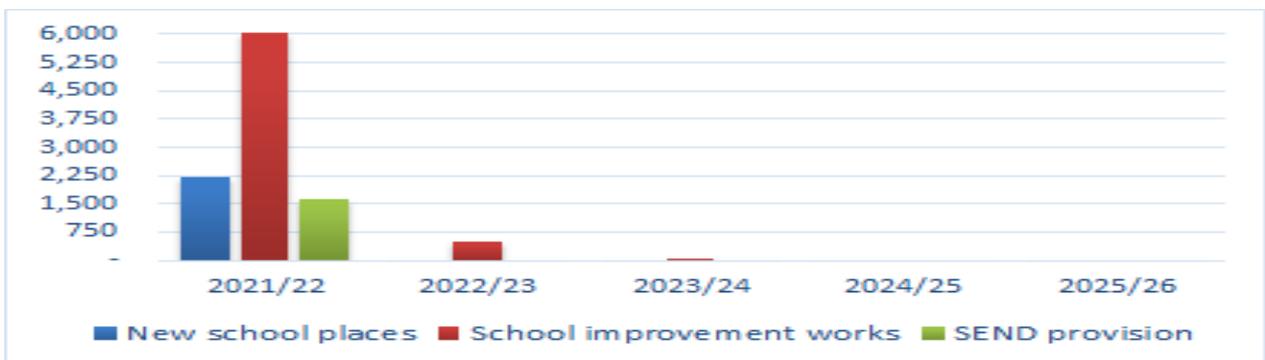


106. The capital programme assumes £1.5 million of the council’s annual Disabled Facilities Grant (DFG) in-year allocation will be invested in its shared Integrated community equipment store (ICES) with Dorset Council, to better facilitate care within the home. This is based on an indicative BCP estimate of DFG funding over the five years of the capital programme. Actual grant funding allocations are expected to be confirmed February / March 2021. Officers from adult’s social services and housing & community services will review the ongoing adequacy of the proportion of DFG allocated to the ICES programme periodically.

107. No direct provision has been made for an additional stand-alone investment in the council’s adults and children’s case management system within the CIP at this time. This will be considered as part of the resources set aside for the transformation programme.

Children’s services

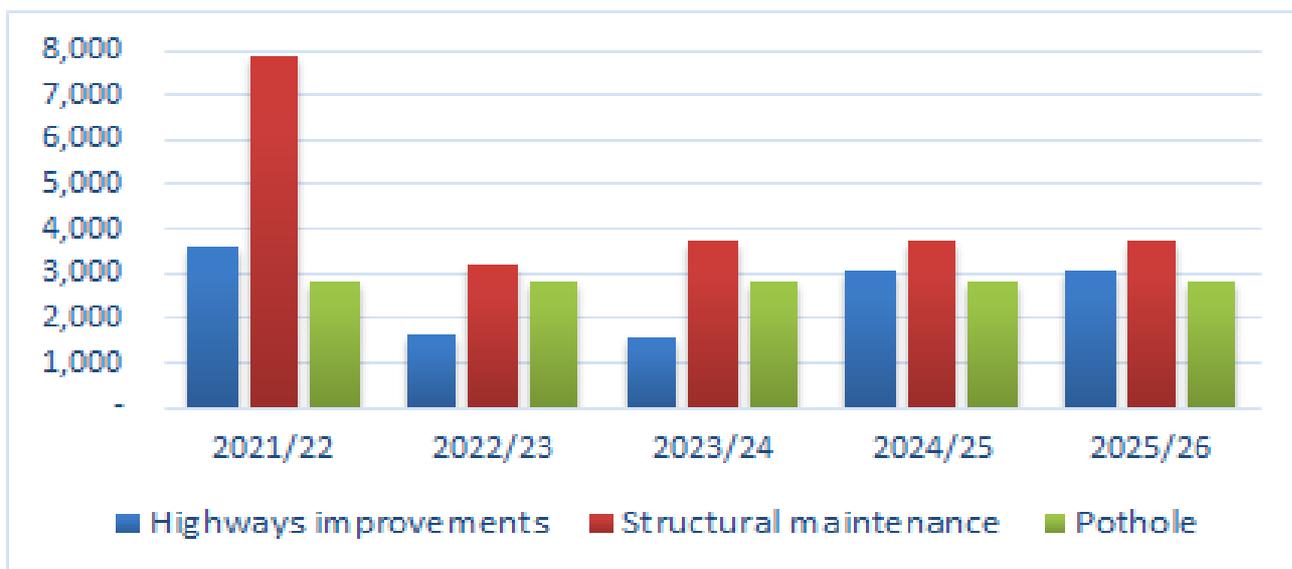
Figure 15: 5-year capital budget £10.4m



108. The children's capital strategy is funded from a combination of DfE capital grant, prudential borrowing (£4.65 million of which is funded from the transfer of surplus maintained school land from the general fund to the HRA), s106 developer contributions and CIL.
109. Children's services continue to face significant pressures, particularly within the high needs block revenue budget, that the capital strategy seeks to mitigate. In 2020/21 the Council invested significantly in creating additional SEND capacity within the locality. This focus continues in 2021/22, with the creation of new SEND school places at the Bournemouth Learning Centre and investment in SEND satellite provision at Somerford school. Whilst high level indicative budgets for these have been approved and included within the CIP, councillors should note that existing budget allocations could increase as previous cost estimates are reviewed (considering Covid-19) and procurement processes are completed.
110. DfE announced in the autumn 2020 spending review that a further £300 million has been allocated nationally for SEND provision in 2021/22. Based on prior year allocations, officers estimate BCP could expect to receive around £2.5 million of this additional funding but neither the grant nor its conditions and allocation methodology have yet been formally confirmed. Once confirmed the grant funding will be allocated to new capital projects within the CIP. To help mitigate funding pressures the council anticipates (and has budgeted for) use of a new £10 million SEND infrastructure loan. If this new borrowing is accessed, it will be repaid over 50 years and taken out from the middle of 2021/22. The financial implications of this £10 million investment amount to £287,000 per annum over the fifty-year period.
111. School improvement works currently approved include completion of a new school building at Hillbourne school. This is an ambitious project that requires extensive remodelling of the existing school site to provide a new school building and provision of over 100 new homes. The capital programme assumes £4.65 million of the school build costs will be funded from new borrowing repaid from transfer of surplus school land to the HRA for housing development. This can only take place once the land is formally declared as surplus to school requirements. The funding strategy assumes the transfer will be effected by 31 March 2022. A delay in meeting this deadline could potentially result in additional cost to the council as 'temporary borrowing' will likely be required until such time as land transfer takes place.
112. Based on prior year in-year allocations, the council assumes around £0.8 million additional school condition grant funding will be received in 2021/22. As with the SEND funding, this allocation will be included within the CIP once it is confirmed and allocated to new school building related projects.
113. Capital budget is also set aside within the CIP for the creation of new school places at St Aldhelm's Academy as well as completion of works at Carter School and Avonbourne Academy.

Growth & Infrastructure – highways and bridges maintenance

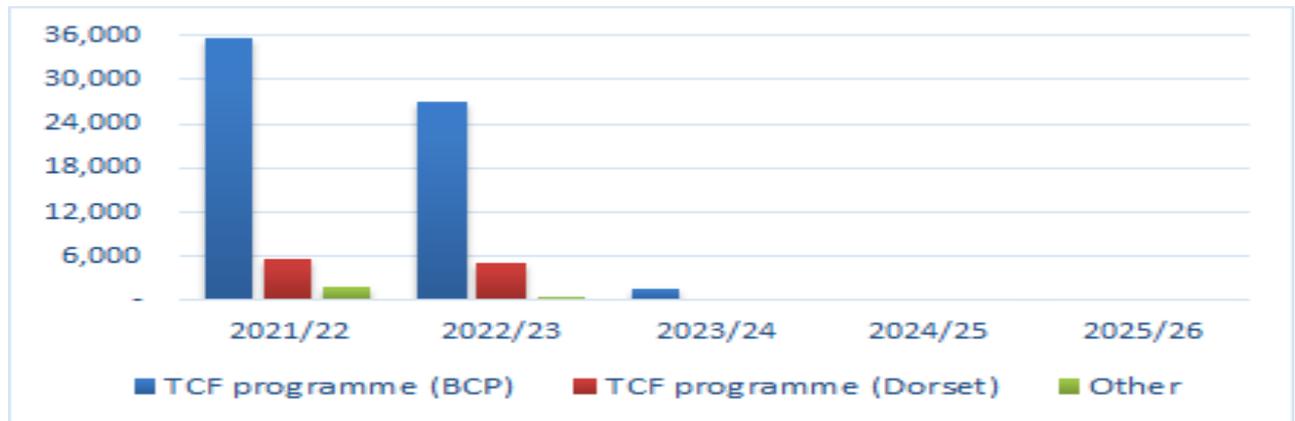
Figure 16: 5-year capital budget £49.6m



114. The Council's indicative annual integrated transport block DfT capital grant allocation of £3.1 million (part of total indicative local transport plan (LTP) annual allocation of £6.8 million) is earmarked for several planned highways improvements across the conurbation. Councillors are asked to note that around £2.3 million from future years LTP allocations may have to be set aside as local contribution for the council's £25m Boscombe towns fund regeneration bid - outcome still pending. Utilisation of future years' LTP funding as local contribution for Boscombe regeneration depends on whether the towns fund bid is successful, and on the availability of alternative sources of funding (for example highways infrastructure loan or CIL).
115. The annual structural maintenance budget within the capital programme is also based on indicative DfT annual capital grant allocation of £3.7 million (the remainder of the total indicative annual LTP allocation of £6.8 million). This funding is earmarked to fund various maintenance work on highways and bridges across the conurbation. A separate paper detailing planned LTP spend 2021/22 by project will be brought forward for councillor approval in due course.
116. The capital programme assumes the Council will continue to receive £2.9 million pothole grant annually. This is based on 2020/21 grant allocation and will be updated once final allocations are announced. The CIP allocates £0.7 million pothole capital grant (including £0.2m from LTP) each year to environmental services for routine pothole repairs. The remaining annual pothole capital grant is earmarked to fund longer term highways maintenance capital works. Clearly these allocations may need to be revised should final grant allocations differ significantly from indicative estimates.

Growth & Infrastructure – Major highways programmes

Figure 17: 5-year capital budget £77.3m

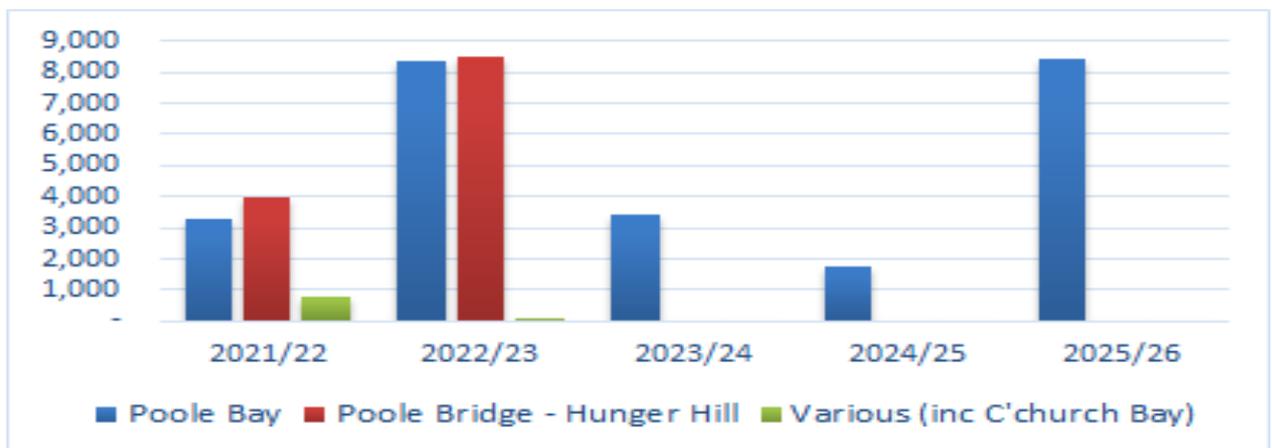


117. The Council is committed to promoting more environmentally sustainable means of travel across the conurbation. In late 2019/20 it was awarded £79 million government grant funding from the Transforming Cities Fund (TCF). Around £13 million of this grant funding will be allocated to Dorset Council for completion of the “A4 sustainable travel corridor” of works. In addition to TCF grant funding, the programme is supported by local authority LTP grant funding (provided by both BCP and Dorset Council), and third-party contributions. Governance arrangements are in place including internal programme boards and steering groups, with councillor representation. Regular progress reports are also submitted to the DfT, including works undertaken by Dorset Council as part of the TCF programme. A full breakdown of planned spend across each major corridor of works will be prepared for approval in line with financial regulations.

118. Other non-TCF major works planned for completion include £2.1 million investment to deliver 0.65km of cycleways along Ringwood Road / B3061 Sea View Road and A348 Ringwood Road – funded from LTP and NPIF grants and scheduled to complete by 31 March 2023. The current programme also includes planned works to complete Townside Access to Port of Poole project and Wallisdown Connectivity spend.

Growth & Infrastructure – coastal protection

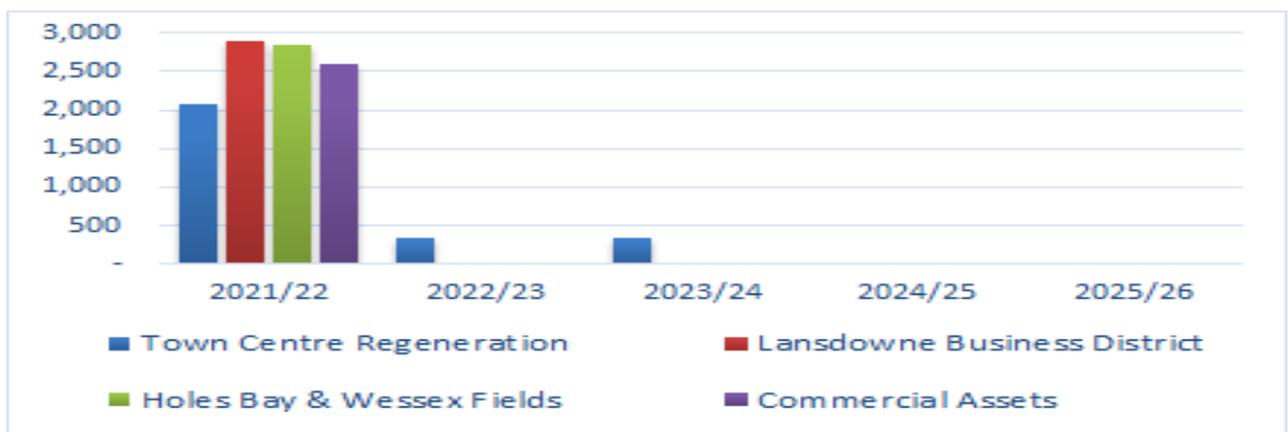
Figure 18: 5-year capital investment £38.7m



119. In partnership with the Environment Agency, the council continues to invest in protecting BCP's coastline including development of a flood and coastal erosion risk management plan for Christchurch Bay and harbour, and investment in the next phase of BCP's long term Poole Bay beach management plan. The latter will see a programme of significant investment in both timber groyne renewal and sand replenishment along the council's foreshore, stage 1 of which commenced in 2020/21.
120. In consultation with the Environment Agency the funding model for Poole Bay beach management plan has been revised. This has enabled £1.5 million of revenue funding for capital previously approved and allocated to the scheme to be released in support of the 2021/22 revenue budget. BCP is required to make a combined £3.3 million local contribution towards the programme. This contribution will now be funded predominantly from prudential borrowing.
121. The Council was informed in January 2021 that the Environment Agency has approved its business case for flood defence works between Poole Bridge and Hunger Hill. This will inject a further £12.5 million of Environment Agency grant funding for flood defence works in the area over 2021/22 and 2022/23. Council approval to accept this new grant is sought within the quarter three 2020/21 council budget monitoring report.

Economic regeneration

Figure 19: 5-year capital investment £11.1m

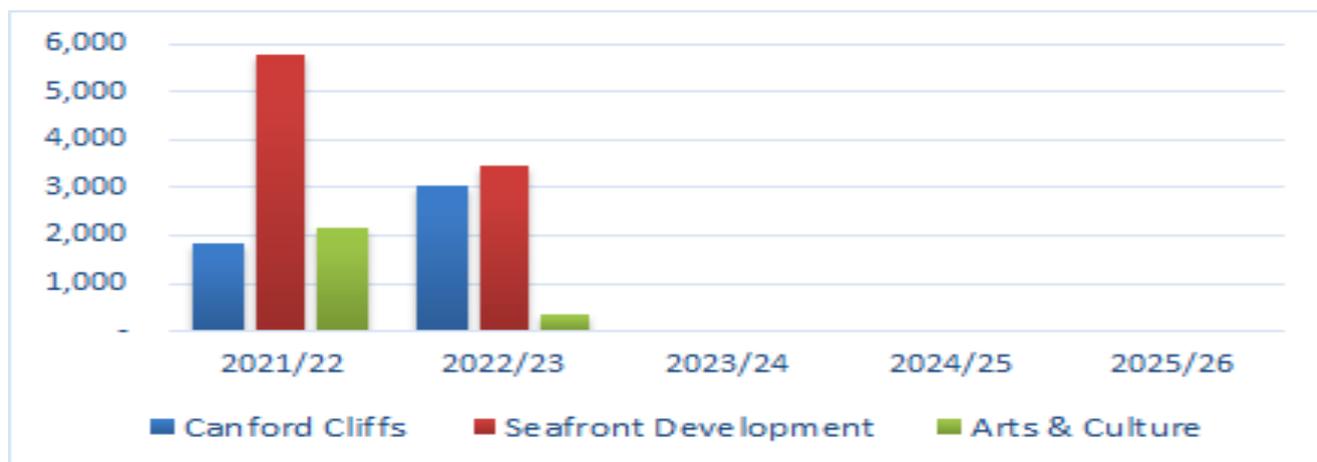


122. In 2020/21 alone the Council invested £22 million in economic regeneration programmes – including the acquisition of development land for new housing in the Holes Bay area of Poole (funded from a combination of government and Dorset Local Enterprise Partnership (DLEP) funding, prudential borrowing and right-to-buy receipts), Lansdowne Business District regeneration (in partnership with the DLEP) and investment in Boscombe (using accelerated grant funding from the Ministry for Housing, Communities and Local Government (MHCLG)).
123. A further £5.7 million town centre regeneration investment is approved for 2021/22, funded predominantly from BCP capital resources, consisting of the following:
- Town centre regeneration investment to finalise the revised heart of Poole masterplan
 - Relocation of the Dorset-wide Skills & Learning service to the Dolphin Centre
 - Poole High Street Heritage Action Zone investment and
 - Christchurch town centre focussed regeneration activities
 - Lansdowne business district – final phase of works.

124. In November 2020 the council submitted a bid to MHCLG for £25 million of towns fund grant to help deliver an ambitious and far-reaching programme of regeneration in Boscombe town centre, consisting of discrete but complementary capital schemes. If successful (and supporting business cases for each scheme are approved by MHCLG), the council can expect to start delivery of this programme in 2021/22. MHCLG grant funding will only be reflected in the CIP when individual schemes are approved. That said, at this time the council has recognised and earmarked £2.3 million of future years' LTP grant funding as local contribution for the 'local transport interventions' project within the Boscombe towns fund programme. Whilst this contribution has been earmarked, it will only be required if the local transport interventions business case is approved by MHCLG. The council also retains the option of swapping future LTP contribution for alternative funding sources, for example CIL or highways infrastructure loan.
125. The DLEP will only fund Lansdowne business district works incurred in advance of 31 March 2021. Spend committed to but not undertaken by 31 March 2021 cannot be reclaimed from DLEP and will have to be met from the Council's own internal resources. A further £2.9 million of BCP funded investment is planned for the final phase of the programme (works in 2021/22). This is the council's local contribution requirement as specified within the DLEP grant agreement. A funding strategy for the £2.9 million has been proposed to the Lansdowne steering group (January 2021). This assumes the use of £2.6 million of s106 contributions and CIL cash received, leaving a current funding shortfall of £0.3 million to be managed as the works progress. Councillors are asked to note that the £2.9 million funding is earmarked for the final phase of the programme and should not be regarded as funding for any spend not reclaimed from the DLEP. There are therefore clear financial risks to the council associated with both phases of the work.
126. Holes Bay development design phase, for the construction of new housing (including affordable housing) in the Holes Bay area of Poole is included within the CIP. The CIP will be amended for the construction of new housing on site as the scheme is developed and approved.
127. In addition to the above, the Council has approved the disposal of part of the 30 acres of land acquired at Wessex Fields (separate report on this agenda). In order to facilitate the land disposal, the council is required to undertake highways and junction / access improvements works, estimated to be around £2.1m. The costs of these works are proposed to be delivered by BCP and funded from prudential borrowing and are included within the CIP.
128. Investment in commercial assets - the council continues to work closely with BH Live to develop a long-term strategy for the Bournemouth International Centre (BIC). Funding has also been set aside for the remodelling and reconfiguration of retail units rented out within the Mallard Road retail park.

Destination & Culture

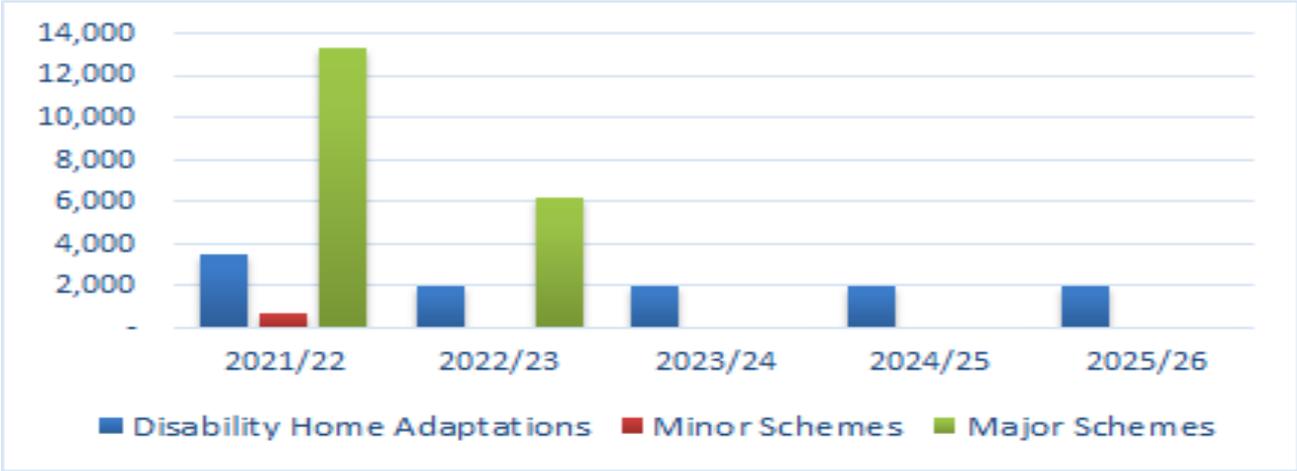
Figure 20: 5-year capital investment £16.7m



129. The Council's ambitious seafront development strategy is anticipated to progress at scale and with pace over the next two years. Canford Cliffs development includes completion of cliff stabilisation work, remodelling of Canford Cliffs pavilion and the construction of new beach hut provision in the area. This development is funded from a combination of BCP capital reserves, coastal communities fund grant funding and prudential borrowing. The programme was partially refinanced in 2020/21, resulting in the return of £3.8 million BCP capital resource to support the revenue budget position (capital reserve funding replaced with prudential borrowing). A refreshed business case will be prepared for the new beach huts development (final phase of programme planned for completion 2022/23) for Council approval in advance of committing to works.
130. The remainder of the BCP seafront development strategy including Durley Chine enterprise innovation hub, Mudeford Beach House Cafe and the Bistro on the Beach development are expected to complete by March 2023. The original design specification for the Bistro on the Beach has evolved since original capital budget approval. A separate report requesting an increase in the capital budget allocation will be brought forward for Council approval in due course. The council continues to explore long term development options for Sandbanks pavilion the results of which are expected by summer 2021.
131. The primary driver behind the council's seafront development strategy is the continued development and regeneration of the seafront. Whilst approved developments generate income for the Council (e.g. beach huts, cafes), net income after operational expenditure and debt financing costs are considered insufficient for them to be regarded as commercial investments in their own right. This means the Council is permitted to utilise prudential borrowing to finance these projects if required.
132. Investment in Upton country park discovery project, utilising up to £1.4 million national lottery heritage grant funding to deliver a new range of capital works, activities, educational projects and new visitor welcome centre is expected to complete in 2022/23.
133. Investment in BCP's heritage assets including Highcliffe Castle and Poole museum in partnership with the heritage lottery fund is also included within the CIP.

Housing & Community

Figure 21: 5-year capital investment £31.6m



- 134. Based on estimated DFG allocations (expected to be confirmed February 2021), the council anticipates investing in a rolling programme of disabled facilities private home adaptations equivalent to £2 million each year. This investment will support and further promote independent living at home. The level of annual DFG allocated to fund private home adaptations will be reviewed periodically in liaison with adults’ social services.
- 135. Minor schemes include continued investment in community led affordable homes projects.
- 136. Major schemes include continued investment in new temporary housing accommodation across the conurbation to support homelessness prevention. This does not include future development currently in design phase, for example Holes Bay development.
- 137. The Council is also planning significant new housing development at the Princess road and Prince of Wales road site to include a new 20-bed family hostel and 34 new private rented sector homes, which are separate to the HRA elements of the scheme.
- 138. Major housing schemes are heavily reliant on the use of prudential borrowing to deliver the projects. The council continues to review the potential use of right to buy receipts as part-funding for any affordable housing components within these schemes. This has the potential to reduce the level of new prudential borrowing required to be taken out.
- 139. Homes England approved a formal grant offer and an agreement was issued for the award of £3.838 million signed by the Council in August 2019 in relation to the proposed Turlin Moor development. To date no claims have been made by the Council or paid by Homes England. Cabinet is asked to note that due to unforeseen circumstances which have affected the compliance with the terms of the agreement, neither the Council nor Homes England will be taking forward the provision of the LAAC Grant award. The pandemic has meant that the necessary face-to-face consultation with the community has not been possible within the required timeline. Further details can be found in Appendix 4a.
- 140. Councillors are reminded that CIP housing investment complements and is in addition to capital investment planned within the Council’s HRA.

Estates management

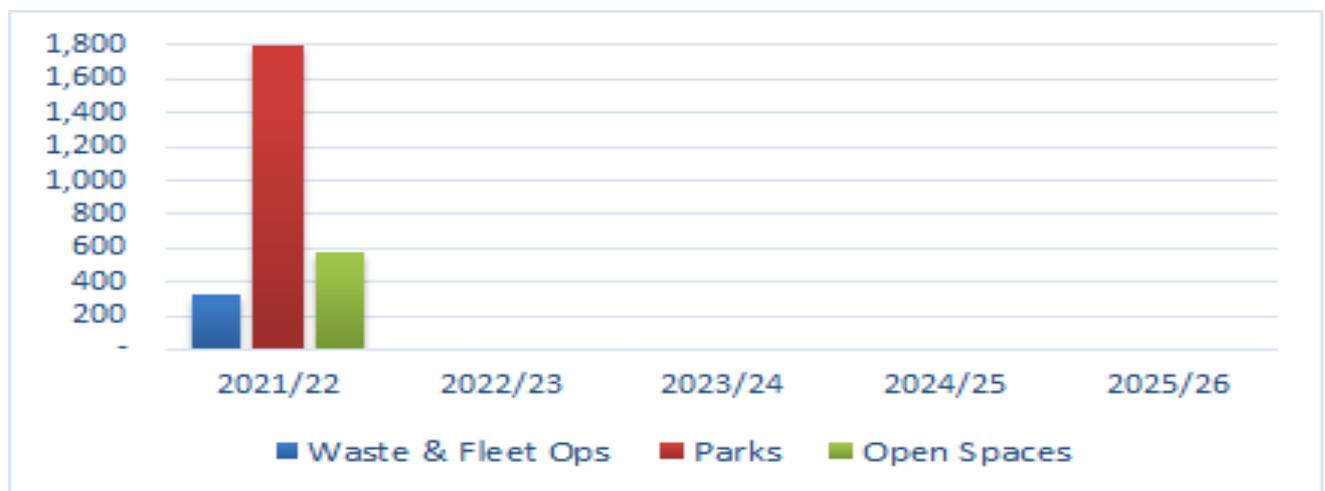
Figure 22: 5-year capital investment £2.8m



141. Work is ongoing to further rationalise the civic estate inherited by BCP from legacy Councils. Annual maintenance of the civic estate is now funded predominantly from revenue budgets, except for leisure facilities, for which an annual capital investment of £0.5 million is earmarked within the capital programme.

Environmental services (parks, open spaces and waste operations)

Figure 23: 5-year capital budget £2.8m

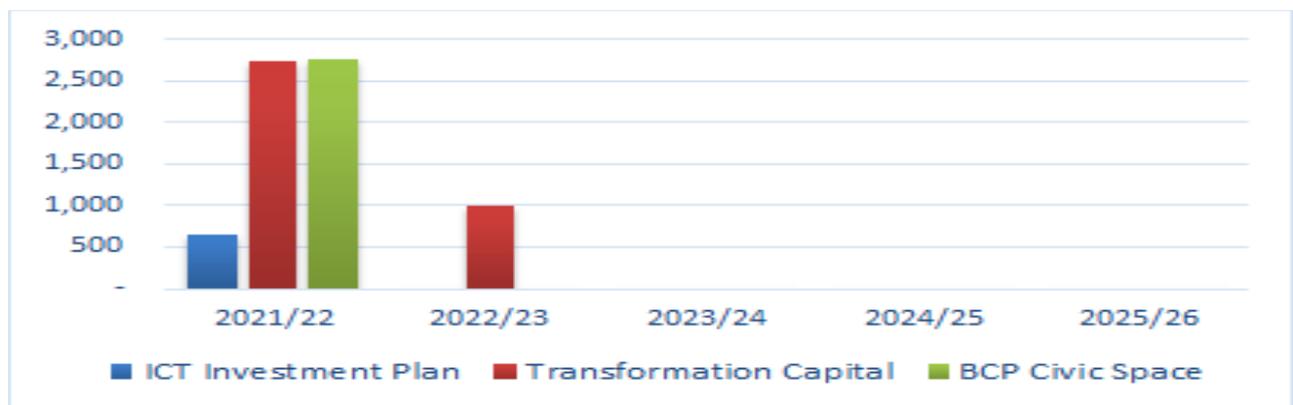


142. A long-term sustainable fleet strategy is intended to be submitted for council scrutiny and approval in April 2021. The strategy will seek to maximise the use of lower emission vehicles across frontline services' fleet operations and cover a period of years. It will include infrastructure investment required to facilitate the move to more low emission vehicles as well as provision for the replacement of fleet vehicles as they reach life expiry. The strategy will be funded from prudential borrowing, with annual budgets set aside within the MTFP to meet annual borrowing repayments. No specific provision has been made within the MTFP at this time for the repayment of additional borrowing costs arising from the strategy.

143. The council intends to develop plans for improved waste management facilities over the medium-term. Around £6.9 million waste infrastructure grant received is set aside as funding towards this - but will only be reflected within the capital programme once the capital project is designed and approved. Investment in parks and open spaces includes the completion of a significant programme of investment in Poole Park, investment at Kings Park athletics centre, construction of a new pavilion at Fernheath playing fields and continued investment in open spaces.
144. Outside of the capital programme, the Council has also approved the award of £2.8 million grant (funded from CIL and planning contributions) to Dorset Wildlife Trust, to purchase agricultural land and manage in perpetuity as low nitrate input. Known as the Dorset Nature Park, this proposal will allow the Council to continue to grant planning permission for new homes, as well as providing multiple benefits to residents across Dorset and BCP Council areas. This proposal has the written support of Natural England and is funded from developer contributions.

Resources

Figure 24: 5-year capital investment £7.1m



145. The Council's ICT investment plan is updated annually and represents ongoing investment to maintain, improve or replace existing IT infrastructure to maintain business as usual service delivery across the Council. This investment complements ICT related investment approved within the council's transformation programme and (as a result of capital programme refinancing undertaken in the summer) is now wholly funded from prudential borrowing. The CIP includes £0.375 million in 2021/22 in respect of this. New ICT investments are expected on an annual basis.
146. A further £3.7 million one-off ICT capital investment in laptops and IT hardware, to facilitate agile working, is included within the CIP for the transformation programme. This is funded from prudential borrowing. This capital investment is in addition to the £36.3 million set aside within the MTFP for the one-off revenue implications of the transformation programme.
147. The council expects to complete remodelling of the Bournemouth civic centre in 2021/22. The premises are expected to be available for use under the council's new normal arrangements by 31 October 2021. The MTFP currently assumes savings in Poole civic and Christchurch civic building related operational spend from 31 October 2021, the period when transition to the new civic space was assumed to end. In addition, the MTFP assumes these assets are repurposed on 31 March 2022 (Poole civic centre) and 31 October 2022 (Christchurch civic centre). No budget provision has been made for costs (including non-operational costs such as business rates and insurance) at these sites beyond these dates.

Capital investment programme funding

148. Figure 25 summarises capital resources currently earmarked to finance the 5-year capital programme. These include government grants, capital reserves, CIL and other developer contributions, capital receipts and prudential borrowing. This is the current position and will potentially change as ongoing work to maximise the utilisation of s106 and CIL contributions and right to buy receipts is completed. Broadly speaking, over the five years of the programme 77% of the CIP is funded from external sources (government grants and third-party contributions including CIL and s106 developer contributions) and 23% from council sources (capital reserves, capital receipts, prudential borrowing).
149. The CIP funding does not include significant grant bids from the MHCLG, decisions on which are currently pending. It also excludes new loan facilities approved but not yet drawn down and allocated to specific capital projects (£50 million future fund loan and £10 million SEND infrastructure loan).
150. The funding profile demonstrates the repurposing of capital reserves (capital receipts and earmarked capital reserves) away from supporting the capital strategy and towards delivering the council's transformation agenda. Significant refinancing of the capital programme that has been undertaken this year to release capital resources to support the revenue budget 2021/22. In total £25.1 million of capital reserve funding has been set aside to support 2021/22 budget (including funding risks associated with the transformation programme) consisting of:
- £7.2 million in earmarked capital reserves built up from previous years but no longer required to support delivery of the capital strategy.
 - £11.0 million from financial liability earmarked reserve and redundancy reserve.
 - £6.0 million from replacing capital fund financing for capital projects with prudential borrowing or CIL.
 - £0.9 million release of unallocated capital fund
151. Further work will be completed to understand the capacity to replace remaining capital fund and reserve allocations currently planned for 2021/22 with alternative funding sources (for example prudential borrowing or CIL). The results of this work will be reported in the year-end financial outturn report.
152. Capital funding required for capital programme delivery has either been received or secured (except for indicative annual government grant funding where assumed). The annual revenue cost or prudential borrowing repayments has been factored into the MTFP.

Figure 25: Financing BCP General Fund Capital Investment Programme

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	5 year total £000
Capital expenditure	124,834	76,044	17,610	15,491	22,120	256,100
Government Grant	76,994	60,646	16,793	14,810	20,702	189,946
Third Party Receipts	1,176	0	0	0	0	1,176
s106	4,172	487	193	0	0	4,852
CIL	721	0	0	0	0	721
External funding	83,063	61,133	16,986	14,810	20,702	196,695
Revenue funding in-year	615	518	518	518	518	2,687
Capital fund	1,444	5	0	0	0	1,449
Capital receipts	495	0	0	0	0	495
Earmarked capital reserves	840	0	0	0	0	840
Earmarked revenue reserves	686	0	0	0	0	686
PRU Borrowing - funded by HRA land transfers	6,700	330	70	0	0	7,100
PRU Borrowing - funded by general fund	30,992	14,059	36	163	900	46,150
BCP funding	41,772	14,912	624	681	1,418	59,406
Capital funding	124,834	76,044	17,610	15,491	22,120	256,100

153. Capital Contingency – In recognition of the inherent risks facing frontline services, in previous years the council has sought to maintain a capital fund / reserve from which to finance unplanned increases to approved spend, new urgent capital works where no other funding source is identified, and to enable local contributions to be funded to lever in new external grant funding.

154. As a result of extensive capital programme refinancing undertaken this year the Council no longer has any unallocated capital contingency fund available through which to manage emerging pressures and to support external grant bids. This risk is mitigated by the availability of alternative sources of funding, specifically borrowing.

Reserves

155. In setting the budget the Director of Finance, as the Council's 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.

156. 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 Medium Term Financial Plan, key major projects of the council, reserves held on behalf of third parties and several reserves the council is required to hold in line with statute or its own governance requirements.

157. In considering the adequacy of reserves it should be recognised how quickly the demand that the council is required to manage can change. Relatively minor changes or shifts in key planning assumptions could have a significant impact on the council's financial position as highlighted in figure 26 below;

Figure 26: 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	405
Looked after child (medium cost – independent fostering) –per child	77
Intensive homecare package for a disabled person	131
Vulnerable adults (learning disability – residential < 65)	185
Older person's supported residential care	41 <i>average</i> 104 <i>higher end</i>
Increase in the £8m cost of the concessionary fare scheme to the Council	£80k per 1% increase in journey numbers

158. In being mindful of these key sensitivities it should be established that the cost of a looked after child or vulnerable adult can exceed £1 million per annum on an individual case basis which the council is responsible for paying in the first instance. It is only subsequently able to reduce the amount to those shown in figure 27 above once it has negotiated a contribution from the Clinical Commissioning Group on behalf of the National Health Service but the risk of achieving this outcome is held by the council. It is also worth bearing in mind that every £100,000 is equivalent to the council tax generated on 66 homes (band d equivalents).

159. Another key consideration in assessing the adequacy of the council's reserves is the need to continually be alert to the position in respect of the deficit on its Dedicated Schools Grant (DSG) with specific reference to the high needs budget as noted above. In setting the original budget for

2020/21 in February 2020 the advice was that the deficit, predicted at that time to be £5.5 million on 31 March 2020 and £10.5 million on 31 March 2021, was held by the council and recognising its responsibilities to act reasonable and prudently it took steps in mitigation, namely the establishment of a Financial Liability Reserve to act as a counterweight against the forecast deficit. Growing deficits are seen as a direct consequence of the 2014 Children and Families Act, which increased the range of ages of children and young people with SEND that councils had to support as well as raising significantly the expectations of parents across all age ranges without providing the necessary financial support.

160. The resources in this financial liability reserve were however subsequently released as part of the Organisational Design Implementation & Budget report to Cabinet in June 2020 as endorsed by Council in July. This was on the basis that the CIPFA bulletin for the closure of the 2019/20 financial statements stipulated that the reserve did not need to be in place from the 1 April 2020 onwards. This position was reinforced by a Department for Education statutory instrument which became law at the end of November 2020 which states;

Where a local authority has a deficit in respect of its school's budget for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, the authority—

(a) must not charge to a revenue account an amount in respect of that deficit; and

(b) must charge the amount of the deficit to an account established, charged and used solely for the purpose of recognising deficits in respect of its school's budget.

161. This means that the council cannot contribute to the deficit, cannot hold a reserve to act as a counterweight and will be required to move the deficit to an unusable reserve where it will sit as though it did not exist. It does though mean that the council will be required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit as the statutory instrument was silent on what the position will be from 1 April 2023.

162. The current forecast deficit on the DSG is predicted to be £20.3 million as set out above in the DSG section (figure 12 paragraphs 74 to 78).

163. The Chief Financial Officer, in providing advice to council on the level of reserves required to support the budgeted position, has also been particularly mindful of the statement by the Chancellor, Rishi Sunak MP, in introducing his 25 November 2020 Spending Review that the public health emergency was not yet over and the economic emergency was only just starting. Consideration has though been given to ensuring that monies are not held up unnecessarily in reserves which could be better used to support the community and local economy at this difficult time.

164. It may also be worth emphasising that reserves should not be seen in a short-term context. They should be placed in the context of the likely future of necessary public sector spending restraint and the likely funding pressures, service pressures, cost 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 and smooth out the impact of the pandemic on the council's sales, fees and charges income as it recovers from the public health emergency.

165. Figure 27 below provides a summary of the council's reserve position since April 2019 through to 31 March 2022. In relation to the earmarked reserves position;

- The £11.1m tranche one unringfenced grant provided by the government to support the council address the consequences of the pandemic has been excluded from the 1 April 2020 position as it was paid to the council just before the year end date.
- The balance as at 31 March 2021 includes £25.1 million from the workstream to fundamentally refinance the capital programme which will be applied in support of the 2021/22 revenue budget. The balance as at the 31 March 2021 excludes £40.5 million of government grants to support the 2020/21 business rates and council tax deficits carried forward into 2021/22 alongside associated accounting adjustments.
- The balance as at 31 March 2022 reflects the normal annual level of government grants paid in advance of the associated expenditure, reserves held on behalf of third parties, and the earmarked reserves set aside to support the 2022/23 budget.

Figure 27: Movement in Reserves

	Balance 1 Apr 2019 £m	Balance 1 Apr 2020 £m	Balance 31 Mar 2021 £m	Balance 31 Mar 2022 £m
Un-earmarked Reserves	17.4	15.4	15.4	15.4
Earmarked Reserves	52.7	53.8	66.7	26.2
Total revenue reserves	70.1	69.2	82.1	41.6
Dedicated Schools Grant (deficit)	(3.6)	(4.6)	(10.6)	(20.3)

166. It should be noted that the growth in the DSG deficit of £1 million in the first year of BCP was suppressed by a £2.4 million council contribution that is no longer permitted and £2.4 million of mainstream school funding which in 2021/22 is limited to only £1.1 million.
167. To support the determination of the adequacy of these reserves, 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 £14 million and £28 million.
168. Having considered all matters and the known business requirements of BCP Council in 2021/22, the Chief Financial Officer is of the view that it is appropriate to set the level of unearmarked reserves at £15.4 million for the 2021/22 budget which is approximately 5.5% of the proposed net revenue expenditure for the year. This is consistent with the level of unearmarked reserves used in supporting the 2020/21 budget of the council.
169. The position will be kept under review throughout the remainder of 2020/21 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.
170. Holding of unearmarked reserves at the lower end of the CIPFA recommend range is supported by the inclusion within the budget of a revenue base budget contingency. This contingency has been increased from £1.2 million, which represented 0.5% of the 2020/21 net revenue expenditure, to £3.6 million (1.3% of the 2021/22 net revenue expenditure) in reflection of additional operational risks associated with delivering services to our community as it recovers

from a global public health emergency and the additional risks associated with robustness of estimates at this time. A separate £1.7m contingency is being held in respect of the ambiguity associated with the 2021/22 pay award.

171. Regarding earmarked reserves, it is estimated that their level will be increased from £53 million as at the 31 March 2019 to £67 million as 31 March 2021. The budget proposal indicates that they will be reduced with the estimate for the 31 March 2022 currently £26 million. It should however be highlighted that the government have allocated a significant number of specific grants in the current 2020/21 financial year to support either payments to businesses or specific projects and initiatives. Some of these resources will be spent in the 2021/22 financial year therefore any unused amounts as at the 31 March 2021 may need to be transferred between years via the councils earmarked reserves position.

172. The budget as proposed is also premised on the assumption that any changes between the provisional 2021/22 Local Government Finance settlement, issued in December 2020, and the final settlement due in early February 2021, will be addressed as a movement either to or from the base revenue contingency.

173. In proposing the reserves strategy as set out in Appendix 3, the 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 in the midst of a public health emergency, which is not yet over, whilst also ensuring resources are not held unnecessarily in reserves and;
- b) Identify opportunities for the council to re-direct available resources to support the delivery of key corporate priorities in 2021/22 and to assist the recovery of the local community and its economy.

Treasury management strategy

174. The council's treasury management strategy (TMS) is subject to regular review and was last reported to the Audit & Governance Committee for monitoring and update purposes in January 2021. 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 2021/22 are set out in Appendix 4 for approval by council.

175. A significant element of the TMS 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 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 several 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 enough cash available as and when needed.

176. The strategy is significantly influenced by the requirements of the devolved system of council housing (HRA) 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.

177. 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 approach 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.
- An asset life basis applied to capital expenditure schemes 2016/17 onwards.

178. A key change in the strategy for 2021/22 onwards has been the work to refinance capital schemes with the sole intention of releasing resources which can be used to support the general fund revenue budget. The approach being to borrow to finance these schemes over the life of the asset with examples being the ICT investment plan, the capital element of the transformation programme and the Poole Bay beach master plan. This approach is clearly different from the conventional approach previously adopted by the council however it will enable the council to match the cost of investment in capital infrastructure with its benefits.

179. In adopting this change in approach, the council needs to be satisfied that higher levels of debt are appropriate to the size of the authority, are affordable, and are financially sustainable over the period over which the borrowing will need to be repaid. While clearly this is very much a judgement call, the treasury management strategy included benchmark and comparison information replicated as Appendix 5a to this report. This indicated that as at quarter one 2020/21 BCP Council was towards the lower end of the spectrum of all unitary authorities in respect of longer-term debt as a percentage of the net revenue budget and per head of population. The benchmarking also demonstrated that BCP Council was previously using less borrowing to finance its capital programme than other unitary authorities. Appendix 5b also includes a schedule of additional borrowing the council is now committed to as part of the proposed capital programme.

180. As part of the process of considering funding options for future infrastructure projects the council will explore the use of community municipal bonds for projects specifically associated with the council's climate change and ecological emergency. The consideration process will only advise use of the bond from a value for money perspective if it can be demonstrated that the bond rates can be secured at levels lower than those that can be obtained from the public works loan board, although such consideration will also reflect on the value associated with direct public investment and engagement into the project.

181. In addition, the treasury management strategy reflects that as part of the November 2020 spending review the government announced the outcome of consultation on reforms to Public Works Loan Board (PWLB) lending designed to end the use of PWLB for investment property bought by councils primarily for yield. Government consider this presents a risk for both national and local taxpayers. Their guidance stipulates that if a local authority wishes to borrow from the PWLB they must submit a high-level description of the capital spending and financing plans for the next three years to include;

- Details of how much they plan to spend in defined categories.
- A description of the projects.
- Assurance from the s151 officer that the authority is not borrowing in advance of need and does not intend to buy assets primarily for yield.

182. The outcome of the consultation goes on to state that PWLB borrowing can continue to be used to finance capital expenditure associated with service spending, housing, regeneration, preventative action and treasury management. If the government conclude a transaction was not an appropriate use of PWLB then the transaction will need to be unwound, and the government reserve the right to request that all loans are repaid in full along with applicable exit charges.

183. Because of the reforms the rates of PWLB borrowing were generally reduced by 1% from the 26 November 2020.

Housing Revenue Account (HRA)

184. 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 councillors in setting the budget for 2021/22.

Chief Officers' Pay Policy Statement

185. 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.

186. 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 councillor allowances

187. The council is required to adopt an annual scheme of councillor allowances as specified under the Local Authorities (Members' Allowances) (England) Regulations 2003.

188. Council on the 24 November 2020 agreed a scheme of members' allowances for 2020/21 based on the following principles;

- No increase in the basic allowance for 2021/22 (frozen at £12,844)
- Linking any future increases to the local government national pay award but not starting before 2022/23.
- The Leader foregoing the additional leader special responsibility allowance (SRA) in full for the length of this term.

- The SRA of the ten Cabinet members reduced to £18,550
- The introduction of an additional SRA for Lead Members of £10,275
- An increase in the SRA for the Chairman of Licensing Committee to £10,275 be on par with the Chairman of Planning Committee.

189. As part of the proposed budget, provision has been made for a total cost of £1.4 million in 2021/22.

Consultation

190. 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 3 February 2021 on the budget for 2021/22 and Medium-Term Financial Plan from the BCP Council Leader, Chief Executive and the Chief Financial Officer.

191. The necessary additional resources, savings and efficiencies required to balance the budget over the next three 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.

Alternative options

192. Section 50 of this report includes consideration of alternative Council Tax harmonisation strategies considered and rejected. There will however be numerous potential permutations.

Summary of finance and resourcing implications

193. In considering how appropriate the 2021/22 budget as proposed is at supporting the financial sustainability of BCP Council the councillors are advised to reflect on the following key issues;

- a) The current level of uncertainty in the estimates used to produce the budget due to the global public health emergency.
- b) The affordability of the investments into services bearing in mind approximately £30 million of one-off funding has been used in support of the 2021/22 budget such as those generated from the refinancing of the capital programme and review of inherited provisions. The extent to which these investments will continue to be affordable will clearly depend on future council tax decisions and the success in becoming more efficient and of the council's transformation programme. This should include a recognition that the financial implications of the £10 million capital investment in SEND will be a budget pressure of approximately £287,000 per annum over fifty years and the £50 million future fund investment will be £1.435 million per annum by year five, again over a fifty year period based on the current MTFP assumptions.
- c) The ultimate reduction in the councils overall financial flexibility by utilising the £30 million of one-off funding.
- d) A judgement has been made around the level of transformation savings which are in the process of being fully established, that should be included based on various levels of reassurance including direct assurance from the Corporate Management Board.
- e) The extent to which the council's level of reserves is adequate to cover the level of risk it is currently facing.

194. Such a judgement by councillors should also reflect on the Medium-Term Financial Plan of the Council which, based on numerous professional judgements, indicates a £17 million funding gap for 2022/23 dropping to £7.5 million for 2023/24. It should be highlighted that the £7.5 million is after the assumed delivery of £56.3 million in transformation and service-based savings, after the recognition of various cost and growth pressures over the next few years, and after the assumption of a 4.99% council tax increases in 2022/23 and 1.99% in 2023/24.

Summary of legal implications

195. It is the responsibility of councillors to ensure the council sets a balanced budget for the forthcoming year. In setting, such a budget councillors 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.

196. As part of this final budget paper the 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

197. There are no direct human resource implications from this report acknowledging that the consequences of the transformation programme on the councils staffing establishment have been considered as part of the June Organisational Design report to Cabinet and then Council. The 2021/22 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

198. Consideration has been given as part of this budget for 2021/22 of ways in which BCP Council could contribute to environmental improvements / targets and by example encourage this approach in those with whom it deals.

199. As outlined earlier in this report this budget proposes a £240,000 annual commitment in support of climate change and the climate and ecological emergency.

Summary of public health implications

200. The budget as proposed aims to assist the council and its community address the consequences of the global Covid-19 public health emergency which is not yet over.

201. The council is seeking to maintain appropriate services for vulnerable residents as well as improve the sustainability of services important for the wellbeing of all residents.

202. Significant allowance has been made for personal protective equipment to protect staff and residents in compliance with guidance issued by Public Health England.

Summary of equalities and diversity impact

203. 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.

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

Summary of risk assessment

205. A key element of the reorganisation of local government in Dorset was the opportunity to best protect public services as central government reduced the core funding it provides to local authorities and both the demand for, and cost of, local services continued to rise.

206. This report and the outlined actions will form part of the mitigation strategy associated with the risks to the delivery of the council's objectives due to the level of available resources.

207. Uncertainty caused by the pandemic will be a key risk in determining the adequacy of the budget as proposed. Reliance has been placed on the government's optimism in overcoming the spread of the virus as new vaccines are rolled out and their assumption that Covid-19 costs will start to decline from Easter 2021 onwards.

208. This will be compounded by the uncertainty associated with

- a) the country's transition from the European Union.
- b) the government's financial planning framework be that due to lack of a three-year national spending review or the delay in the new model of funding local government. Both will continue to be significant risks, as will possible variations to base assumptions due to demand or cost factors.

Background papers

- c) The 2020/21 Budget and Medium-Term Financial Plan (MTFP) report of Bournemouth, Christchurch and Poole Council was approved on the 18 February 2020 and can be found at;
<https://democracy.bcpccouncil.gov.uk/documents/g3726/Public%20reports%20pack%2012th-Feb-2020%2009.30%20Cabinet.pdf?T=10>

- d) BCP Cabinet – 27 May 2020 – BCP Council Finance Update
<https://democracy.bcpccouncil.gov.uk/documents/s17294/BCP%20Council%20Finance%20Update.pdf>
- e) BCP Cabinet – 24 June 2020 – 2020/21 Budget Monitoring Report – June 2020
<https://democracy.bcpccouncil.gov.uk/documents/s17802/Budget%20Rebase%20202021.pdf>
- f) BCP Cabinet – 11 November 2020 – 2020/21 Budget Monitoring & Medium Term Financial Plan (MTFP) Update
<https://democracy.bcpccouncil.gov.uk/documents/s20366/202021%20Budget%20Monitoring%20MTFP%20Update.pdf>
- g) BCP Cabinet – 16 December 2020 –
<https://democracy.bcpccouncil.gov.uk/documents/s21208/Quarter%202%20Budget%20Monitoring%20Report%202020-21.pdf>
- h) All these reports were subject to the overview and scrutiny arrangements established to support consideration of reports presented to cabinet by the Overview and Scrutiny Board. In addition, all councillors were invited to the Budget Café which was run on the 18 December 2020.

Appendices

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 Investment Programme detail
Appendix 4a	Turlin Moor Scheme
Appendix 5	Treasury Management Strategy
Appendix 5a	Unitary Authority benchmarking data in respect of debt and borrowing.
Appendix 5b	Schedule of additional borrowing
Appendix 6	Equalities Impact Needs Assessment (EINA)
Appendix 7	Chief Officers' Pay Policy Statement

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BCP Council - Council Tax Harmonisation Modelling per Referendum Principles

	Actual Council Tax 2020/21	Average Council Tax 2020/21 £	Increase 21/22 %	Proposed Council Tax 2021/22 £
BCP Council	£1,407.57	£1,385.63	1.55%*	£1,409.15
Adult Social Care Precept	£134.00	£132.42	0.00%	£132.42
Christchurch	£1,541.57	£1,518.05	1.55%	£1,541.57
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BCP Council	£1,396.17	£1,385.63	1.55%*	£1,409.15
Adult Social Care Precept	£133.83	£132.42	0.00%	£132.42
Bournemouth	£1,530.00	£1,518.05	1.55%	£1,541.57
<hr/>				
BCP Council	£1,366.48	£1,385.63	1.55%*	£1,409.15
Adult Social Care Precept	£130.33	£132.42	0.00%	£132.42
Poole	£1,496.81	£1,518.05	1.55%	£1,541.57

*1.55% increase on core council tax is calculated against the total average Band D for 2020/21 in accordance with referendum principles

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BCP Schedule of Council Tax Charges 2021/22

	Actual Council Tax 2020/21 £	Increase 21/22 %	Proposed Council Tax 2021/22 £
Christchurch			
Christchurch Town Council			
BCP Unitary Charge	£1,541.57	0.00%	£1,541.57
Christchurch Town Council	£42.22	1.99%	£43.06
Total Christchurch Town	£1,583.79		£1,584.63
Burton & Winkton Parish			
BCP Unitary Charge	£1,541.57	0.00%	£1,541.57
Burton & Winkton Parish Precept	£13.11	7.48%	£14.09
Total Burton Parish	£1,554.68		£1,555.66
Hurn Parish			
BCP Unitary Charge	£1,541.57	0.00%	£1,541.57
Hurn Parish Precept	£29.30	0.00%	£29.30
Total Hurn Parish	£1,570.87		£1,570.87
Highcliffe and Walkford			
BCP Unitary Charge	£1,541.57	0.00%	£1,541.57
Highcliffe and Walkford Neighbourhood Council	£25.86	0.50%	£25.99
Total Highcliffe and Walkford	£1,567.43		£1,567.56
Christchurch Unparished			
BCP Unitary Charge	£1,541.57	0.00%	£1,541.57
Total Christchurch Unparished	£1,541.57		£1,541.57

Bournemouth

Bournemouth (exc Throop and Holdenhurst)			
BCP Unitary Charge	£1,530.00	0.76%	£1,541.57
Bournemouth Chartered Trustee***	£2.15		TBC
Bournemouth Total	£1,532.15		£1,541.57
Bournemouth (Throop and Holdenhurst)			
BCP Unitary Charge	£1,530.00	0.76%	£1,541.57
Throop and Holdenhurst (New)***	TBC		TBC
Bournemouth Total	£1,530.00		£1,541.57

Poole

BCP Unitary Charge	£1,496.81	2.99%	£1,541.57
Poole Chartered Trustee***	£2.14		TBC
Poole Total	£1,498.95		£1,541.57

***TBC - once the precept demand is formally given to the Council appendix 1b will be updated.

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GENERAL FUND BUDGET SUMMARY 2021/22

	Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Net Budget 2021/22 £000
Adult Social Care	182,835	(65,799)	117,036
Public Health	19,766	(19,766)	0
Children's Services	177,570	(109,474)	68,095
Environment & Community	98,331	(47,063)	51,268
Regeneration & Economy	68,960	(49,112)	19,847
Resources	146,207	(112,903)	33,304
Transformation Revenue Implications	3,500	0	3,500
Corporate Priorities	7,186	(950)	6,236
Net cost of services	704,354	(405,068)	299,286
Pensions	6,101	(562)	5,539
Contingency	3,594		3,594
Contingency for pay award	1,772		1,772
Levies			
Environment Agency	509		509
Fisheries	90		90
Corporate income and expenditure			
Interest on borrowings	3,181		3,181
Interest on cash investments		(45)	(45)
Investment property income		(6,213)	(6,213)
Revenue expenditure on surplus assets	171		171
Dividend income		(100)	(100)
Income from HRA		(949)	(949)
Admin Charged to Grant Income		(351)	(351)
Apprentice Levy	565		565
Net Operating Expenditure	720,337	(413,288)	307,049
Other financial items impacting on the general fund			
Provision for repayment (MRP)	11,506	(285)	11,221
Movement to reserves	688		688
Movement from reserves - S31 NNDR Grant - offsets NNDR Deficit below		(39,512)	(39,512)
Movement from reserves - Council Tax / NNDR Losses Grant		(1,021)	(1,021)
Transformation Programme Costs	23,590	(23,590)	0
Transformation Saving Target 2021/22		(7,500)	(7,500)
Refinancing of Capital Programme		(25,078)	(25,078)
Review of inherited resources		(4,738)	(4,738)
	35,784	(101,724)	(65,940)
Net Budget Requirement	756,121	(515,012)	241,109
Other funding before Council Tax Requirement			
New Homes Bonus Grant		(2,563)	(2,563)
LCTS Grant 2021/22		(3,833)	(3,833)
Lower Tier Service Grant 2021/22		(445)	(445)
Sales, fees and charges compensation 2021/22		(1,649)	(1,649)
Top Slice Covid Pressures Grant 2021/22		(1,030)	(1,030)
Collection Fund Deficit Distribution (Council Tax)	2,027		2,027
Collection Fund Deficit Distribution (NNDR)	40,322		40,322
Net Income from Business Rates - inc S31 Grant		(56,375)	(56,375)
Revenue support grant		(3,022)	(3,022)
	42,349	(68,917)	(26,568)
Total Council Tax Requirement	798,470	(583,929)	214,541

Service Directorate Budget Summary 2021/22

	Gross Expenditure 2021/22 £000's	Gross Income 2021/22 £000's	Net Budget 2021/22 £000's
Adult Social Care - Services			
Statutory Services	2,744	(353)	2,391
Learning Disability & Mental Health	52,749	(7,106)	45,643
Long Term Conditions	85,904	(39,920)	45,984
Access & Carers	1,862	(164)	1,698
Specialist Services	2,930	(453)	2,477
In House Services	2,973	(1,011)	1,962
Director Services	1,202	(95)	1,107
	150,364	(49,101)	101,263
Adult Social Care - Commissioning			
Strategic Commissioning - Long Term Conditions	27,966	(8,235)	19,732
Strategic Commissioning - Disabilities	1,082	(52)	1,030
Planning & Quality Assurance	1,345	(157)	1,188
Strategic Development and Change Management	723	(13)	711
Strategic Workforce Planning and Development	688	0	688
Strategic Director Commissioning	666	(8,241)	(7,575)
	32,471	(16,698)	15,773
Total for Adult Social Care	182,835	(65,799)	117,036
Public Health			
Public Health	19,766	(19,766)	0
Total for Public Health	19,766	(19,766)	0
Children's Social Care			
Children's Social Care	44,665	(5,143)	39,522
Inclusion & Family Services	17,534	(2,689)	14,845
Quality & Commissioning	11,243	(1,056)	10,187
CSM General	1,456	(6)	1,450
Dedicated Schools Grant	97,855	(97,855)	0
Partnerships	4,816	(2,726)	2,090
Total for Children's Services	177,570	(109,474)	68,095
Environment & Community			
Communities	6,893	(1,643)	5,250
Environment	55,429	(20,637)	34,792
Housing	36,009	(24,783)	11,226
Total for Environment & Community	98,331	(47,063)	51,268
Regeneration & Economy			
Destination & Culture	30,470	(24,372)	6,098
Development	2,249	882	3,131
Growth & Infrastructure	36,241	(25,623)	10,619
Total for Regeneration & Economy	68,960	(49,112)	19,847
Resources			
Executive	1,547	(172)	1,375
Finance	12,267	(4,138)	8,130
Insurance	3,850	(377)	3,473
Corporate Management Costs	1,695	(348)	1,347
Housing Benefits	104,017	(104,507)	(490)
ICT	10,187	(651)	9,536
Law & Governance	6,782	(2,470)	4,312
Organisational Development	5,861	(240)	5,621
Total for Resources	146,207	(112,903)	33,304
Transformation			
Transformation	3,500	0	3,500
Total for Transformation	3,500	0	3,500
Corporate Priorities			
Corporate Priorities	7,186	(950)	6,236
Corporate Priorities	7,186	(950)	6,236
Net cost of services	704,354	(405,068)	299,286

GENERAL FUND BUDGET SUMMARY 2020/21 & 2021/22

	Working Net* Budget 2020/21 £000's	Net Budget 2021/22 £000
Adult Social Care	111,479	117,036
Public Health	0	0
Children's Services	61,724	68,095
Environment & Community	50,343	51,268
Regeneration & Economy	6,881	19,847
Resources	32,913	33,304
Transformation Revenue Implications	0	3,500
Corporate Priorities	1,400	6,236
Net cost of services	264,741	299,286
Pensions	5,611	5,539
Contingency	1,151	3,594
Contingency for pay award	0	1,772
Levies		
Environment Agency	509	509
Fisheries	88	90
Corporate income and expenditure		
Interest on borrowings	1,799	3,181
Interest on cash investments	(185)	(45)
Investment property income	(6,213)	(6,213)
Revenue expenditure on surplus assets	171	171
Dividend income	(100)	(100)
Income from HRA	(949)	(949)
Admin Charged to Grant Income	(351)	(351)
Apprentice Levy	565	565
Net Operating Expenditure	266,837	307,049
Other financial items impacting on the general fund		
Revenue contribution to capital - general	2,839	0
Provision for repayment (MRP)	10,570	11,221
Movement to reserves	734	688
High Needs Reserve Contribution	1,230	0
Movement from reserves - S31 NNDR Grant - offsets NNDR Deficit below	0	(39,512)
Movement from reserves - Council Tax / NNDR Losses Grant	0	(1,021)
Transformation Programme Costs	0	0
Transformation Saving Target 2021/22	0	(7,500)
Refinancing of Capital Programme	0	(25,078)
Review of inherited resources	0	(4,738)
	15,373	(65,940)
Net Budget Requirement	282,210	241,109
Other funding before Council Tax Requirement		
New Homes Bonus Grant	(2,648)	(2,563)
LCTS Grant 2021/22	0	(3,833)
Lower Tier Service Grant 2021/22	0	(445)
Sales, fees and charges compensation 2021/22	0	(1,649)
Top Slice Covid Pressures Grant 2021/22	0	(1,030)
Collection Fund (Surplus) / Deficit Distribution (Council Tax)	(1,380)	2,027
Collection Fund Deficit Distribution (NNDR)	0	40,322
Net Income from Business Rates - inc S31 Grant	(58,102)	(56,375)
Revenue support grant	(3,005)	(3,022)
	(65,135)	(26,568)
Total Council Tax Requirement	217,075	214,541

*Working budget is the original budget set in February 2020 as well any budgets changes made in year.

Medium Term Financial Plan 2021/22 (based on absolute budget)

	Adjusted Net Budget	MTFP	Net Budget	MTFP	Net Budget	MTFP	Net Budget
	2020/21 £m	2021/22 £m	2021/22 £m	2022/23 £m	2022/23 £m	2023/24 £m	2023/24 £m
Adult Social Care (Including Public Health)	111.4	5.1	116.5	9.3	125.8	10.3	136.1
Children's Services	61.7	6.9	68.6	2.4	71.0	2.2	73.2
Environment & Community	50.4	0.9	51.2	1.3	52.6	0.6	53.2
Regeneration & Economy	6.9	13.0	19.9	(8.5)	11.3	(0.5)	10.8
Resources	32.9	0.3	33.2	(0.2)	33.0	0.2	33.2
Transformation Revenue Implications	0.0	3.5	3.5	0.5	4.0	0.5	4.5
Corporate Priorities	1.4	4.8	6.2	(1.7)	4.6		4.6
Net cost of services	264.7	34.4	299.2	3.1	302.3	13.3	315.6
Pensions	5.6	(0.1)	5.5	(0.1)	5.5	0.2	5.7
Contingency	1.2	2.4	3.6	(1.9)	1.7	0.1	1.8
Contingency - pay award	0.0	1.8	1.8	3.1	4.9	3.3	8.2
Levies (Environment Agency / Fisheries)	0.6	0.0	0.6		0.6		0.6
Interest on borrowing	1.8	1.4	3.2	(0.0)	3.2	(0.0)	3.2
Interest on cash investments	(0.2)	0.1	(0.0)		(0.0)		(0.0)
Investment property income	(6.2)	0.0	(6.2)	(1.2)	(7.4)		(7.4)
Revenue expenditure on surplus assets	0.2	0.0	0.2		0.2		0.2
Dividend income	(0.1)	0.0	(0.1)		(0.1)		(0.1)
Income from HRA	(0.9)	0.0	(0.9)		(0.9)		(0.9)
Admin Charged to Grant Income	(0.4)	0.0	(0.4)		(0.4)		(0.4)
Apprentice Levy	0.6	0.0	0.6		0.6		0.6
Revenue contribution to capital	2.8	(2.8)	0.0		0.0	0.0	0.0
Provision for repayment borrowing (MRP)	10.6	0.7	11.3	0.7	12.0	0.4	12.4
Movement to and (from) reserves - inc unearmarked	0.7	0.0	0.7		0.7		0.7
High needs reserve contribution	1.2	(1.2)	0.0		0.0		0.0
Use of Reserves - NNDR Section 31 Grant	0.0	(39.5)	(39.5)	39.5	0.0		0.0
Use of Reserves - NNDR 75% Loss Grant	0.0	(0.6)	(0.6)		(0.6)		(0.6)
Use of Reserves - Ctax 75% Loss Grant	0.0	(0.4)	(0.4)		(0.4)		(0.4)
Use of Reserves - MTFP Mitigation	0.0	0.0	0.0	(2.1)	(2.1)	2.1	0.0
Transformation Programme Costs	0.0	0.0	0.0	7.8	7.8	(5.3)	2.5
Transformation Saving Target 2021/22	0.0	(7.5)	(7.5)	(17.5)	(25.0)	(17.5)	(42.4)
Refinancing of Capital Programme	0.0	(25.1)	(25.1)	25.1	0.0		0.0
Review of inherited resources	0.0	(4.7)	(4.7)	4.7	0.0	0.0	0.0
Net Budget	282.2	(41.1)	241.1	61.3	302.4	(3.4)	299.0
Council Tax income	(217.1)	2.5	(214.5)	(14.1)	(228.6)	(7.0)	(235.6)
Net income from Business Rates	(58.1)	1.7	(56.4)	0.0	(56.4)	0.0	(56.4)
Revenue Support Grant	(3.0)	(0.0)	(3.0)		(3.0)		(3.0)
New Homes Bonus Grant	(2.6)	0.1	(2.6)	1.7	(0.8)	0.8	0.0
LCTS Grant 2021/22	0.0	(3.8)	(3.8)	3.8	0.0		0.0
Lower Tier Service Grant 2021/22	0.0	(0.4)	(0.4)	0.4	0.0		0.0
Sales, fees and charges compensation 2021/22	0.0	(1.6)	(1.6)	1.6	0.0		0.0
Top Slice Covid Pressures Grant 2021/22	0.0	(1.0)	(1.0)	1.0	0.0		0.0
Collection Fund (Surplus) / Deficit Distribution NNDR	0.0	40.3	40.3	(39.5)	0.9		0.9
Collection Fund (Surplus) / Deficit Distribution Council Tax	(1.4)	3.4	2.0	0.6	2.7		2.7
Total Funding	(282.2)	41.1	(241.1)	(44.2)	(285.3)	(6.1)	(291.5)
Annual – Net Funding Gap	(0.0)	(0.0)	(0.0)	17.0	17.0	(9.5)	(9.5)
Cumulative MTFP – Net Funding Gap			(0.0)		17.0		7.5

BCP Unitary Council - Budget 2021/22 and MTFP - Assumed Savings

Ref:	Theme	Name of Proposal	Description	2021/22 £000's	2022/23 £000's	2023/24 £000's	Total to 2024 £000's
Resources							
1	Resources Directorate	Organisational savings following Local Government Review	Further service based cost efficiencies from combining the Bournemouth, Christchurch (including and element of Dorset County Council) and Poole Teams. Identified as part of the Covid 19 mitigation strategy	(551)			(551)
2	Resources Directorate	Staffing savings following Local Government Review	Further efficiencies from combining the Bournemouth, Christchurch (including and element of Dorset County Council) and Poole Teams. Identified as part of the Covid 19 mitigation strategy	(307)			(307)
3	Resources Directorate	Staffing and organisational savings within the Human Resources Service	Deletion of vacant posts to mitigate the loss of Tricuro and Academy Schools income	(191)			(191)
4	Resources Directorate	Organisational savings following Local Government Review	ICT Service Licensing Changes and changes to third party supply	(186)			(186)
5	Resources Directorate	Treasury Management Strategy	One off up front arrangement fee from the Dorset Pathology Unit investment - taken in 2020/21	(45)	90		45
		Savings Resources Directorate		(1,280)	90	0	(1,190)
Children's Services							
6	Children's Directorate	Base Budget Review	Inclusion & Family Services - service efficiencies	(262)	810		548
7	Children's Directorate	Base Budget Review	Quality & Commissioning - service efficiencies	(26)			(26)
8	Children's Directorate	Service Efficiencies - General	Social Care Grant	(381)			(381)
		Savings Children's Directorate		(669)	810	0	141
9	Public Health	Service Efficiencies - General	Dorset Partnership efficiencies reinvested in Children Services	(500)	500		0
		Savings Public Health		(500)	500	0	0
Adult Social Care & Public Health							
10	Adult Social Care Directorate	Service Efficiencies - General	Implementation of strengths based approach to assessment, reduction in residential care placements as we moved to provide an alternative provision in a client's own home, target reviews achieving best value from S 117, Continuing Health Care and other high cost provision for people with learning disabilities and mental health. Net of front door transformation savings.	(650)			(650)
11	Adult Social Care Directorate	Organisational savings following Local Government Review	Further service based cost efficiencies from combining the Bournemouth, Christchurch and Poole Teams. Identified as part of the Covid 19 mitigation strategy	(622)			(622)
12	Adult Social Care Directorate	Fees and Charges	Rebase deferred payments budgets in line with current level of activity	(500)			(500)
13	Adult Social Care Directorate	Fees and Charges	Rebase client contributions in line with current level of base activity	(1,500)			(1,500)
14	Adult Social Care Directorate	Fees and Charges	Client Contributions - application inflation uplift and uprating in line with income changes.	(400)			(400)
15	Adult Social Care Directorate	Staffing savings following Local Government Review	Further efficiencies from combining the Bournemouth, Christchurch and Poole Teams. Identified as part of the Covid 19 mitigation strategy for the Adult Social Care Services	(300)			(300)
16	Adult Social Care Directorate	Transformation - Organisational Redesign	Review approach to early intervention and develop options for front door model (potentially using KPMG)	0	(1,250)		(1,250)
17	Adult Social Care Directorate	Staffing savings following Local Government Review	Further efficiencies from combining the Bournemouth, Christchurch and Poole Teams. Identified as part of the Covid 19 mitigation strategy for the Commissioning and Improvement Service	(220)			(220)
18	Adult Social Care Directorate	Service Efficiencies - General	Efficiencies from the review of services delivered by Tricuro	(260)	(100)		(360)
19	Adult Social Care Directorate	Service Efficiencies - General	Review commissioning dementia home care	(120)			(120)
20	Adult Social Care Directorate	Service Efficiencies - General	Use of technology in meeting care and support needs.	(100)			(100)

Ref:	Theme	Name of Proposal	Description	2021/22 £000's	2022/23 £000's	2023/24 £000's	Total to 2024 £000's
21	Adult Social Care Directorate	Service Efficiencies - General	Enhance support to self funders to make decisions about their care.	(100)	(50)		(150)
22	Adult Social Care Directorate	Domiciliary Care costs	Use of BCP framework contract for new domiciliary demand in the Christchurch area.	(80)			(80)
23	Adult Social Care Directorate	Fees and Charges	Fee consistency / harmonisation Adult Charging Policy. Item scrutinised by Health and Adult Social Care Overview and Scrutiny Committee on 18.12.2019 and will return for further scrutiny after public consultation in Spring 2020.	(35)			(35)
24	Adult Social Care Directorate	Service Efficiencies - General	Reduce bad debt by improving debt management.	(20)	(20)		(40)
25	Adult Social Care Directorate	Service Efficiencies - General	Review of discretionary managing other people money services ensuring full cost recovery.	(10)	(10)		(20)
26	Adult Social Care Directorate	Service Efficiencies - General	Investigate telephone/online options to speed up financial assessments	(10)	(5)		(15)
27	Adult Social Care Directorate	Service Efficiencies - General	Review of care arrangements for people with Learning Disabilities and Mental health	(140)	(234)	(391)	(765)
28	Adult Social Care Directorate	Service Efficiencies - General	Expand Shared Lives scheme	(40)			(40)
29	Adult Social Care Directorate	Service Efficiencies - General	Beter Care Fund Increase	(632)			(632)
30	Adult Social Care Directorate	Service Efficiencies - General	Social Care Grant	(890)			(890)
31	Adult Social Care Directorate	Service Efficiencies - General	Integrated Community Equipment Store - pooled budget. Use of revenue + DFG.	(768)	172		(596)
		Savings Adult Social Care Directorate		(7,397)	(1,497)	(391)	(9,285)
Regeneration & Economy							
32	Regeneration & Economy Directorate	Staffing savings following Local Government Review	Further efficiencies from combining the Bournemouth, Christchurch (including and element of Dorset County Council) and Poole Teams. Identified as part of the Covid 19 mitigation strategy	(85)	(28)	(27)	(140)
33	Regeneration & Economy Directorate	Fees and Charges	Rebase planning income inline with historical performance	(25)			(25)
34	Regeneration & Economy Directorate	Service Efficiencies	Reduction in art centre grant support already agreed	(25)			(25)
35	Regeneration & Economy Directorate	Fees and Charges	Rebase parking income inline with historical performance	(30)			(30)
36	Regeneration & Economy Directorate	Fees and Charges	New Car Park Parking Zones	(150)			(150)
37	Regeneration & Economy Directorate	Transformation cost recovery fees and charges	Beach Hut Income. Includes the income generated from the provision of new beach huts with tariff harmonisation and price adjustments in other areas.		85	(93)	(8)
38	Regeneration & Economy Directorate	Transformation cost recovery fees and charges	Consistent service operating model for Leisure Centres			(100)	(100)
39	Regeneration & Economy Directorate	Fees and Charges	R&E - Beach Huts licence fess	(522)	522		0
		Savings Regeneration and Economy Directorate		(837)	579	(220)	(478)

Ref:	Theme	Name of Proposal	Description	2021/22 £000's	2022/23 £000's	2023/24 £000's	Total to 2024 £000's
Environment & Community							
40	Environment & Communities Directorate	Staffing savings following Local Government Review	Further efficiencies from combining the Bournemouth, Christchurch (including and element of Dorset County Council) and Poole Teams. Identified as part of the Covid 19 mitigation strategy	(714)			(714)
41	Environment & Communities Directorate	Transformation - Organisational Redesign	Operational Service Delivery Reviews in Environment & Communities	(386)	(20)		(406)
42	Environment & Communities Directorate	Transformation - Cost recovery - Fees and Charges	Fee consistency / harmonisation across a number of services. Includes Green Waste	(367)			(367)
43	Environment & Communities Directorate	Transformation - Cost recovery - Fees and Charges	Rebase Solar Panel income inline with historical performance	(300)			(300)
44	Environment & Communities Directorate	Base Budget Review	Communities - Regulatory Services - Port Health Brexit costs - new burdens funding	(150)			(150)
45	Environment & Communities Directorate	Rental Income	St Stephens Road	(529)			(529)
		Savings Environment & Communities		(2,446)	(20)	0	(2,466)
Transformation							
46	Transformation	Transformation - Organisational Redesign	As per the KPMG report for potential savings post local government reorganisation. The report highlight savings already identified against the saving targets.	(7,500)	(17,450)	(17,450)	(42,400)
		Savings Transformation		(7,500)	(17,450)	(17,450)	(42,400)
		Overall Total		(20,629)	(16,988)	(18,061)	(55,678)

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BCP Council

10 February 2021

RESERVES

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 Director of Finance as the Councils section 151 (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.

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. Councillors 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 uncertainty caused by the global public health emergency, long-term government funding reductions since 2010, the uncertainty caused by the lack of three year government spending review, service delivery problems within its Children's Directorate, and cost pressures 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 £14.1 million and £28.2 million.

(Net revenue expenditure = £281.922 million, which is our 2021/22 projected net revenue expenditure before reserve movements, revenue support grant, business rates and collection fund surpluses / deficits).

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 2020 reported positions, should be robust and within the CIPFA range.

It should be emphasised that Councils can and do experience significant financial difficulties as recent high-profile cases such as those at Northamptonshire County Council, Croydon Council and Birmingham City Council's demonstrates.

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.

In advising councillors on the appropriate level of reserves there is a need to consider the potential financial impact of all strategic, operational and financial risks facing the authority, together with the current overall financial standing of the 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 deliver its ambitions moving forward.

Organisational and change risk associated with the council's ambitions also need to be seen in the context of local authorities continuing to face some of the most significant financial challenges for a generation. These included the almost the near complete removal of government's un-ringfenced core funding to the relevant councils, constrained council tax increases, a decline in other sources of income, rising costs and growing demand for many services the consequences of which will test the council's financial management and resilience well into the future. All these at the time of a global public health emergency and its legacy impact.

Some of the key risks facing the council at this time can be summarised as;

- a) Assumed levels of financial support due to the Council from the Government comprehensive package of support measures including the £13.3 million 2020/21 sales, fees and charges compensation claim which will not be verified by the government until after the 2020/21 financial year end.
- b) Actual sales, fees and charges income receipts due to the council in the final quarter of 2020/21 and throughout 2021/22 with specific reference to car parking income, seafront trading activity and commercial waste income.
- c) Increasing deficit on the Dedicated Schools Grant with specific regard to the high needs block. The 2021/22 budget report forecasts the deficit to grow from £10.6 million as at the 31 March 2021 to £20.3 million as at the 31 March 2022.
- d) Impact on the costs of the Adult Social Care service in both the current 2020/21 financial year, 2021/22 and future years in supporting the NHS achieve rapid hospital discharges of adults due to the pandemic. This involves securing and funding care placements prior to the financial assessments that normally take place being undertaken to determine how costs are to be met. Costs can be the responsibility of the council, the NHS or individuals themselves. Projections for the costs remaining with the council are based on activity levels and trend analysis.
- e) The assessment of the councils Children's Service by Ofsted and the need to improve the service protecting the vulnerable younger members of our community.

- f) Demand and costs associated with the council's housing / homelessness services including rough sleepers including temporary accommodation, subsistence and security arrangements.
- g) Impact of the country's transition from the European Union. Particularly relevant to the Port of Poole and any specific European funding streams.
- h) Reductions in council tax yield which lead to a 2.7 % reduction in the councils taxbase between 2020/21 and 2021/22. This included a £3.4 million increase in the cost of the local council tax support scheme (LCTSS) or a 13.1 % increase compared to last year and reflects a 13.5% increase in the cost of working age claimants.
- i) Business Rates yield and the assumption of net collectable business rates for the BCP Council area for 2021/22 of £134.9 million (£135.0 million for 2020/21). There is significant risk with this estimate due to the potential for reductions in business rate income because of the pandemic, including decline in the number of businesses, losses in collection rates and appeals for reduced rateable values by businesses. What makes the risk particularly acute is that businesses within the BCP Council area received retail, hospitality and leisure relief from business rates to the value of £80.6 million in 2020/21 as part of the governments Covid19 mitigation strategy and this relief is due to end on the 31 March 2021.
- j) Financial planning risk associated with the lack of a three-year government spending review and the delayed local government funding reforms which were planned for introduction from April 2021 (i.e. Fair Funding, 75% Business Rates Retention and the full reset of the business rates baseline).
- k) Transformation programme and both;
 - the inclusion of an unitemised savings target of £7.5 million for 2021/22.
 - the requirement to deliver, as a minimum, £13.8 million in capital receipts in 2021/22.
- l) Lack of a capital contingency which will require the council to take on extra borrowing to finance any unforeseen or unprovided for capital expenditure.
- m) Redundancy cost provision. As part of the budget framework £12.9 million has been set aside for redundancy costs across the four years of the transformation programme. This can be compared to the often-cited need for the council to reduce its establishment by up to 600 posts which would cost £29 million based on the average current BCP Council redundancy cost of £48,284.

Summary of reserve movement

	Balance 1 Apr 2019 £m	Balance 1 Apr 2020 £m	Balance 31 Mar 2021 £m	Balance 31 Mar 2022 £m
Un-earmarked Reserves	17.4	15.4	15.4	15.4
Earmarked Reserves	52.7	53.8	66.7	26.2
Total revenue reserves	70.1	69.2	82.1	41.6

Dedicated Schools Grant (deficit)	(3.6)	(4.6)	(10.6)	(20.3)
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In relation to earmarked reserves position as shown;

- The £11.1m tranche one unringfenced grant provided by the government to support the council address the consequences of the pandemic has been excluded from the 1 April 2020 position as it was paid to the council just before the year end date.
- The balance as at 31 March 2021 includes £25.1million from the workstream to fundamentally refinance the capital programme which will be applied in support of the 2021/22 revenue budget. The balance as at the 31

March 2021 excludes £40.5 million of government grants to support the 2020/21 business rates and council tax deficits carried forward into 2021/22 alongside associated accounting adjustments.

- The balance as at 31 March 2022 reflects the normal annual level of government grants paid in advance of the associated expenditure, reserves held on behalf of third parties, and the earmarked reserves set aside to support the 2022/23 budget.

Mitigation of the stated risks and recognition of the difficulty of producing robust, reliable estimates is currently established through six key principle elements;

- Robust culture of financial management
- Unearmarked reserves
- Covid-19 mitigation financial resilience reserve
- Medium Term Financial Plan mitigation financial resilience reserve
- Transformation mitigation financial resilience reserve
- Base budget revenue contribution

In responding to the covid19 public health emergency the council took early and decisive preventive action to mitigate the potential financial challenge. Through reports to Cabinet in May and June 2020 consideration was given to the scale of the challenge and an action plan set out the strategy to provide resources, should they be required, to manage a financial pressure forecast to be up to £30 million. This included £13.4 million of in-year employee and expenditure cost base savings, a fundamental review of earmarked reserves, a review of capital projects, and the use of the base budget revenue contingency.

As part of the same reporting cycle the council agreed a £37.6 million budget to support the council's organisation redesign, its budget for the transformation programme. This included approximately £18 million in resources set aside up front (including £10 million from the financial liability earmarked reserves previously set aside as a counterweight to the deficit on the Dedicated Schools Grant), £2 million from the redirection of the 2020/21 revenue contribution to capital, and £4 million from the review of capital projects.

Since then through careful and diligent financial management the council is now able to identify that the 2020/21 financial in-year financial pressure has reduced to £6 million which includes a recognition of the governments comprehensive package of financial support to local authorities. At the same time the administration has extended further the fundamental review of the capital programme, refinancing the programme were possible by borrowing and in doing so better matching the cost of investment in infrastructure projects with the time period the asset will be used over. This review included the refinancing of the transformation programme releasing the previous set aside up-front resource.

The proposed budget for 2021/22 recognises the resources released through the 2020/21 in-year position, through the refinancing of the capital programme and through other workstreams such as a review of inherited resources. The resources are being used in support of the strategy to defer the 3% adult social care council tax precept into 2022/23, in support of the 2021/22 investment in services, in support of the additional financial resilience reserves, and in support of the higher 2021/22 revenue base budget contingency.

Two key risks with the position as set out are the fact that the 2021/22 budget includes £7.5 million of transportation programme savings that have not been itemised on a line by line basis and the delivery of £13.8 million in capital receipts. Direct assurance has been received from the leadership including the corporate management board that the work to ensure delivery of the transformation savings and capital receipts will be prioritised.

In forming a view of the adequacy of reserves councillors should also reflect on the Medium Term Financial Plan position. The plan is based on key assumptions such as the recovery of the majority of the councils sales, fees and charges income streams from the 1 April 2022, council tax increases of 4.99% in 2022/23 and 1.99% in 2023/24, and the delivery of £42.4 million in transformation savings over the three-year period. It also assumes the council will not be required to set aside resources to act as a counterweight for the growing deficit on the dedicated schools grants as it was required to do in setting the 2020/21 budget. The Medium-Term Financial Plan sets out that the council will need to identify £17 million to balance the 2022/23 budget which drops to £7.5 million for 2023/24.

The Chief Financial Officer (CFO) considers the level of reserves as proposed to be adequate for the purposes of the 2021/22 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.

This statement is supported on the basis that the budget as proposed includes;

- holding unearmarked reserve at £15.4 million which is the level they were at as at 31 March 2020.
- Increasing the council's financial resilience reserves from their £69 million position as at 31 March 2020 to their £82m forecast position 31 March 2021.
- Increasing the base revenue budget contingency from £1.2 million, which represented 0.5 per cent of the 2020/21 net revenue expenditure, to £3.6 million (1.3% of the 2021/22 net revenue expenditure). A separate £1.7m contingency is being held in respect of the ambiguity associated with the 2021/22 pay award.

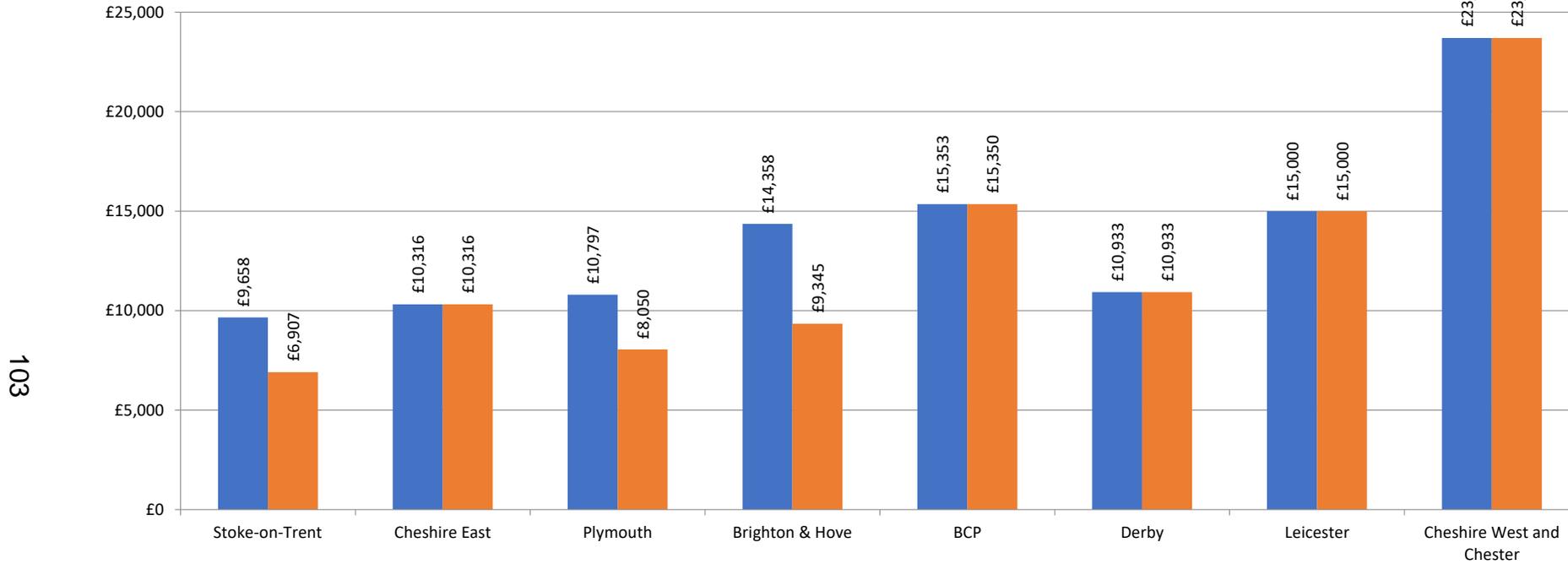
The advice of the CFO is underpinned by an assumption of ongoing support from the government in helping the council manage the financial impact of the global public health emergency. It is also based on the assumption of ongoing support from councillors and officers;

- a) to ensure a robust financial management culture continues to be implemented with constant vigilant financial management to ensure any variations from budget are actively managed.
- b) in making any necessary decisions around savings, council tax and in managing the growing deficit on the dedicated schools' grants (high needs block).

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Appendix 3a

Unallocated Reserves
1/4/20 position of statistical near neighbours* vs BCP Council



General fund unallocated reserves as a % of 2020/21 budgeted net revenue expenditure:							
3.30%	3.57%	4.06%	4.07%	5.36%	5.83%	5.53%	8.60%
General fund unallocated reserves £ per head population:							
£27.23	£27.34	£30.68	£32.54	£38.78	£42.67	£42.92	£70.60

■ Unallocated Reserves 1.4.19 ■ Unallocated Reserves 1.4.20

Note: The above authorities have all reported their budgets **pre-covid**
 * Unitary Authorities with similar populations and / or net budgets to BCP

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BCP Council - Earmarked Reserves

Detail	31/03/21 Estimated Balances	Estimated Movements	31/03/22 Estimated Balances
	£000's	£000's	£000's
(A) - Financial Resilience Reserves	(50,153)	38,071	(12,082)
(B) - Transition and Transformation Reserves	(75)	0	(75)
(C) - Asset Investment Strategy Rent, Renewals and Repairs	(2,215)	0	(2,215)
(D) - Insurance Reserve	(3,500)	0	(3,500)
(E) - Held in Partnership for External Organisations	(2,138)	492	(1,646)
(F) - Required by Statute or Legislation	(422)	0	(422)
(G) - Planning Related	(711)	0	(711)
(H) - Government Grants	(4,771)	1,305	(3,466)
(I) - Maintenance	(1,377)	461	(916)
(J) - ICT Development & Improvement	(344)	343	(1)
(K) - Corporate Priorities & Improvements	(1,025)	(94)	(1,119)
GF Earmarked Reserve Balance - 31 March 2020	(66,731)	40,578	(26,153)

(A) - Financial Resilience Reserves

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Designed to provide the Council with the ability to manage any emerging issues recognising the 2020/21 Budget has been formed based on the experience of operating the new BCP for nine months. The Financial Liability Reserve has been established to mitigate the deficits on the Dedicated Schools Grant Budget (principally the High Needs Budget deficit) which have to be held against Unearmarked Reserves			
Refinancing of the Capital Programme Reserve	(25,103)	25,103	0
MTFP Mitigation Reserve	(2,100)	0	(2,100)
Covid 19 Financial Resilience Reserve	(9,982)	0	(9,982)
Transformation Mitigation Resilience Reserve	(12,968)	12,968	0
Financial Resilience Reserves	(50,153)	38,071	(12,082)

(B) - Transition and Transformation Reserves

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £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 - Costs originally profiled for 2019/20	(75)	0	(75)
Transition and Transformation Reserves	(75)	0	(75)

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

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £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	(2,215)	0	(2,215)

(D) - Insurance Reserve

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £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)	0	(3,500)

(E) - Held in Partnership for External Organisations

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Purpose: Amounts held in trust on behalf of partners or external third party organisations.			
- Dorset Waste Partnership	(202)	0	(202)
- Dorset Adult Learning Service	(245)	0	(245)
- Stour Valley and Poole Partnership	(584)	0	(584)
- CCG Emotional Wellbeing and Mental Health	(405)	250	(155)
- Local Economic Partnership	(1)	0	(1)
- Flippers Nursery	(89)	0	(89)
- Adult Safeguarding Board	(42)	42	0
- Dorset Youth Offending Service Partnership	(167)	100	(67)
- Music and Arts Education Partnership	(358)	100	(258)
- Bournemouth 2026 - West Howe Bid	(45)	0	(45)
Held in Partnership for External Organisations	(2,138)	492	(1,646)

(F) - Required by Statute or Legislation

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £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	(128)	0	(128)
Bournemouth Library Private Finance Initiative (PFI)	(393)	0	(393)
Carbon Trust	99	0	99
Required by Statute or Legislation	(422)	0	(422)

(G) - Planning Related

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Purpose: Reserves designed to support planning processes and associated planning activity where expenditure is not incurred on an even annual basis.			
Local Development Plan Reserve	(549)	0	(549)
Planning Hearing and Enforcement Reserve	(123)	0	(123)
Other Planning Related Reserves	(39)	0	(39)
Planning Related	(711)	0	(711)

(H) - Government Grants

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Purpose: Amounts which the council is required to hold as a reserve in line with specific grant conditions.			
Total Unspent Grants	(4,771)	1,305	(3,466)

(I) - Maintenance

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Purpose: Reserves and sinking funds designed to support maintenance investments in specific services or assets.			
Corporate Maintenance Fund	(251)	251	0
Other Maintenance Related Reserves	(1,126)	210	(916)
Maintenance	(1,377)	461	(916)

(J) - ICT Development & Improvement

	31/03/20 Estimated £000's	Movement £000's	31/03/21 Estimated £000's
Purpose: Resources set aside to meet various ICT improvement projects			
ICT Development & Improvement	(344)	343	(1)

(K) -Corporate Priorities & Improvements

	31/03/21 Estimated £000's	Movement £000's	31/03/22 Estimated £000's
Purpose: Amounts set a side to deliver various priorities, some of which will be of a historical nature inherited from the predecessor authorities.			
Local Elections Reserve	(187)	(170)	(357)
Other Corporate Priorities & Improvements	(838)	76	(762)
Corporate Priorities & Improvements	(1,025)	(94)	(1,119)

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BOURNEMOUTH, CHRISTCHURCH AND POOLE

General Unearmarked Reserves - Risk Assessment 2021/22

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Assumed 2020/21 Sales, Fees and Charges compensation scheme will not be received until after financial year end.	Quarterly provisional claims	Continue to complete any grant claims requested by government and assess updates on guidance. <i>Impact based on 10% of the total estimated claim value.</i>	4	1	4	£1,330,000	25%	£332,500
General operational risk of a reduction in fees, charges and rents Income against 2021/22 budget. <i>Risk also reflects the Council not developing and implementing appropriate arrangements for their collection and from the decline in individuals personal wealth.</i>	Monitoring of the key areas of fees & charges income	Development of monitoring arrangements. <i>Impact assumes a 2% variation in the estimated amount.</i>	3	2	6	£1,603,720	50%	£801,860
High Needs budget element of the Dedicated Schools Grant (DSG). Assessment of gross deficit for 2021/22 is a £9.7m deficit with the total accumulated deficit as at the 31 March 2022 forecast to amount to £20.3m. Following government regulation the Council is no longer required to make provision for this deficit by way of a specific earmarked reserve to act as a counterweight. With the previous reserve now released this would pose a significant risk if the regulations were reverted to the previous position.	Robust monitoring of the financial position and regular review by way of a monthly budget overview meeting. Budgeted investment to assist recovery plan.	Ongoing dialogue with government as to the impact once current statutory instrument expires after 1 April 2023. Key item in monthly budget review meetings and ongoing review by the Schools Forum. Impact on recognises 10% of the deficit as low risk for 2021/22.	4	1	4	£2,030,000	25%	£507,500
Legacy consequences of the NHS rapid hospital discharge of adults programme during the covid19 pandemic.	Budget preparation has placed significant reliance on historic trends in the absence of full data.	Reprioritisation of the tranche 5 government covid mitigation resources. Management of the data requirement from higher caseload, but the lag in financial/NHS assessment is inevitable for some months.	4	1	4	£5,360,000	25%	£1,340,000

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Need to invest in Children's services following Ofsted external assessment. This risk is that the provision is insufficient to deliver required improvement.	BCP Children's Services Improvement Board	Continue improvement board arrangements with regular review by the Corporate Management Board. <i>Impact based on a further 50% increase in amounts specific to improvement.</i>	3	2	6	£1,700,000	50%	£1,500,000
Unforecast increase in service demand for Children's Services.	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. <i>Impact recognises a further 50% service cost pressure based on the amount provided for 2021/22</i>	3	2	6	£1,815,000	50%	£907,500
Unforecast increase in service demand for homeless and housing services.	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. <i>Impact recognises a 5% service cost pressure.</i>	2	2	4	£585,750	25%	£146,438
Implications of the United Kingdoms transition from the European Union on 31 December 2020.	Regular consideration of the issue.	Engagement with Dorset Local Resilience Forum, Business Community and port authority.	2	2	4	£500,000	25%	£125,000
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 and claimant numbers	Establish monitoring arrangements. <i>Impact based on risk of a 5% increase in caseload.</i>	3	2	6	£1,453,100	50%	£726,550
Significant assumptions included in the 2021/22 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	Continue establish monitoring arrangements. <i>Impact recognises 1% variation on total budgeted council tax income.</i>	3	2	6	£2,145,410	50%	£1,072,705

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Instability to the Council's core funding streams due to the potential for variation in the £134m 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 if the Government move towards a 75% Business Rates retention model.	Monitoring process and tracking of business closures and start ups	Continue established monitoring arrangements. <i>Impact recognises 1% variation in the total collected.</i>	3	2	6	£1,336,100	50%	£668,050
Organisational Redesign / Transformation programme savings of £7.5 million assumed within the 2021/22 budget, but not yet itemised. Risk of non delivery.	Key workstream for the authority - monthly review by Corporate Management Board	Continue monitoring arrangements	4	2	8	£7,500,000	75%	£5,625,000
Non transformation programme savings, efficiencies and additional resources assumed within the 2021/22 base budget of £13.1m. Risk of non delivery.	Structured monitoring via the budget process	Continual monitoring of the budget. <i>Based on an assumed risk associated with 10% of the savings recognised in the base budget.</i>	3	1	3	£1,310,000	10%	£131,000
Organisational Redesign / Transformation 2021/22 budget is underpinned by the delivery of £13.8 million in capital receipts	Key workstream for the authority - monthly review by Corporate Property Group	Continue monitoring arrangements - <i>Impact based on 20% of the assumed capital receipts.</i>	4	1	4	£2,760,000	25%	£690,000
Lack of a capital contingency meaning the council has insufficient resources to support necessary capital infrastructure developments.	Schemes will only be approved once necessary resources are in place	Consideration of prudential borrowing were necessary	2	1	2	£500,000	10%	£50,000
Insufficient capital resources to support major capital ambitions such as those associated with Housing and Regeneration or specific projects such as the Bournemouth International Centre.	Schemes will only be approved once a funding strategy is in place. 2021/22 corporate priorities resource allocation to support regeneration and the Future Fund created.	Continue review and Cabinet/Council approval of any relevant business cases.	2	1	2	£500,000	10%	£50,000

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Adequacy of redundancy provision in support of the councils transformation programme. Provision has been made for £12.9 million, against a requirement for up to £29 million based on often cited requirement to reduce the establishment by 600 posts.	Regular and separate monitoring of the councils redundancy costs and the transformation programme.	Continue monitoring arrangements. <i>Impact based on 20% of the potential shortfall.</i>	4	1	4	£3,220,000	25%	£805,000
Unforecast increase in service demand and cost for Adult Social Care. <i>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.</i>	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. <i>Impact recognises a 5% service cost pressure based on local government experience.</i>	4	2	8	£5,677,100	75%	£4,257,825
Organisations associated with the Council or a Council owned company (or their subsidiary) go into Administration and the service has to be returned to the Council with significant financial consequences at least in the short term. This could include exposure to increased operational costs such as staff costs, maintenance, business rates and VAT.	Councillor representation on Boards. Regular review of financial information.	Continue monitoring arrangements.	4	2	8	£6,000,000	75%	£4,500,000
Lansdowne Programme. Dorset Local Enterprise Partnership will contribute £4.8m towards this programme provided it is completed by the 31 March 2021. As per November Cabinet report £2.9m of expenditure needed to be incurred or could fall to the Council to funded in 2021/22.	Councillor representation on Dorset LEP Board and specific scheme monitoring	Continue to monitor in liaison with the Dorset LEP Board. <i>Impact recognises 10% based on the fact that the council would borrow to finance any potential contribution.</i>	1	3	3	£290,000	10%	£29,000
Estate and Accommodation Project. Business case model supporting the £5.7m investment identifies that building related operational budget savings have been assumed from 31 October 2021 in respect of the Poole and Christchurch Civic Centres as they are vacated. Failure to vacate these buildings at that point in time will result in unbudgeted costs falling to the council.	Regular monitoring of the estates management programme as part of the transformation programme framework	Continue monitoring arrangements	1	3	3	246,000	10%	£24,600

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Ongoing risk associated with the staff transferred to BCP from the four predecessor councils with variations in their legacy terms and conditions of service.	Significantly resourced pay and grading harmonisation contract let to Korn Ferry.	Detailed workplan to deliver harmonised pay and grading structure <i>Impact based on a 2% variation to the pay bill.</i>	4	2	8	£3,400,000	75%	£2,550,000
Pay and Reward Strategy. Project principle is that the new strategy due for implementation from January 2022 is cost neutral. This will include the potential impact of any variations to such items as annual leave entitlements and overtime payments.	Significantly resourced pay and grading harmonisation contract let to Korn Ferry.	Detailed workplan to deliver harmonised pay and grading structure <i>Impact based on a 1% variation to the pay bill.</i>	3	2	6	£1,700,000	50%	£850,000
Advance fees being incurred on schemes being work-up by the Bournemouth Development Company (Joint Venture between the Council and Morgan Sindall) which should eventually be covered by the individual schemes business case.	Monitoring of the schemes progress via representation on the BDC Board	Continue monitoring arrangements. <i>Impact recognises the Council's 50% share of such costs</i>	4	1	4	£3,650,000	25%	£912,500
Loans and mortgages extended via the Community Finance Initiative (now closed Bournemouth Borough Council enterprise) which remain outstanding as at 31 December 2020.	Regular monitoring of loans	Continue monitoring arrangements	2	2	4	£599,000	25%	£149,750
Insufficient resources to resolve Legal claims against the Council. <i>Examples include potential claims brought against the council due to contractual terms and arrangements, and claims as a consequence of the impact of the Councils actions on third parties.</i>	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
Final Local Government Finance Settlement not due until early February 2021. Risk resources allocated will be lower than those outlined in the provisional settlement received in December 2020.	Ongoing monitoring of Government announcements	Impact based on the provisional Revenue Support Grant allocation to BCP Council for 2021/22	4	1	4	£3,022,000	25%	£755,500

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Significant assumptions included in the 2021/22 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	Established monitoring arrangements including quarterly reports to Cabinet. <i>Impact based on 10% variation in grants assumed to support social care as part of the budget process.</i>	4	2	8	£2,496,600	75%	£1,872,450
Government unfunded requirements or changes that lead to cost increases or income reductions to the Council. <i>Good examples would be from the implications of the Mental Capacity (Amendment) Bill or the Governments Resources and Waste Strategy.</i>	Ongoing review of Government policy proposals. New burdens doctrine.	Monitoring of Government policy proposals.	2	2	4	£1,000,000	25%	£250,000
Inflation risk. Provision has only been made for 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. November 2020 - CPI 0.3%	Monitoring of relevant developments and indicators. Consider extent to which the Council can influence local market pressures. <i>Based on an estimate of premises, transport, contract payments, agency payments, supplies & services costs and a 1% variation.</i>	4	1	4	£2,977,000	25%	£744,250
Increasing Government regulation underpinned by the principle of fines for non compliance. An example would be the Finance Bill 2017 Off Payroll Workers Regulations or financial penalties if the 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

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Increasing number of Public Sector organisations recharging for services that were previously 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
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	£1,500,000	50%	£750,000
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. <i>Based on a potential 0.1% reduction in interest rates (what the markets refer to as downside risk).</i>	1	3	3	£45,000	10%	£4,500
The £35.7m of savings and efficiencies (transformation and non transformation based) identified in support of years 2 to 3 of the MTFP.	Robust Medium Term Financial Planning process	Continue monitoring and development of the process. Years 2 to 3 savings. <i>Risk recognises 25% of the savings target</i>	4	1	4	£8,925,000	25%	£2,231,250
Impact of potential move to 75% Business Rates Retention Scheme (as underpinned by the Fair Funding Review) will reduce the resources government make available to the Council.	Monitoring of Government announcements	Continue to engage with relevant sector bodies such as the LGA, CIPFA etc, <i>Risk estimate based on value of reduction experienced in 2019/20</i>	4	1	4	£6,891,000	25%	£1,722,750
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	4	2	8	£5,000,000	75%	£3,750,000

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
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
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						£96,567,780		£42,933,478

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 the 1/3rd and 2/3rd band range would assess the range to be around £14.0 million as a minimum and around £28.0 million at the maximum.

CIPFA benchmarking would indicate un-earmarked reserves for a unitary council should be maintained between £14.1 (5%) and £28.2 (10%) of the Councils Net Revenue Expenditure

The proposal is that un-earmarked reserves for BCP are maintained at £15.4m (5.5%) which is at the lower end of the range.

118 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 reserve and the approach of borrowing in support of the capital programme.

RESERVES RISK ASSESSMENT

SCORING MATRIX

		LIKELIHOOD			
		1	2	3	4
IMPACT	4	4 (25%)	8 (75%)	12 (100%)	16 (100%)
	3	3 (10%)	6 (50%)	9 (100%)	12 (100%)
	2	2 (10%)	4 (25%)	6 (50%)	8 (75%)
	1	1 (10%)	2 (10%)	3 (10%)	4 (25%)
		1	2	3	4
		Unlikely	Possible	Likely	Very Likely
		<ul style="list-style-type: none"> • May occur in time but very infrequent, perhaps once in a lifetime • Odds of 100-1 to 1000-1 	<ul style="list-style-type: none"> • May occur occasionally, perhaps once every few years • Odds of 10-1 to 99-1 	<ul style="list-style-type: none"> • Likely to occur imminently or within the next few months to a year • Odds of 10-1 to Evens 	<ul style="list-style-type: none"> • 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.

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Appendix 4 Capital Investment Programme		capital budget					5 - year total	
		2021/22	2022/23	2023/24	2024/25	2025/26	2021 to 2026	
		£'000	£'000	£'000	£'000	£'000	£'000	
ASC	Integrated Community Equipment Store	1,872	1,545	1,545	1,545	1,545	8,050	
	Adult Social Care	1,872	1,545	1,545	1,545	1,545	8,050	
Children's Services	Avonbourne Academy - phase 1 (feasibility)	100	0	0	0	0	100	
	Avonbourne Academy - phase 2 (delivery)	800	0	0	0	0	800	
	Feasibility Studies	300	0	0	0	0	300	
	St Aldhems - additional provision	610	0	0	0	0	610	
	Carter Community College	260	0	0	0	0	260	
	Ocean Academy	140	0	0	0	0	140	
	Additional school places	2,210	0	0	0	0	2,210	
	School condition surveys	100	0	0	0	0	100	
	Children's centres urgent works	10	0	0	0	0	10	
	Contingency for schools capital maintenance	150	0	0	0	0	150	
	Hillbourne school	5,710	510	70	0	0	6,290	
	Access projects	25	0	0	0	0	25	
	Health & Safety works (schools)	40	0	0	0	0	40	
	School condition improvements	6,035	510	70	0	0	6,615	
	Bournemouth Learning Centre	500	0	0	0	0	500	
	SEND feasibility	100	0	0	0	0	100	
	Special school Satellite Somerford	980	0	0	0	0	980	
	Somerford	25	0	0	0	0	25	
	SEND provision	1,605	0	0	0	0	1,605	
	Regeneration & Economy - highways network routine and structural maintenance (including indicative Local Transport Plan and Pothole Grant)	South East Dorset Multi-modal Transport Model	50	0	0	0	0	50
		STB, DfT, LCWIP, OBC Development & Bidding	240	0	0	0	0	240
		Programme Management Fees	75	0	0	0	0	75
		Advanced Design for Future LTP Schemes (new code)	480	0	0	0	0	480
		Boscombe Towns Fund (provisional allocation to support grant bid)	0	0	750	750	750	2,250
		Active Travel Fund - Baiter/Whitecliff cycleway	850	0	0	0	0	850
		Active Travel Fund - Permanent Tranche 1 schemes	282	0	0	0	0	282
		Active Travel Fund - Programme monitoring	130	0	0	0	0	130
Road Safety - Safety Improvements		100	0	0	0	0	100	
Longfleet Drive		10	0	0	0	0	10	
Recreation Road Traffic Calming		9	0	0	0	0	9	
Sopers Lane Zebra Crossing		60	0	0	0	0	60	
Road Safety: Safety Improvements - Pedestrian Crossings		200	0	0	0	0	200	
Road Safety: Casualty Reduction Measures, Cluster Sites		100	0	0	0	0	100	
Road Safety: Safe Routes to School (SRTS)		280	0	0	0	0	280	
Rights of Way		50	0	0	0	0	50	
Business Travel Network		20	0	0	0	0	20	
Electric vehicle infrastructure		20	0	0	0	0	20	
Dropped crossings/Accessibility improvements		50	0	0	0	0	50	
Walking and Cycling improvements		100	0	0	0	0	100	
Minor Transportation Works		70	0	0	0	0	70	
Intelligent Transport Systems (ITS) & Data Collection		150	0	0	0	0	150	
National Passenger Travel Information		25	0	0	0	0	25	
Bus Facilities		240	0	0	0	0	240	
BTN - Organisational Travel Planning		30	0	0	0	0	30	
DfT <i>indicative</i> unallocated integrated transport block LTP funding		0	1,618	828	2,328	2,328	7,102	
Highways improvements (integrated transport block LTP grant)		3,621	1,618	1,578	3,078	3,078	12,973	
Challenge Fund - A35 Commercial Road		261	0	0	0	0	261	
Challenge Fund - A3060 Castle Lane West		1,520	0	0	0	0	1,520	
Challenge Fund - A35 Poole Road		200	0	0	0	0	200	
Challenge Fund - A35 Christchurch Road		349	0	0	0	0	349	
Challenge Fund - A341 Wimborne Road		735	0	0	0	0	735	
Challenge Fund - Programme Management Fees		100	0	0	0	0	100	
Surface treatment - e.g. Road markings, planned patching, micro asphalt		940	0	0	0	0	940	
Planned pre-patching (Streetscene)		200	200	200	200	200	1,000	
Resurfacing Programme		1,300	0	0	0	0	1,300	
Bridge Maintenance works		400	0	0	0	0	400	
Principal Inspection Programme		100	0	0	0	0	100	
Bridge Maintenance (including Waterloo)		320	0	0	0	0	320	
Christchurch Bypass over the Mude (West of Somerford Rbt)		140	0	0	0	0	140	
Footpath resurfacing (including Footway slurry)		150	0	0	0	0	150	
Special Drainage (BCP)		125	0	0	0	0	125	
Surveys & software		80	0	0	0	0	80	
Street Lighting Maintenance		350	0	0	0	0	350	
Street Lighting Investment project		540	0	0	0	0	540	
Programme Management Fees Maintenance (Poole)		80	0	0	0	0	80	
DfT <i>indicative</i> unallocated structural maintenance LTP funding		0	3,009	3,525	3,525	3,525	13,584	
Routine and structural maintenance (structural maintenance LTP grant)		7,890	3,209	3,725	3,725	3,725	22,274	
Capital Maintenance (Streetscene)		500	500	500	500	500	2,500	
DfT <i>indicative</i> unallocated pothole & challenge fund allocation		2,364	2,364	2,364	2,364	2,364	11,820	
Pothole management	2,864	2,864	2,864	2,864	2,864	14,320		

Regeneration & Economy - major highways (inc Transforming Cities Fund)	Transforming Cities Fund £79m TCF grant funded element	35,040	25,468	0	0	0	60,508
	C- Bus Infrastructure (2022/23 LTP ITB funded)	180	240	0	0	0	420
	Employment sites (2022/23 LTP ITB funded)	50	75	0	0	0	125
	Educational sites (2022/23 LTP ITB funded)	50	50	0	0	0	100
	E- Bike Sharing and E-Bikes (2022/23 LTP ITB funded)	0	745	0	0	0	745
	Westbourne Corridor (2022/23 and 2023/24 LTP ITB funded)	100	350	1,500	0	0	1,950
	Town Centre Walking Improvements	215	0	0	0	0	215
	Carter works (C3 (Section 2))	40	0	0	0	0	40
	Transforming Cities Fund - BCP managed schemes	35,675	26,928	1,500	0	0	64,103
	A4 Corridor	5,800	5,000	0	0	0	10,800
	Transforming Cities Fund - Dorset managed schemes	5,800	5,000	0	0	0	10,800
	Wallisdown Connectivity boundary - Growth Deal	169	0	0	0	0	169
	DLEP Town side Access to the Port of Poole	163	0	0	0	0	163
Ferndown, Wallisdown, Poole Corridor (2022/23 LTP struct maint funded)	1,548	516	0	0	0	2,064	
Other major programmes	1,880	516	0	0	0	2,396	
Regeneration & Economy - Coastal Protection	Poole Bay Beach Management 2020-2031	3,265	8,381	3,451	1,788	8,417	25,302
	Poole Bay	3,265	8,381	3,451	1,788	8,417	25,302
	Poole Bridge to Hunger Hill (PB2HH)	4,000	8,500	0	0	0	12,500
	Poole Bridge to Hunger Hill - flood defence	4,000	8,500	0	0	0	12,500
	Christchurch Coast Protection Work	228	0	0	0	0	228
	Christchurch Bay and Harbour FCERM Strategy	300	100	0	0	0	400
	Partnership funding for future schemes	100	0	0	0	0	100
	Dorset Coastal Asset Database	152	0	0	0	0	152
	Other coastal protection	780	100	0	0	0	880
	Heart of Poole - Revised MasterPlan	840	0	0	0	0	840
	Boscombe Regeneration - Churchill Gardens	113	0	0	0	0	113
	Boscombe Town's Fund - Business Case Development	137	0	0	0	0	137
	Smart Places Team - economics analyster	34	0	0	0	0	34
Poole High Street - Heritage Action Zone	100	336	336	0	0	772	
Oakdale Skills & Learning Centre - Relocation to Dolphin Centre	895	0	0	0	0	895	
Town centres regeneration	2,119	336	336	0	0	2,791	
DLEP Lansdowne Business District	2,896	0	0	0	0	2,896	
Lansdowne business district	2,896	0	0	0	0	2,896	
Holes Bay Development	753	0	0	0	0	753	
Wessex Fields land disposal (highways infrastructure works)	2,100	0	0	0	0	2,100	
Holes Bay & Wessex Fields	2,853	0	0	0	0	2,853	
Mallard Road Investment	379	0	0	0	0	379	
Parkway House (insurance and landlord works)	340	0	0	0	0	340	
Potential Land Acquisition Strategy	50	0	0	0	0	50	
BIC Medium Term Refurbishment Plan	1,750	0	0	0	0	1,750	
Major Development Projects - External Advice Fund	86	0	0	0	0	86	
Commercial assets	2,604	0	0	0	0	2,604	
Regeneration & Economy - Destination & Culture	Highcliffe Castle, (inc Phoenix Flies Project)	191	0	0	0	0	191
	Christchurch Town Centre Strategy	90	0	0	0	0	90
	Upton Country Park - Discovery project	1,491	70	0	0	0	1,561
	Poole Museum HLF Round One Bid	182	0	0	0	0	182
	Scaplen's Court Museum	100	278	50	0	0	428
	Whitecliff Pavilion	100	0	0	0	0	100
	Arts & culture	2,154	348	50	0	0	2,552
	Cliff Stabilisation Works (Canford Cliffs)	600	0	0	0	0	600
	Canford Cliffs Pavilion	1,250	0	0	0	0	1,250
	New Beach Huts - Canford Cliffs	0	3,050	0	0	0	3,050
	Canford Cliffs development	1,850	3,050	0	0	0	4,900
	Pier Approach - Phase 2	53	0	0	0	0	53
	Sandbanks Pavilion	25	0	0	0	0	25
Durley Chine Environmental Innovation Hub	1,423	0	0	0	0	1,423	
Prom Café expansion & Green Living Wall Trail	29	0	0	0	0	29	
Bistro Redevelopment	3,277	3,463	0	0	0	6,740	
Mudford Beach House Café	965	0	0	0	0	965	
Seafront development	5,771	3,463	0	0	0	9,234	

Environment & Community - housing	Disabled Facilities Grant - <u>indicative</u> allocation	3,502	1,974	1,974	1,974	1,974	11,397
	Disability homes adaptations	3,502	1,974	1,974	1,974	1,974	11,397
	Community Land Trust Project (Affordable housing)	420	0	0	0	0	420
	Private Sector Renewal-warmth & well-being	169	0	0	0	0	169
	Temporary Accommodation (Christchurch)	93	0	0	0	0	93
	Minor housing schemes	682	0	0	0	0	682
	New Temporary Accommodation Portfolio	8,662	0	0	0	0	8,662
	Milton House	140	0	0	0	0	140
	Princess Road - Hostel Accommodation	1,400	1,500	0	0	0	2,900
	Princess Road - Private Rented Sector	3,100	4,685	0	0	0	7,785
Major housing schemes	13,302	6,185	0	0	0	19,487	
Env & Community - estates	BH Live asset maintenance	518	518	518	518	518	2,590
	Leisure estate management	518	518	518	518	518	2,590
	Christchurch Priory, Wall Repairs	120	0	0	0	0	120
	Honeycombe Chine - waterproofing	25	0	0	0	0	25
	Russell Cotes Museum - Fire Protection	40	0	0	0	0	40
	Civic estate management	185	0	0	0	0	185
Environment & Community - Waste Management, Parks and Open Spaces	Public Conveniences	325	0	0	0	0	325
	Waste, street cleansing & fleet operations	325	0	0	0	0	325
	Poole Park Miniature Railway	330	0	0	0	0	330
	Alexandra Park Play and Open Space improvements	62	0	0	0	0	62
	Newtown - Turners Nursery	50	0	0	0	0	50
	Poole Park - delivery phase	423	0	0	0	0	423
	Fernheath Playing fields - construction of new pavilion	550	0	0	0	0	550
	Kings Park Athletic Centre - track resurfacing and facilities upgrade	252	0	0	0	0	252
	Christchurch Legacy Play areas	190	0	0	0	0	190
	Parks management	1,857	0	0	0	0	1,857
	Canford Heath (East & West) Open Space improvements	170	0	0	0	0	170
	Muscliff Natural Burial Ground	50	0	0	0	0	50
	New Car park at Vicarage Fields (adj Cherry Tree Nursery)	60	0	0	0	0	60
	Paradise Walk (Landscaping/Fencing)	50	0	0	0	0	50
	Coastal Country Park (SANG)	250	0	0	0	0	250
	Open spaces management	580	0	0	0	0	580
	Resources - ICT Investment, Transformation Programme and BCP Civic Space	Enterprise Comms (WAN Migration)	250	0	0	0	0
Enterprise Comms (Telephony)		17	0	0	0	0	17
ICT investment		375	0	0	0	0	375
ICT investment plan		642	0	0	0	0	642
Laptops and Auto Pilot		2,367	400	0	0	0	2,767
Backup and Security Tools		50	0	0	0	0	50
Master Data Management		300	0	0	0	0	300
IT Hardware (Capital one-off costs)		20	600	0	0	0	620
Transformation programme - capital		2,737	1,000	0	0	0	3,737
BCP Civic - building alterations - BCP Civic		719	0	0	0	0	719
BCP Civic - Plant, equipment, fixtures and fittings		282	0	0	0	0	282
ICT investment		66	0	0	0	0	66
ICT Control Room relocation (not Corporate ICT delivered)		53	0	0	0	0	53
Bournemouth Customer Services - (Buildings and Fittings)		400	0	0	0	0	400
Christchurch Customer Services - (Buildings and Fittings)		210	0	0	0	0	210
Poole Dolphin Centre Customer Services - (Buildings and Fittings)		280	0	0	0	0	280
Coroners Service (Buildings and Fittings)		350	0	0	0	0	350
Contingency		401	0	0	0	0	401
BCP civic space		2,760	0	0	0	0	2,760
Total BCP Capital Programme	124,834	76,044	17,610	15,491	22,120	256,100	

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Appendix 4a - Turlin Moor Summary Report

1. In January 2017 the Homes and Communities Agency, now Homes England (HE) launched a funding package, the Local Authority Accelerated Construction (LAAC) Fund Programme. The opportunity was to enable housing sites to come forward and commence on site using off-site modern methods of construction by March 2022.
2. Housing demand across BCP is high and there are expectations in the Local Plan that need to be delivered in terms of the completion of additional new homes.
3. Homes England approved a formal grant offer and an agreement was issued for an award of £3,838,000, signed by the Council in August 2019. To date no claims have been made by the Council or paid by Homes England.
4. A multidisciplinary technical team of Atkins/Savills were appointed in January 2020 and significant progress was made in respect of the technical matters relating to the site remediation, site surveys, ecology surveys, drainage, and highways, to enable the master plan options to be developed fully. The pre-application planning process was commenced in summer 2020.
5. Due to the impact of the pandemic, a delayed timetable with face-to-face community engagement was developed with the intention for this to take place in March 2021 at the latest to inform a planning application process. It is now clear that face-to-face engagement will not be possible within this timeline leading up to the Homes England programme deadline of March 2022. Full community engagement is necessary for this site to proceed.
6. Homes England has been informed of the delayed timeframe and no longer being able to deliver the milestones of March 2022 requiring all site remediation work to be completed and invoiced. It has been agreed, due to unforeseen circumstances which have affected the compliance with the terms of the agreement, that neither the Council nor Homes England will be taking forward the provision of the LAAC Grant award. Both parties will continue to seek opportunities to work together in the future to support the provision of housing, but the grant to the project shall be cancelled and will not be available.
7. Work with English Nature, Environment Agency, Sport England and high-level viability work continues, to ensure that the Community Engagement is developed on full information showing both the site constraints and opportunities when we are able to safely commence the engagement.
8. Work will also continue on the community engagement approach over the next period so that we can implement this when it is safe to do so. It is critical that the community are fully informed as to the opportunities and constraints of the site as part of these discussions as they progress to help shape the plans.

Summary of legal implications

9. The termination of the funding agreement will be dealt with by HE as a result of milestones no longer being achievable.

Summary of environmental impact

10. The request for a screening opinion, in respect of an Environmental Impact Assessment was submitted to BCP Council and the opinion was issued in September 2020 confirmed a full EIA was not needed for the future Planning Application.

Summary of public health implications

11. The impact of the COVID-19 pandemic has caused all face to face public engagement to be paused. This project will be delayed until comprehensive face to face engagement can be held safely.

Summary of equality implications

12. Delaying the consultation process until face to face engagement is possible, will provide the most inclusive process as this will ensure that those residents who are not able to engage digitally will have the opportunity to be fully involved.

Summary of financial implications

13. A Council Capital Budget was approved in the sum of £420,000. To date £385,766 has been committed and £240,935 spend to date (including invoices authorised for payment but not yet on financial system). This phase of works is expected to complete within £420k approved capital budget allocation. External project management fees are funded from a separate approved capital budget of £53k.

	Budget £	Commitment to date £	Actual expenditure to date £
Architects fees *	100,000	198,140	128,184
Planning Advice *	30,000		
Flood Risk assessment Fees *	25,000		
Noise Assessment *	20,000		
Transport *	15,000	1,250	1,250
Site Survey	17,000	60,520	20,407
Ecological Fees	35,000	20,536	569
Remediation Consultants Fees	70,000	83,464	80,169
Miscellaneous costs	0	4,975	4,975
Cost Advice & Viability testing	40,000	11,500	0
Legal Costs	10,000	3,131	3,131
Planning Application Fees	18,000	2,250	2,250
Project Manager/Employers Agent fees	40,000	0	0
Total	420,000	385,766	240,935

* Combined appointment

14. The additional £138k of s106 housing contribution allocated to the pre-planning phase of Turlin Moor (to replace Homes England grant funding) utilises s106 housing contributions repurposed from other capital projects within the capital programme. This is made possible by the application of Right to Buy receipts to these projects instead of previously approved s106 housing contributions.
15. As no Homes England grant funding has yet been drawn down, the council is not in a position where it must repay grant funding.
16. The £420k 'pre-planning permission' spend will now be entirely funded from BCP resources (s106 housing contributions and prior year budget underspends). There is the potential for this funding to be recovered over time when the project commences to delivery phase, and a deal is potentially entered into with a development partner. However, there is a risk that if the project does not go forward to delivery stage, the £420k pre-planning spend is aborted as sunk costs that are not recoverable.
17. The ongoing relationship with HE is key to the future plans of BCP. There is likely to be opportunities to bid for funding for the project at a future date, when there is certainty of delivery and a planning consent has been achieved, although there is no guarantee at this time. Both parties will continue to seek opportunities to work together in the future to support the provision of housing.
18. Securing new grant funding will increase the financial viability of the longer-term development for potential future development partners, which reduces the financial risk of aborted spend.

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Bournemouth, Christchurch and Poole Council (BCP)

Treasury Management Strategy Statement 2021/22

Introduction

Background

- 1 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.
- 2 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.
- 3 Revised reporting is required for the 2019/20 onwards 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

- 4 **Capital Strategy** - The CIPFA revised 2017 Prudential and Treasury Management Codes require, from 2019-20, all local authorities will 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.

- 5 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.
- 6 **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).
- 7 **Periodic 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. This role is undertaken by the Audit and Governance Committee.
- 8 **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.
- 9 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

Treasury Management Strategy for 2021/22

- 10 The strategy for 2021/22 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.

- 11 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

- 12 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 responsible for scrutiny. Training was provided to all members on the 7th January 2020 with support from the Councils Treasury Management advisors. It is not envisaged that more training will be required in 2021/22 but will look to arrange training for January 2022.
- 13 The training needs of treasury management officers are periodically reviewed.

Treasury management consultants

- 14 The Councils Treasury Management advisors are Link Asset Services.
- 15 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. 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 Capital Prudential Indicators 2021/22 – 2023/24

- 16 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.

Capital expenditure

- 17 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	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund	112,142	126,660	74,815	20,039
HRA	39,532	56,477	50,394	42,159
Total	151,674	183,137	125,209	62,198

- 18 The following tables 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	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund Total	112,142	126,660	74,815	20,039
Financed by:				
Capital receipts	444	14,298	-	-
Capital grants & Contributions	69,565	77,171	52,297	16,650
Revenue Contributions	720	518	518	518
Reserve Contributions	10,029	4,963	7,775	2,450
Prudential Borrowing in HRA Transfers	31,384	29,710	14,225	421
Total financing for the year	112,142	126,660	74,815	20,039

HRA Capital Expenditure

Capital expenditure	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
HRA Total	39,532	56,477	50,394	42,159
Financed by:				
Capital receipts	4,268	6,551	10,007	7,703
Major Repairs Allowance	21,519	26,913	12,677	11,514
Other Contributions	8,161	6,514	6,210	6,142
Prudential Borrowing	5,584	16,500	21,500	16,800
Total financing for the year	39,532	56,477	50,394	42,159

The Council's borrowing need (the Capital Financing Requirement)

- 19 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.
- 20 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 asset's life, and so charges the economic consumption of capital assets as they are used.
- 21 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.
- 22 The Council is asked to approve the CFR projections overleaf:

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Financing Requirement				
CFR – General Fund	330,041	348,667	350,528	339,717
CFR – HRA	145,929	162,429	183,929	200,729
CFR - IAS16 leases estimated impact	-	6,754	6,754	6,754
Total CFR	475,970	517,850	541,211	547,200
Movement in CFR	27,522	41,880	23,361	5,989
Movement in CFR represented by				
Net movement in borrowing for the year (above)	36,968	46,210	35,725	17,221
CFR - IAS16 leases estimated impact	0	6,754	0	0
Less MRP/VRP and other financing movements	(9,446)	(11,084)	(12,364)	(11,232)
Movement in CFR	27,522	41,880	23,361	5,989

- 23 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any borrowing 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 Council's remaining activity.

Minimum Revenue Provision (MRP) policy statement

- 24 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.
- 25 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.
- 26 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);
- 27 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.
- 28 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);
- 29 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.
- 30 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.
 - 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.
- 31 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.
- 32 To allow for further flexibility in the Council MRP policy the Council will look at using specific asset life for individual schemes to ensure the debt repayments are reflective of the value these assets bring.
- 33 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).
- 34 Repayments included in annual PFI or finance leases are applied as MRP.

Borrowing

- 35 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 appropriate borrowing facilities. The strategy covers the relevant treasury / prudential

indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

36 The overall Treasury Management portfolio as at 31 March 2020 and for the position as at 31 December 2020 are shown below for both borrowing and investments.

	Actual 31/03/2020 £'000	Actual 31/03/2020 %	Current 31/12/2020 £'000	Current 31/12/2020 %
Treasury investments				
Money Market Funds	9,685	12%	7,825	10%
Bank Deposits	10,000	12%	10,000	13%
Local Authorities	5,000	6%	5,000	7%
DMO	26,100	31%	0	0%
Call Account	33,040	40%	51,800	69%
Total Treasury Investments	83,825	100%	74,625	100%
Treasury External Borrowing				
PWLB	142,354	55%	142,146	66%
Local Authorities	100,000	38%	56,000	26%
Private Sector	17,785	7%	17,232	8%
Salix	1,016	0%	507	0%
Total External Borrowing	261,155	100%	215,885	100%
Net treasury investment / (borrowing)	(177,330)		(141,260)	

37 It should be noted that Bournemouth Borough Council secured a £49m forward loan which will be issued to BCP Council in May 2021.

38 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.

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
External Debt				
Treasury Debt at 1 April	261,155	202,905	269,981	297,613
PFI and Finance Lease Liability	8,520	8,076	7,632	7,188
Expected change in Debt	(66,770)	59,000	20,000	0
Actual gross debt at 31 March	202,905	269,981	297,613	304,801
The Capital Financing Requirement	475,970	517,850	541,211	547,200
Under / (over) borrowing	273,065	247,869	243,598	242,399

39 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 the current year 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.

40 The Council has complied with their prudential indicator in the current year and does not envisage difficulties for the future due to the large under borrowing

requirement. This view considers current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

- 41 **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.
- 42 **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 Audit and Governance Committee is asked to approve the following authorised limit:

	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Operational boundary	550	600	650	700
Authorised limit	600	650	700	750

Prospects for interest rates

- 43 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 Group Interest Rate View 9.11.20														
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

- 44 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

- 45 As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- 46 Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- 47 Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- 48 On 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -
- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
 - PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
 - PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
 - PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
 - Local Infrastructure Rate is gilt plus 60bps (G+60bps)
- 49 Borrowing for capital expenditure. As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable.
- 50 While BCP Council will not be able to avoid borrowing to finance new capital expenditure and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Borrowing strategy

- 51 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.

- 52 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.
- 53 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 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 borrowing rates, then borrowing will be postponed.
 - b. if it was felt that there was a significant risk of a much sharper RISE in borrowing 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.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Policy on borrowing in advance of need

- 54 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.
- 55 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

- 56 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps decrease in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.
- 57 If rescheduling was done, it will be reported to the Audit and Governance Committee, at the earliest meeting following its action.

Approved Sources of Long- and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Community municipal bonds	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

Annual Investment Strategy

Investment Policy

58 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).

59 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).

60 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.

61 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.

- 62 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

- 63 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.
- 64 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.
- 65 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.
- 66 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 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

- 67 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-

- 68 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 bankers (HSBC, Lloyds and Barclays) 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 Money Market Funds (MMFs) Constant net asset value (CNAV)
 - f Money Market Funds (MMFs) Low-Volatility net asset value (LVNAV)
 - 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 Royal Bournemouth and Christchurch Hospital NHS Foundation trusts
 - m Local authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.
 - n Pooled Funds

Maximum Time and Monetary Limits applying to Investments

- 69 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).

- 70 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
UK Government (including gilts, Treasury Bills and the DMADF)	AAA	25%	6 months
Local Authorities	N/A	20%	5 years
Royal Bournemouth and Christchurch Hospital NHS Foundation Trusts	N/A	Fixed investment £14.9m	15 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	25%	5 years

	Rate		
--	------	--	--

Use of additional information other than credit ratings

71 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

72 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

73 Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

74 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

- 2021/22 0.10%
- 2022/23 0.10%
- 2023/24 0.10%
- 2024/25 0.25%

75 The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by the deal the UK has agreed as part of Brexit.

76 There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

Negative investment rates

77 While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of

the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

- 78 As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.
- 79 Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

Investment treasury limit

- 80 The maximum period for investments will be 5 years except the Royal Bournemouth and Christchurch Hospital NHS Foundation Trusts investment.

Ethical Investing

- 81 This is an area of investing that is becoming increasingly considered by financial institutions and customers. Products from financial institutions are growing but still remain limited. To consider investing in sustainable deposits they will still need to meet our counterparty criteria and parameters set out earlier in the strategy. Investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity and yield: ethical issues must play a subordinate role to those priorities. The Treasury team will continue to explore this area and report to members of any further developments.

Treasury Management Policy, Practices and Schedules

- 82 The Treasury Management Policy, Practices and Schedules remain unchanged from those presented alongside the 2019/20 budget process. These rarely change and any significant changes will be reported to Audit and Governance before implementation.

Appendices

Appendix 1 - Approved Countries for investments

Appendix 1: Approved countries for investments

AA-

- United Kingdom

AA

- France

AA+

- Canada
- Finland
- U.S.A.

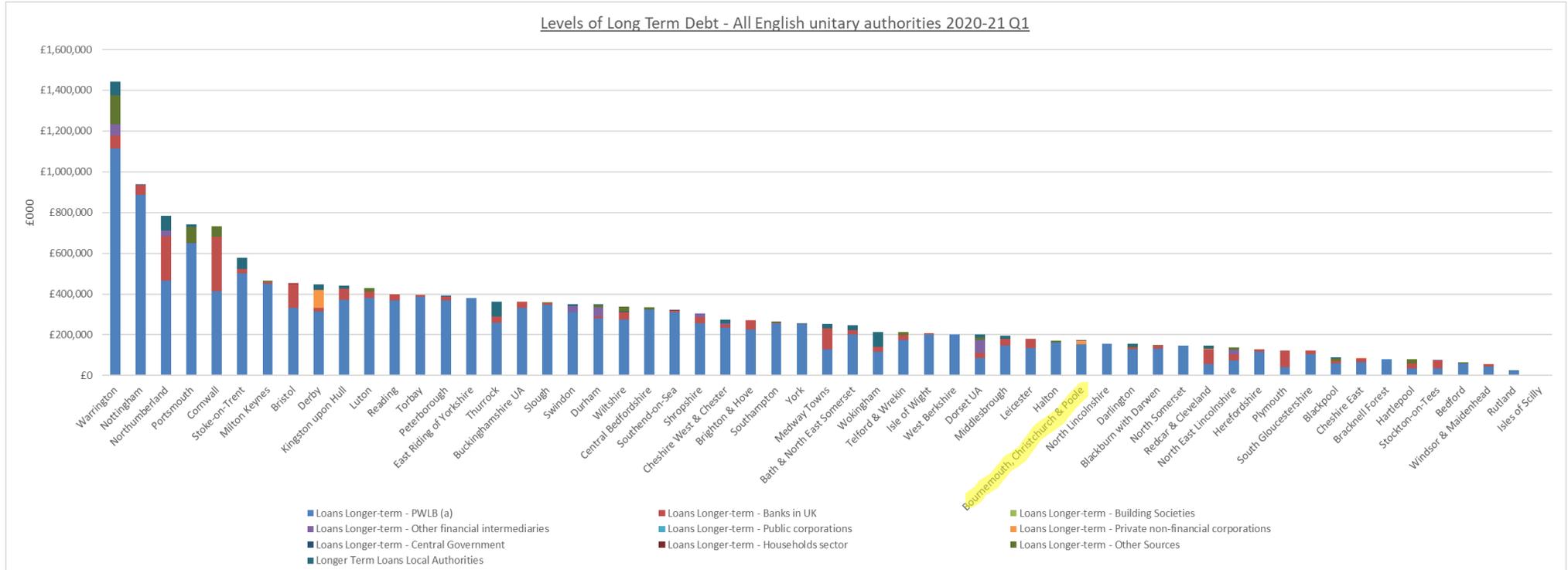
AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

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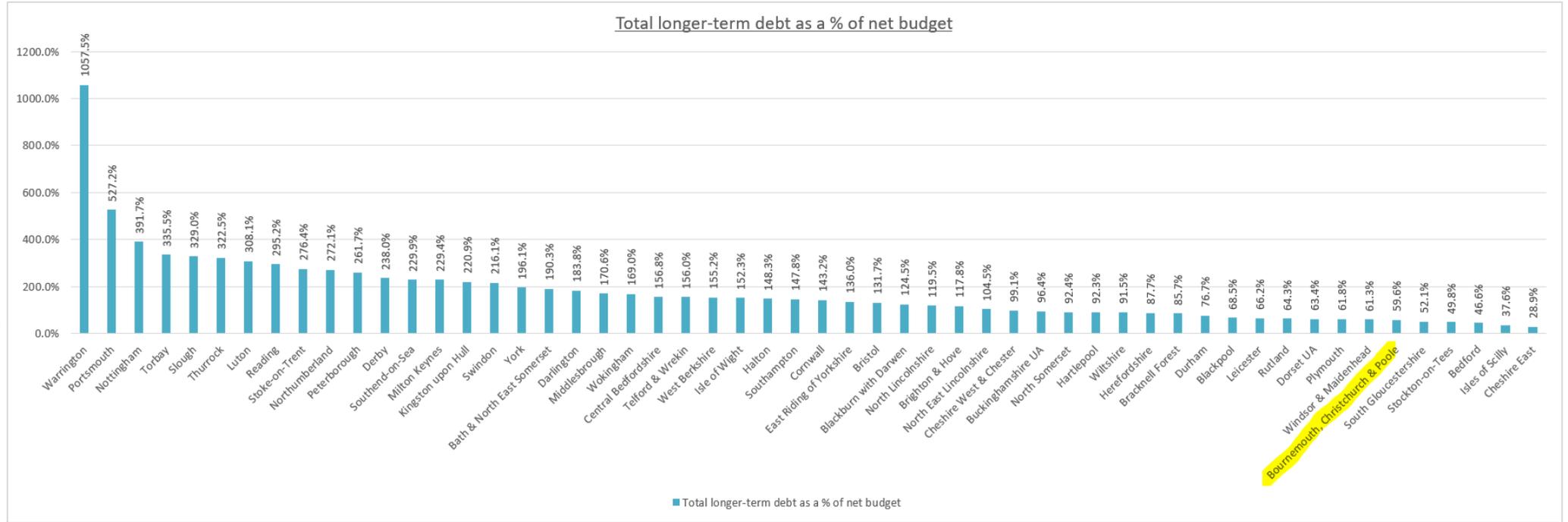
Appendix 5a – BCP Council Debt Benchmarking

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Appendix 5a – BCP Council Debt Benchmarking

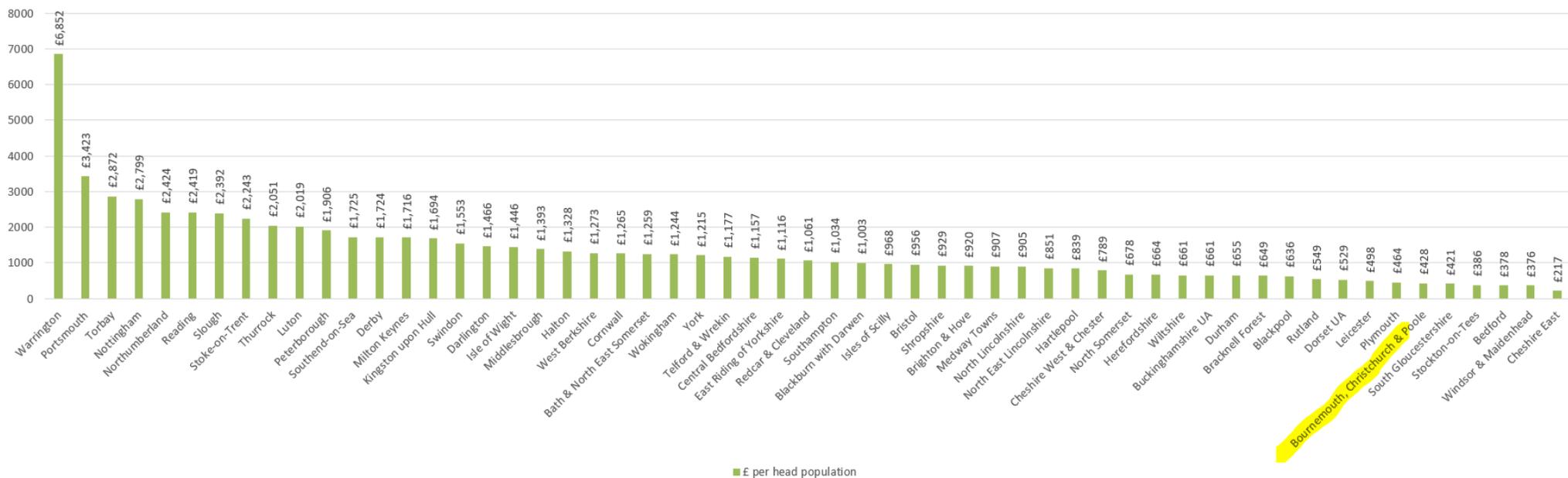
148



Appendix 5a – BCP Council Debt Benchmarking

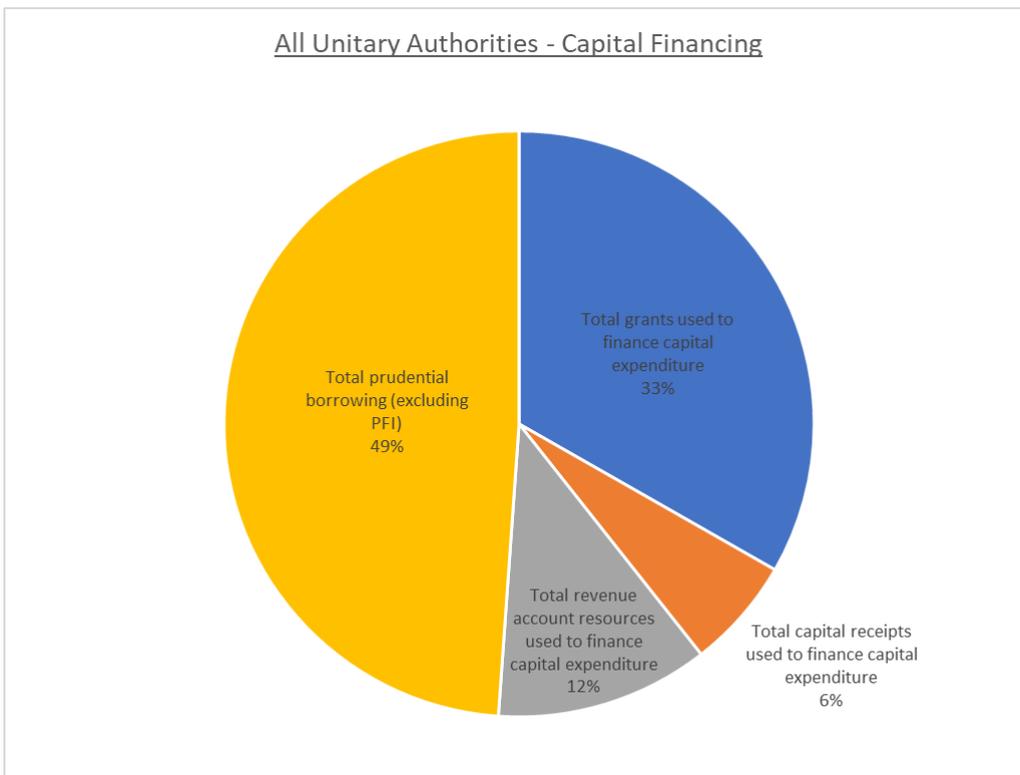
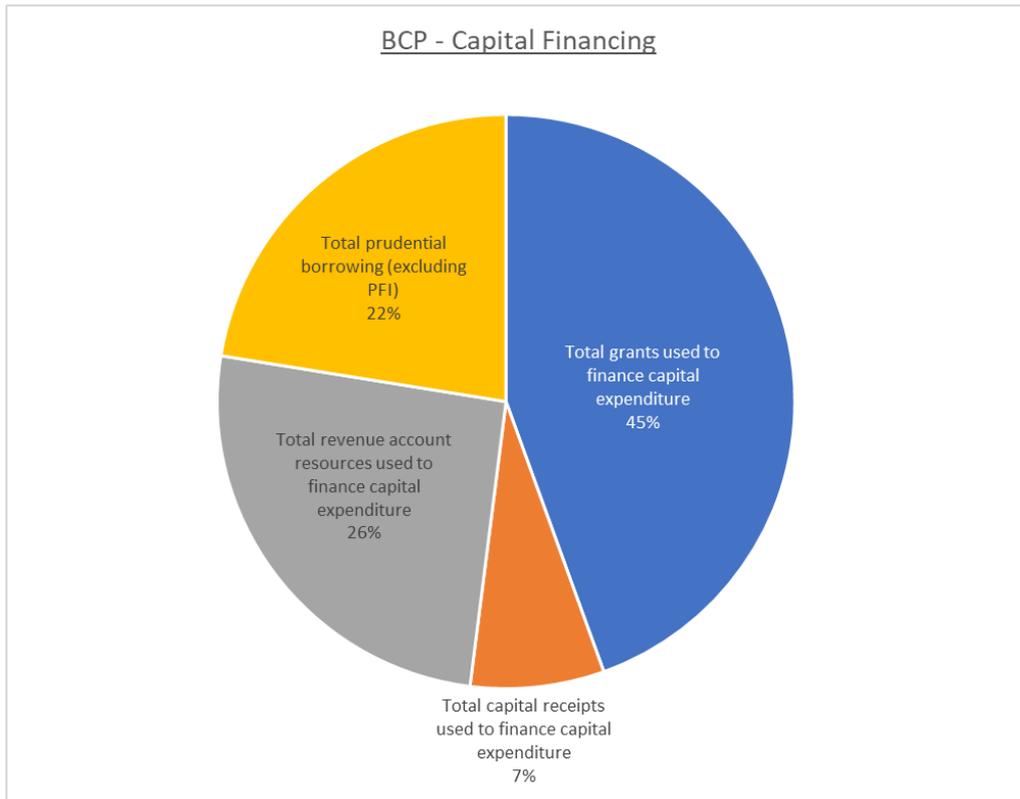
Long Term Debt - £ per head population

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Appendix 5a – BCP Council Debt Benchmarking

Figure based on the 2020/21 Finance Year



Appendix 5b - Itemised Borrowing Decisions for BCP Council

	New In-Year Borrowing 2020/21 £'000	New In-Year Borrowing 2021/22 £'000	New In-Year Borrowing 2022/23 £'000	New In-Year Borrowing 2023/24 £'000	MTFP Total 2020 to 2024 £'000
Linwood School	-				-
Carter School (Supported Borrowing)	1,156	300			1,456
Various Schools (Supported Borrowing from Carter repurpose)		1,800			1,800
Hillbourne School (Supported Borrowing)	958	-	167	385	1,510
Total Children's Services	2,114	2,100	167	385	4,766
Malvern Day Centre Refurbishment	29				29
Figbury Lodge Construction	45				45
Figbury Lodge Care Workstream - including FFE/ICT	30				30
Total Adult Social Care	104	-	-	-	104
Canford Cliffs Pavilion	-	1,000			1,000
New Beach Huts - Canford Cliffs (cap prog refinancing)			135		135
New Beach Huts - Canford Cliffs (original)	-	-	2,915		2,915
Manor Steps Overnight Huts (9 Beach Lodges)	5				5
Fisherman's Walk	14	-			14
Mudeford Beach House Café	85	715			800
Bournemouth Pier Building Renovation	18				18
Bistro Redevelopment	100	3,277	3,463		6,840
Bistro Redevelopment (revised spec)	-	-	-		-
Prom Café expansion & Green Living Wall Trail	2	29			30
Total Destination & Culture	223	5,021	6,513	-	11,757
Fleet Replacement	6,156	-	-	-	6,156
Garden waste bins	300				300
Kings Park Athletic Centre	-	126			126
Tuckton Gardens - new sewage connection	-				-
Muscliff Natural Burial Ground	-	250			250
Poole Park Miniature Railway	-	0	280		280
Total Environment (inc Parks and Open Spaces)	6,456	656	-	-	7,112
Street Lighting Investment project	-	0	540		540
Total Highways Infrastructure	-	0	540	-	540
St Stephens	4,953	-	-		4,953
Temporary Accommodation Portfolio	1,895	8,662	-		10,557
Milton House (approved as part of Temp Acc portfolio)	760	140	-		900
Ensbury Park Library (approved as part of Temp Acc portfolio)	150	-	-		150
Duck Lane Phase 2	-	-	-		-
Princess Road - Hostel Accommodation	55	905	1,500		2,460
Princess Road - Private Rented Sector	84	1,376	4,685		6,145
Redevelopment of Princess Road/Prince of Wales Site	16	-	-		16
Total Major Projects - Housing	7,914	11,083	6,185	-	25,182
Parkway House	-	340			340
BIC Medium Term Refurbishment Plan	32	1,750	-		1,782
Skills & Learning Relocation to Dolphin Centre	-	495			495
Holes Bay Development	7,954	646	-		8,600
Wessex Fields Highways Infrastructure		2,100			2,100
Total Regeneration	7,985	5,331	-	-	13,317
Poole Bay Beach Management Plan			360	36	396
Total Coastal Protection	-	-	360	36	396
Bournemouth Pier Building Renovation (ceiling)	80				80
Bournemouth Pier Building Renovation (other)	184				184
Russell Cotes		40			40
Total Estates	264	40	-	-	304
ICT Investment Plan 2020/21 (refinancing)	1,335	267			1,602
ICT Investment Plan 2021/22		375			375
Estates Office Accommodation (capital)	2,932	2,760			5,692
Organisation Design (capital)	810	1,537	1,000		3,347
Total Resources	5,077	4,939	1,000	-	11,016
Total HRA (Bournemouth and Poole combined)	5,584	16,500	21,500	16,800	60,384
Total New Prudential Borrowing	35,721	46,210	35,725	17,221	134,877

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Appendix 6 BCP Equality Impact Assessment Template

Executive Summary and Conclusions

Once the Equality Impact Assessment Template has been completed, please summarise the key findings here. Please send a copy of your final document to the Policy and Performance Team.

In February 2020 Council agreed a general fund 2020/21 net revenue budget of £283 million, and a capital programme of £106 million. Budgets were also agreed for the housing revenue account (HRA). In May 2020 a finance update paper to Cabinet considered the impact of the pandemic on the council's approved 2020/21 budget under several potential scenarios. The first 2020/21 budget monitoring report for 2020/21 in June 2022 estimated the impact of the pandemic to be a £52.3 million in-year pressure (net of any specific government grants) reduced to a £30.3 million funding gap once £22.0 million in non-ringfenced Covid-19 emergency government funding.

A significant proportion of the deficit can be attributed to the rise in funding that is required to meet increasing demand from Adult and Children's services. The proposal provides an additional £20.6m for these two services in particular in 2021/22; as well as £50,000 for the development and delivery of a Community Engagement Strategy that will broaden decision making enabling more people to co design BCP Council services and £302,00 to bring forward the development of more affordable housing.

The proposal will impact on establishment figures and reductions in establishment with additional savings expected to derive through bringing forward the transformation of the council and a reduction in headcount and review of pay and reward

Consequently, there is a continued risk that some aspects of the budget may have a cumulative impact on older people and disabled people as well as on specific staff due to the profile of BCP Council area and its workforce.

An assessment of the potential cumulative impact of the separate proposals will therefore need to be continued throughout the transformation process and reflected through subsequent MTFP update reports. It is recommended that robust equality analysis exercises continue to be undertaken in line with BCP Council's equality and Diversity Policy and Equality Impact Assessment Guidance.

Appendix 6 BCP Equality Impact Assessment Template

Part 1 - The Project	
Policy/Service under development/review:	BCP Council Budget and Medium-Term Financial Plan 2021/22
Service Unit:	Finance
Service Lead:	Adam Richens
Contributors to the Equality Impact Assessment:	Tina Worthing, Paul Mitchell, Nicola Webb, Sam Johnson
Date assessment started:	27/05/20
Date assessment completed:	21/01/21
What are the aims/objectives of the policy/service?	<p>To deliver a sustainable balanced budget for 2020/21 which enables BCP Council to meet statutory obligations whilst responding to changing activity, increased demand and ongoing fiscal challenges, and to detail how the council plans to finance its operations and meet strategic priorities.</p> <p>The proposed net service budget is £283m funded by 76% from council tax income, 21% from business rate income, 1% from revenue support grant, % from new homes bonus and 1% other items</p>
What outcomes will be achieved with the new or changed policy/service?	BCP Council will have set an annual balanced budget as required which details how its income and expenditure, are to be allocated and used. identified in bringing forward any budget proposals which are then used to inform final budget decisions
Are there any associated services, policies or procedures?	<ul style="list-style-type: none"> • Consolidated Medium Term Financial Plan update for Bournemouth Christchurch and Poole Council • Equality Act 2010 • Medium Term Financial Plan 091019pp.309-326 • Medium Term Financial Plan Update Report 201219pp.95-130

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Appendix 6 BCP Equality Impact Assessment Template

Part 1 - The Project

	<ul style="list-style-type: none"> • Organisational Development Design Outcomes - KPMG Report pp.89-164 • 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
<p>Please list the main people, or groups, that this policy/service is designed to benefit, and any other stakeholders involved:</p>	<ul style="list-style-type: none"> • BCP Council Cabinet • Residents • Business Rate payers • Local Council tax payers • BCP Council Employees • Clients of all Council services, specifically Adult and Children’s Services • Care experienced Young People • Children looked after • Young people in Bournemouth Christchurch & Poole • BCP Council Partnerships • Visitors to Bournemouth Christchurch & Poole • Schools, Academies and Universities • Voluntary and Community Sector led organisations in Bournemouth, Christchurch & Poole
<p>With consideration for their clients, please list any other organisations, statutory, voluntary or community that the policy/service/process will affect:</p>	<p>NHS Trust Dorset CCG</p>

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Part 2 – Supporting Evidence¹

BCP's commitment to the Public Sector Equality Duty

The council is required to set an annual balanced budget which details how its income and expenditure, are to be allocated and utilised. The Public Sector Equality Duty requires the council when making such decisions to consciously consider 'due regard' for advancing equality. This means removing or minimising disadvantages suffered by people due to their protected characteristics and taking steps to meet the needs of people from protected groups where these are different from the needs of other people. In bringing forward the budget proposals consideration has been given to whether services, customers, staff or partners will be impacted and where they if that impact will be negative or positive.

An assessment of the potential cumulative impact of separate proposals across all protected characteristics has been examined throughout the process by BCP's management team and or members and reflected as necessary through subsequent Medium-Term Financial Plan (MTFP) update reports as they progressed through the planning cycle.

EIA's are an important service improvement tool that help in developing services to ensure we are meeting the needs of our customers and deliver our core business more efficiently in an equitable manner. They 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 previous EIAs and budget proposals as well as individual service specific equality impact assessments. This is inclusive of those required by partner organisations within the statutory, voluntary or community sector or any organisation which deliver statutory services on behalf of BCP Council.

¹ This could include: service monitoring reports, research, customer satisfaction surveys & feedback, workforce monitoring, staff surveys, opinions and information from trade unions, previous completed EIAs (including those of other organisations) feedback from focus groups & individuals or organisations representing the interests of key target groups or similar.

Part 2 – Supporting Evidence¹

Impact of the Covid-19 Public Health Emergency

A previously agreed mitigation strategy was implemented which included;

- Reducing expenditure not specifically incurred in support of the pandemic.
- Utilising the 2020/21 base revenue budget contingency.
- Bringing forward permanent savings from transformation and service alignment which also ensured progress towards supporting the 2021/22 budget.
- Review of all projects (revenue and capital) to determine the extent to which they can be deferred, cancelled or refinanced.
- Reclassification of earmarked reserves.
- Reducing unearmarked reserves to below the 5% statutory limit.
- Deferring, until the drawdown on reserves is no longer needed to balance the 2020/21 position, any uncommitted expenditure from the £1.4 million invested as part of the 2020/21 budget on specific corporate priorities.

This approach took account of the uncertainty regarding both the financial impact of the pandemic over the course of the year and the extent of central government support to local councils.

An estimated pressure of £195.8 million (69%) more than the 2020/21 net budget for the year highlights the seismic impact that the Covid-19 public health emergency is having on the council and its financial resources. Additional pressure includes those in;

Adult Social Care

- Support for the care market
- Providing the care sector with government funded free personal protective clothing
- Hospital discharge programme

Part 2 – Supporting Evidence¹

- Additional demand in care packages for people with learning disabilities
- Challenges in the delivery of savings assumed in the 2020/21 budget.

Children’s Services

- Increase in the number of children coming into care.
- Increased cost of some placements due to needs and complexity.
- High cost placements within the children’s health and disability team
- Pressure for secure / remand beds
- Staffing pressures associated with the social work front door special educational needs and disability (SEND), business support teams and interim management positions.

Environment and Community

- Measures to support homelessness.
- Provision of a mortality support facility.
- Increases in the tonnages of waste being collected from domestic properties
- Increased cost for recycling.
- Reduced sales, fees and charges income associated with trade waste, household waste recovery centre, catering concessions, parks, licensing, and fixed penalty notices.
- Additional town centre security costs.

Regeneration and Economy

- Reduced sales, fees and charges income associated with car parking income, seafront, cultural and heritage assets, planning, and building control
- Additional Investment in the management of the resort (social distancing, additional cleansing, security, and communication.
- Support to leisure and conference providers.

Resources / Central Items

- Reduced sales, fees and charges associated with summonses, land charges, and investment property income.

Other key dates during in the 2021/22 budget setting process were;

Part 2 – Supporting Evidence¹

- 27 May 2020 Cabinet (BCP Council Finance Update)
- 24 June 2020 Cabinet (Budget Monitoring and MTFP Update)
- 11 November 2020 Cabinet (Quarter 1 and MTFP update)
- November 2020 Portfolio Holders presentation of the budget to Cabinet, the Chief Executive and Chief Finance Officer.
- 16 December 2020 Cabinet (Quarter 2 and MTFP update)
- 18 December 2020 Budget Café (all councillor presentations)

As a new council, setting the budgets in the first two years has been a challenge due to the lack of complete historic data and trend information as a single entity. For year three, 2021/22, this has now been compounded by the uncertainty around what the new normal and longer-term impacts of Covid-19 will be.

At the meetings of the Cabinet on the 27 May 2020, 24 June 2020, 11 November 2020 and the 16 December 2020 the councils financial exposure to the pandemic has been explored with prompt action taken to ensure the 2020/21 was rebalanced and a financial strategy developed to set out the themes and categories the council would further develop as a means of delivering a robust and lawfully balanced budget for 2021/22. Included in these reports were the budget timetable, key planning assumptions, and details of the savings being assumed.

Key features of the 2021/22 budget as presented include;

£23.9 million investment in the transformation programme revenue costs.

£13.1 million investment in adult social care services.

£7.5 million investment in children's services.

Appendix 6 BCP Equality Impact Assessment Template

Part 2 – Supporting Evidence¹

£7 million provision for reduced car parking income, mostly town centre based, recovering by 90% from 2022/23 onwards.

£6 million provision for reduced sales, fees and charges income (non-car parking related) recovering fully from 2022/23 excluding the service fee from BH Live which is based on a revised fee structure arrangement.

£6.7 million (net investment) in corporate priorities.

A £3.5 million provision for the ongoing revenue costs of the transformation programme.

A £3.2 million base budget revenue contingency. Increased as a one-off for 2021/22 due to the increased level of uncertainty.

Delivery of £25.2 million as a one-off contribution from the fundamental refinancing of the capital investment programme through borrowing and in doing so better matching the cost with the period over which the council anticipates benefitting from the investment.

£20.6 million of ongoing savings and efficiencies including the assumption of £7.5 million from the transformation programme.

Delivery of £4.7 million as a one-off contribution from the fundamental review of inherited section s106 and community infrastructure levy resources as agreed by Council in January 2021.

Recognises numerous non-ringfenced grants being made available from the government as part of their fundamental package of support to assist local authorities address the implications of the public health emergency.

A 1.55 per cent council tax increase from the average for 2020/21, recognition of reduced council tax yield as evidenced by the reduced tax base agreed by Cabinet in January 2021.

Recognition of reduced business rate yield / income.

A harmonisation of council tax from 1 April 2021.

Appendix 6 BCP Equality Impact Assessment Template

Part 2 – Supporting Evidence¹

Figure 3: General Fund - Budget 2021/22 and MTFP 2021 to 2024

20/21 £m	Additional Investment into Services	21/22 £m	22/23 £m	23/24 £m	Total £m
11.0	Adult social care inc public health	13.1	10.1	10.6	33.8
3.0	Children's services	7.5	2.4	2.2	12.1
3.2	Environment and communities	3.4	1.7	0.4	5.5
2.0	Regeneration and economy	13.8	(10.2)	(0.4)	3.2
0.8	Resource services	1.9	(0.2)	0.2	1.9
3.9	Contingency - pay award	1.8	3.1	3.1	8.0
1.1	Core government funding changes	0.0	2.1	0.8	2.9
0.0	Transformation programme costs including borrowing	23.9	(15.9)	(5.3)	2.7
0.0	Transformation - ongoing revenue costs	3.5	0.5	0.5	4.5
(0.5)	Minimum revenue provision & interest payable	1.8	0.6	0.3	2.7
1.4	Corporate priorities	5.3	(1.0)	0.0	4.3
1.2	Investment related to the high needs deficit	(1.2)	0.0	0.0	(1.2)
1.1	Revenue contribution to capital	(2.8)	0.0	0.0	(2.8)
(1.7)	Pension fund – tri-annual revaluation impact	0.0	0.0	0.2	0.2
(1.3)	Contingency	2.1	(1.6)	0.0	0.5
25.2	Total Additional Investment into Services	74.1	(8.4)	12.6	78.3
	Cumulative Investment into Services	74.1	65.7	78.3	

The [Corporate Strategy](#) was adopted by the council on 5 November 2020 and aims to create vibrant communities with outstanding quality of life where everyone plays an active role. The high-level strategy sets out five council priorities and a commitment to become a modern, accessible and accountable council committed to providing effective community leadership. The priorities are:

Sustainable Environment - leading our communities towards a cleaner, sustainable future that preserves our outstanding environment for generations to come

Dynamic Places - supporting an innovative, successful economy in a great place to live, learn, work and visit

Part 2 – Supporting Evidence¹

Connected Communities - empowering our communities so everyone feels safe, engaged and included

Brighter Futures - caring for our children and young people; providing a nurturing environment, high quality educations and great opportunities to grow and flourish

Fulfilled Lives - helping people lead active, healthy and independent lives, adding years to life and life to years.

The ageing population across the UK, Dorset, and specifically with BCP Councils area continues to increase demand on adult Social Care Services. and growth within our disabled client and subsequent increase in costs.

Mitigating action has been taken to reduce the increased pressure and demand on Adult and Childrens Social Care by Additional investment into these services

It is important to note that the vulnerability of BCP Council continues due to the uncertainty of spend that will be required in response to the ongoing pandemic.

Tranche 5 Covid-19 grant

Will cover cost pressures caused by the pandemic in the first few months of 2021/22.

There is optimism about overcoming the public health emergency due to the roll out of new vaccines. However, many of the challenges posed by the virus will continue for some and BCP Council are expected councils to have unbudgeted cost pressures associated with Covid-19 until the middle of the 2021 calendar year. The Council has been awarded £9.9 million from a national allocation of £1.55 billion and is expected to use this funding to support costs which have not been included in the 2021/22 budget in respect of the following areas;

- Shielding the clinically extremely vulnerable
- Homelessness and rough sleeping
- Domestic abuse
- Managing excess deaths
- Support for re-opening the country

Part 2 – Supporting Evidence¹

- Public health services
- Adult social care
- Children’s services
- Household waste services
- Additional costs associated with the local elections in May 2021.

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 pandemic. Consequently, the provision of statutory functions such as 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.

Investment in adult social care - £13.1 million 2021/22

- The MTFP makes provision for an additional gross £33.8 million investment in adult social care services over the 3-year period to March 2024. This pressure is a combination of;
- Assumptions around inflationary pressures within the care market. These pressures mainly relate to increases for providers in staffing costs where a significant driver will be the consequential impact of increases in the national living wage.
- Demographic growth within the learning disability and mental health client group.
- Demographic growth in demand for care packages for people with long-term conditions including those to support the NHS urgent and emergency care system as well as preventing delayed discharges from hospital.
- Increased cost of care and additional resources as a result of the pandemic.
- Increased cost in respect of people with no recourse to public funds.

On the 31 December 2019 the government published their response to the Low Pay Commission’s recommendation on the national minimum (NMW) and national living (NLW) wages which promised that the NMW for over 25 will reach £10.50 in 2024.

Appendix 6 BCP Equality Impact Assessment Template

Part 2 – Supporting Evidence¹

The NLW increased from £8.21 to £8.72 in April 2020 (6.2%). The National Living Wage will be increased by 2.2% to £8.91 per hour for 2021/22 and extended to those aged 23 and over.

New grant funding of £300 million for adult and children's social care will be provided in 2021/22. The allocation to BCP is £1.3 million, split £0.9 million to adult social care and £0.4 million to children social care.

The MTFP assumes that the government will continue to provide infection control grant for the care sector to support restrictions of staff movement between care providers, paying full wages for staff isolating and funding the cost of PPE for Covid-19 on an ongoing basis. The assumption therefore is that the council do not need to provide for and fund such costs.

The numbers and average cost of care home placements commissioned since the beginning of the pandemic under emergency hospital discharge arrangements have increased significantly during 2020/21. The increases in average costs have been related to market conditions and the intensity of needs of many people who are being placed in residential and nursing care. As a result of the severity of the pandemic

Further work will be required on each aspect of the savings proposals to meet the requirements of the public sector equality duty should the budget proposal be accepted by Cabinet.

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Key contacts for further advice and guidance:

Equality & Diversity:

[Sam Johnson - Policy and Performance Manager](#)

Consultation & Research:

[Lisa Stuchberry – Insight Manager](#)

BCP Pay Policy 2021/22	
Date: 18 January 2021	Policy Author: Lucy Eldred
Review Date: December 2021	Version: 1
Purpose/Introduction	<p>This policy is established to meet requirement of section 38(1) of the Localism Act (2011).</p> <p>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.</p> <p>BCP Council has now been in existence following Local Government Reorganisation (LGR) since April 2019 and is made up of the following preceding authorities; Bournemouth Borough Council, Christchurch Council and Borough of Poole. Where required information from preceding authorities have been provided. The financial information published to meet legislative responsibilities is relating to the 2020/21 salary information and the 2019/20 Statement of Accounts.</p>
Who the policy applies to	<p>Chief Officers - The Council will engage persons for the following posts, who will be designated Chief Officers:</p> <p>(a) Chief Executive and Head of Paid Service (b) Directors who report directly to the Chief Executive within the line management structure</p>
The policy	<p>The 2020/21 salaries of the Chief Executive and Chief Officers were set by the Leader and Deputy Leader of the BCP Shadow Authority on advice from the South West Local Government Employers Association and having regard for the Chief Executive and Chief Officers' national pay scales.</p> <p>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.</p> <p>The Chief Executive is employed on JNC conditions of service.</p> <p>Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A):</p> <ul style="list-style-type: none"> a The Head of Paid Service (Chief Executive) 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 the salary of

BCP Pay Policy 2021/22

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 preceding 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 Corporate Directors, and other employees not covered by nationally agreed pay scales, are determined under the preceding councils' job evaluated pay and grading structure.
- g An extract from the annual statement of accounts for 2019/20 is given in Appendix B for BCP Council which gives details of the payments made to Chief Officers in 2019/20.
- 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 No other fees are paid to Chief Officers, but they can make claims under the relevant authorities Business Travel and Subsistence arrangements.
- k Payments for working hours additional to contractual hours are not made.

The Council publishes the total remuneration of Chief Officers and Service Directors as part of the annual statement of accounts on its public website.

The decision to employ Chief Officers, who were previously employed by the Council and left with a severance or redundancy payment, will be based on the applicants' suitability for the post. No deductions will be made from the remuneration package, providing the employment is more than four weeks from the original date of termination. If the employment is within four weeks of the original termination, the employee will have to reimburse any redundancy payments to the previous employer if they have been made to them.

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 non-contractual severance payments over £100,000. An annual report is made which includes reference to such cases for transparency purposes.

BCP Pay Policy 2021/22	
	<p>BCP Council will be reviewing the full pay and reward, including terms and conditions and HR Policies, through the year with a view to implementing within financial year 2021/22.</p> <p>The policy in relation to employer discretions under the Local Government Pension scheme is given in Appendix C</p>
How to use the policy	<p>This policy will be published on the Council's website to ensure that all staff, Councillors, residents and local businesses have access to it.</p> <p>Related Council policies and supporting documents:</p> <ul style="list-style-type: none"> • 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 • Preceding Authorities Pay and Grading Structures 2018/19
Roles and responsibilities	<p>This policy is reviewed annually by the Corporate Management Board and any recommendations for change will be made to the Cabinet for approval</p>
Enforcement and sanctions	
Further information and evidence	

Appendix A – Salary Information 2019/20

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) base salary, including pension contribution and the NI contribution with a total figure per annum (excluding expenses allowance).

Authority	Position	Base Salary	Pension Contribution	NI Contribution	Total
Bournemouth Christchurch & Poole Council	Chief Executive	£183,600.00	£0	£26,016.22	£209,616.22

- 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.

Authority	Median FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Christchurch & Poole Council	£27,041.00	£1,425.12	£1,490.52	£29,956.64	1 : 7

- 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.

Authority	Lowest FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Christchurch & Poole Council	£16,823.42	£925.32	£878.40	£18,627.14	1 : 11

Appendix B – Statement of Accounts 2020/21

EMPLOYEE REMUNERATION					
	Remuneration Salary (including supplements)	Expense Allowances	Compensation for Loss of Office	Employers Pension Contributions	Total payments including Pension Contributions
	2019/20	2019/20	2019/20	2019/20	2019/20
	£	£	£	£	£
Chief Executive	183,600	21,552	0	0	205,152
Corporate Director - Children's Services	142,634	0	0	22,240	164,875
Corporate Director - Adult Social Care	122,400	0	0	0	122,400
Corporate Director - Regeneration & Economy	122,400	0	0	19,094	141,494
Corporate Director - Environment & Community	122,400	0	0	19,094	141,494
Corporate Director - Resources	120,842	0	0	18,851	139,693
Director of Finance	107,100	0	0	16,708	123,808
Director of Laws and Governance	107,100	0	0	16,708	123,808
Totals	1,028,476	21,552	0	112,696	1,162,724

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
<p>Regulation 16 [R] – <u>Power of employing authority to contribute to a shared cost APC scheme</u></p> <p>Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.</p>	<p>On the basis of cost implications, the Council will not enter into a shared cost APC scheme</p>
<p>Sch 2, para 2 (2) & (3) [TP] <u>Power of employing authority to apply 85 Year Rule before age 60</u></p> <p>Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.</p> <p>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.</p>	<p>On the basis of cost implications, only in exceptional circumstances would the Council switch on the 85 Year Rule and the consideration of this issue would be delegated to the Cabinet Member with the portfolio for Resources in consultation with the Executive Director and the Section 151 Officer.</p> <p>On the basis of cost implications, only in exceptional circumstances would the Council consider waiving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the portfolio for Resources in consultation with the Executive Director and the Section 151 Officer</p>
<p>Regulation 30 (6) <u>Flexible retirement</u></p> <p>Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).</p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible</p>	<p>The Council will consider requests for Flexible Retirement in accordance with the agreed Flexible Retirement Policy and Procedure.</p> <p>On the basis of cost implications, only in exceptional circumstances would the Council consider waiving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the Portfolio for Resources in consultation with the</p>

Regulation	Policy
retirement.	Executive Director and the Section 151 Officer.
<p>Regulation 30 (8) [R]</p> <p><u>Power of employing authority to waive actuarial reduction</u></p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.</p>	On the basis of cost implications, only in exceptional circumstances would the Council consider waving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the Portfolio for Resources in consultation with the Executive Director and the Section 151 Officer.
<p>Regulation 31 [R]</p> <p><u>Power of employing authority to grant additional pension</u></p> <p>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.).</p>	The Council has elected not to use this discretion
<p>Reg D11 (2)(c) [C]</p> <p><u>Power of employing authority to grant early payment of benefits on compassionate grounds</u></p> <p>Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds</p> <p><i>For members who ceased active membership before 1 April 1998</i></p>	The Council will only agree to the early payment of such benefits when there is no cost attached. Only in exceptional compassionate circumstances would any required actuarial reduction of such benefits be waived. The Council delegates the consideration for these issues to the Cabinet Member with the Portfolio for Resources, the Executive Director and the Section 151 Officer.

PART B - where formulation of a written policy is **not** compulsory

Regulation	Policy
<p>Regulation 9 (1) & (3) [R]</p> <p><u>Contributions payable by active members</u></p> <p>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.</p>	The policy is set to review the bandings on an annual basis.
<p>Regulation 22 (7) (b) and (8) (b) [R]</p> <p><u>Facility to extend time limits for active members to not aggregate deferred periods of LGPS</u></p>	The Council will only agree to extend the 12-month option period in exceptional

Regulation	Policy
<p><u>membership</u></p> <p>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.</p>	<p>circumstances. The Council delegates the consideration of this issue to the Head of HR.</p>
<p>Regulation 100 (6) [R]</p> <p><u>Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS</u></p> <p>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.</p> <p>JOINT DISCRETION WITH ADMINISTERING AUTHORITY</p>	<p>The Council will only agree requests to transfer previous pension rights into the LGPS in exceptional circumstances and in consultation with Dorset Council. The Council delegates the consideration of this issue to the Head of HR.</p>
<p>Reg 17 & 15(2A) [TP]</p> <p><u>Power of employing authority to determine whether to, how much and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement</u></p>	<p>On the basis of cost implications, the Council will not enter into a shared cost AVC (SCAVC) arrangement</p>
<p>Reg 17 & 15(2A) [TP]</p> <p><u>Power of employing authority to determine whether to extend the time limit for a member to elect to purchase additional pension by way of a shared cost additional pension contribution (SCAPC) upon return from a period of absence</u></p> <p>Whether to extend the 30 day deadline for member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave)</p>	<p>The Council will only agree to include a regular lump sum when calculating APP on a case by case basis. Each case will be considered the Head of HR or their nominated representative on its own merits.</p>
<p>Reg 21(5A) and 21(5B) [R]</p> <p><u>Power of employing authority to determine whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP)</u></p>	<p>The Council will agree to substitute a higher level of pensionable pay when calculating APP on a case by case basis. Each case will be considered the Head of HR or their nominated representative on its own merits.</p>

Report subject	Housing Revenue Account (HRA) Budget Setting 2021 to 2022
Meeting date	10 February 2021
Status	Public Report
Executive summary	<p>The Housing Revenue Account (HRA) is a separate account within the Council that ring-fences the income and expenditure associated with BCP Council's housing stock, including housing in both the Bournemouth and Poole neighbourhoods.</p> <p>This report seeks approval for the proposed budget for the HRA for 2021/22 and the key principles on which it is based.</p> <p>It sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2021/22 rent year. These proposals and the actions within the attached delivery plans for each neighbourhood all support the priorities set out in the Council's Corporate Strategy.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) That revenue budgets for 2021/22 and provisionally for 2022/23 and 2023/24 are set using the following principles:</p> <ul style="list-style-type: none"> (i) That dwelling rents are increased by 1.5% (CPI for September 2020 + 1%) from 5 April 2021 in line with the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing published in February 2019. (ii) That dwelling rents are moved to formula rent when a property is re-let following a vacancy. (iii) That garage rental charges are increased by 2% from the 5 April 2021 across both neighbourhoods. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 2% from 5 April 2021. (iv) That the garages owned by the HRA at Anchor Close, Bearwood are transferred to the General Fund. (v) That leasehold services are charged to leaseholders in line with actual costs incurred. (vi) That the changes to service charges are agreed as set out in appendix 2. (vii) That the budgeted bad debt charge is maintained at £188,000 in the Bournemouth neighbourhood and

	<p>£197,000 in the Poole neighbourhood.</p> <p>(viii) That the depreciation budget is set at £6.878m for the Bournemouth neighbourhood and £4.665m for the Poole neighbourhood.</p> <p>(ix) That HRA reserves should be maintained at a minimum level of 5% of total expenditure in line with good practice. This equates to £976,250 for the Bournemouth neighbourhood and £769,900 for the Poole neighbourhood for 2021/22, totalling £1.746m</p> <p>(b) That capital budgets for 2021/22 and provisionally for 2022/23 and 2023/24 are set using the following principles:</p> <p>-</p> <p>(i) That the planned maintenance programme as set out in Appendix 5 is agreed.</p> <p>(ii) That the major project capital programme as set out in Appendix 6 is agreed.</p> <p>(iii) That funding totalling £6.824 million is carried forward from the 2020/21 Bournemouth neighbourhood capital programme and that funding totalling £4.955 million is carried forward from the 2020/21 Poole neighbourhood capital programme to reflect where expenditure on major projects has commenced but these projects have not yet been completed.</p> <p>(c) That the Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.</p>
Reason for recommendations	HRA rents and other changes along with the HRA Capital Programme are subject to review and require Cabinet and Council approval in order for rents and charges to be levied.
Portfolio Holder(s):	Councillor Robert Lawton - Homes
Corporate Director	Kate Ryan – Corporate Director for Environment and Community
Report Authors	Seamus Doran – Head of Neighbourhood Management, BCP Council Su Spence – Chief Executive, Poole Housing Partnership (PHP) Richard Sumner – Accountant, PHP Tina Worthing – Finance Manager, BCP Council
Wards	Council-wide
Classification	For Recommendation

Background

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 as well as the expenditure plans for the 2021/22 rent year.
2. The Council housing stock is situated within the Bournemouth and Poole neighbourhoods and comprises 9,616 rented properties (5,071 in Bournemouth and 4,545 in Poole), 1,137 leasehold properties and 35 low cost home ownership properties (as at 1 April 2020) with a rent roll of £43.236 million in 2021/22. There is no Council owned housing stock in the Christchurch neighbourhood as the stock was transferred to a housing association several years ago.
3. 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.
4. The Council's HRA was formed on 1 April 2019 when BCP Council was created and combined the former HRA's of Bournemouth and Poole Councils. BCP Council can only operate one HRA legally but continues to maintain two separate neighbourhood accounts within it, one for Bournemouth and one for Poole. This approach was agreed with the Ministry of Housing, Communities and Local Government (MHCLG).
5. PHP operates as an Arm's Length Management Organisation (ALMO). It manages the homes in the Poole Neighbourhood in line with a management agreement with the Council. Compliance with this agreement is formally managed by the Council through a Commissioning and Performance Management Framework.
6. It has not yet been feasible to merge the two neighbourhood accounts into one. While the differences will continue for the foreseeable future an independent review to consider the future housing management model for BCP Council has been completed. The recommendations of this review will be considered by the Council through a councillor working group which will advise the Portfolio Holder for Homes for further consideration and inform future direction measured against the Council's strategic priorities.
7. The current approach allows the two neighbourhoods to manage the different services that currently exist. The financial management of the accounts is overseen by the BCP Director of Finance with input from the Director of Housing and includes regular meetings with the PHP finance team through the Performance Management Framework and meetings with the BCP Council Finance team. Some policies and practices have already been aligned, such as the level of balances, rent void calculations, bad debt charge calculations and allocations of costs to supervision and management and repairs and maintenance. Where possible service charges can also be aligned. Other practices are in the process of being harmonised, for example depreciation calculations. Although operating as two neighbourhoods, any borrowing decisions are taken based on the financial requirements of the HRA as a whole.
8. 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. The HRA will maintain reserves above a minimum level of 5% of expenditure. In 2021/22 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £976,250 and £769,900 respectively.

9. On 29 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 prudent. Total borrowing within the BCP HRA is forecast to be £16.5 million in 2021/22, £23.1 million in 2022/23 and £23.8 million in 2023/24.
10. Business cases for any new housing development or other major work that have not been approved as part of the anticipated programmes set out in appendices 5 and 6 will be submitted for approval separately to Cabinet if over the £500,000 threshold. These will set out how and when the HRA will borrow.
11. The delivery of new affordable homes and ensuring existing homes meet local requirements is a key priority for councils. Within both neighbourhoods' we will continue to look at how we can make best use of our homes to meet the needs of those on the housing register. Previously, this has included the re-designation and redevelopment of sheltered stock with some changing to general needs.

National Policy Context

12. In November 2020 the Housing White Paper was released by government. This set out the direction of travel for social housing providers and the introduction of a changed and enhanced regulatory approach across the consumer standards inherent for all providers to deliver. The White Paper draws on work around building safety that has been developed since the Grenfell tragedy as well as requirements to demonstrate resident engagement in service delivery and development. This will be overseen by a programme of oversight by the Regulator of Social Housing (the Regulator) which will assess each local authority every 4 years to test delivery against the required standards.
13. Within the consumer standards there are requirements for the delivery of safe and effective homes, and these can best be described as the health and safety compliance standards covering fire safety, gas safety, water hygiene, lift safety and asbestos safety. An annual report has already been presented to Cabinet setting out the Council's legal obligations as a landlord to ensure the health, safety and welfare of its tenants and details of performance against these. These are high risk areas and are given a high priority to ensure compliance, with a requirement in the white paper to identify a named individual over seeing health and safety across service areas.
14. Separate to the consumer standards are expectations around demonstrating how residents are involved in governance and supporting service delivery and change. Both neighbourhoods will need to review the processes in place to ensure that this is happening and also to be able to demonstrate this. Key to this will be the collection of satisfaction measures of residents in the services provided by their landlord, which will be subject to a consultation in 2021.
15. The White Paper reinforces the development of the role of the Housing Ombudsman (Ombudsman) that has been happening over the past 2 to 3 years and ensures that there is no duplication of roles between the Regulator and the Ombudsman. This allows residents to access the Ombudsman if local services are not delivering as expected and reinforces the requirement to deliver a complaints service in line with the Ombudsman standards.
16. The White Paper builds on the independent review of building regulations and fire safety commissioned following the Grenfell fire in 2017. A draft Building Safety Bill was published by the government in July 2020 and is awaiting further comments before being introduced to Parliament although as yet there are no timescales

regarding implementation. The draft Bill reinforced more stringent requirements in relation to the management of higher risk buildings such as tower blocks and will seek to increase landlord powers and responsibilities in relation to safety.

17. These changes were set out in the annual Housing and Property Compliance Update to Cabinet last year. They will have an impact on the HRA as there will be a requirement to have additional roles in place to manage buildings safely. There will be added complexity in ensuring that we have systems in place to manage the additional requirements and that resources are in place to deliver actions required.
18. The Home Standard forms part of the Regulator's consumer standards that apply to the Council as a stock owning authority even if part of the stock is managed by someone else. The Regulator's role is to set these standards and to intervene where failure to meet the standards has caused or could have caused serious harm to its tenants. Where a local authority feels that it has systematic failings in meeting the standards then they are expected to self-refer to the Regulator.
19. The changes required to deliver the White Paper and the new building safety legislation will take place against the backdrop of the pandemic throughout 2020. Housing services across both neighbourhoods were revised throughout the year to deliver Covid-19 safe services and ensuring that residents were supported in many various ways. While some services were scaled back as they required long and sustained access to homes, others were increased such as more regular contact with residents and measures taken to manage fly tipping, Covid-19 related ASB and loneliness.
20. The impact of Covid-19 on income to the HRA has not been as significant as in other areas of the Council. Both neighbourhoods are within target on rent collected and the level of allowance for voids and bad debts remains the same as in recent years. The wider impact on the economy and job losses may yet have an effect in the future as furlough and other support schemes come to an end. This may have a particular impact on rental income but both neighbourhoods have been focusing on offering advice and support during the pandemic and this will continue. The importance of continued ongoing and proactive engagement with tenants to ensure they pay their rent remains a priority.

Longer term financial planning

21. The longer-term impact of income collection will be reflected in the 30-year financial business plan that underpins the 3-year plan that is presented in this report. The work on the 30-year plan seeks to provide assurance that the plans set out to Council are affordable in the longer term. While this is the case, requirements over 30 years with regards delivery of new affordable housing and achieving the government's requirement to deliver carbon reductions across the current stock will be challenging. The 30-year plan is being progressed and will evolve over time as policy options for longer term spend are tested through the plan's model and will help inform our future spending decisions.

BCP Council's Corporate Strategy

22. The Council's Corporate Strategy sets out its priorities, the objectives to achieve these, key actions and measures of success. The services delivered within the HRA support the strategy and the key priorities that make up the Corporate Strategy in many different ways as set out below.
23. **Sustainable Environment** - Energy efficiency and sustainability will continue to be considered when building new homes and carrying out capital improvement works to existing properties. This could include:

- Measures such as heat pumps, use of renewable energy sources and high levels of insulation.
 - LED replacement lighting will be used in communal areas and homes
 - Replacement double glazing for existing homes and
 - non-combustible cladding to improve insulation and comfort levels on tower blocks
- Each project will be considered individually with consideration of the overall carbon savings which can be secured.
24. PV panels fitted to the council housing stock remain in place. These panels generate electricity for residents to use and to feedback into the national grid creating an additional income for the Council, therefore reducing overall usage of fossil fuels as well as being of economic benefit to the Council and residents.
25. These measures will help lead towards a sustainable environment and tackle the climate and ecological emergency. There will be challenges regarding costs and the feasibility of undertaking further work particularly to existing properties but there will be very clear benefits for tenants through lower energy bills and clear benefits for the wider environment. This area of work will also be influenced by developments in national policy and planning for the retrofit of existing homes will form an important part of the 30-year HRA Business Plan.
26. **Dynamic Places** – One key priority within the HRA is to develop new homes for those in housing need. Well established development expertise is in place in-house to bring forward new homes on numerous surplus Council owned sites. These additional homes will add to the overall homes that the BCP Council area needs. There is a healthy development programme over coming years and over the last year the following new homes have been completed:
- Townsend – 3 new general needs homes
 - Canford Heath Road – 56 new general needs homes and 6 specialist flats for residents with complex needs.
27. **Connected Communities** – Both neighbourhoods support activities to build communities in which people feel safe and where their views are considered. There is formal engagement through residents' groups to scrutinise the services that are provided and ongoing work with residents to develop these services and policies. These service areas will be critical in the delivery of the white paper requirements and being able to demonstrate to the Regulator how residents influence and shape service delivery.
28. The Poole neighbourhood works with a number of local charities and resident groups to deliver services across the estates that tackle loneliness and poverty. These can range from befriending services to supporting wider community engagement to support for lone parents or food delivery services. Within Bournemouth this is delivered from within the community development team and forms part of the wider service offer to all residents.
29. Enforcement and preventative measures are undertaken to reduce anti-social behaviour and there is close partnership working with the Police and other agencies to deal with this and to reduce the fear of crime. A large proportion of sheltered properties within the housing stock provides support to older tenants to help them live independently and reduce social isolation. During the Covid-19 pandemic thousands of additional welfare calls have been made to vulnerable residents and staff have continued to offer support by responding to emergency alarms calls, welfare and safeguarding issues.

30. **Brighter Futures** – Housing can play an important part in the care of children and young people. The provision of the right accommodation can have a significant impact and staff are trained to recognise support needs as well as safeguarding issues. There is close partnership working to help provide suitable accommodation for young care leavers through the housing register as well as providing temporary accommodation to help facilitate move on into more permanent homes.
31. **Fulfilled Lives** – The provision of support within sheltered housing enables people to lead healthy and independent lives. Partnership work is undertaken with other services within the Council and other agencies to provide accommodation where high levels of support can be provided, for example adults with a learning disability. Both neighbourhoods make a good contribution to the Housing First programme which supports rough sleepers into permanent accommodation. Both will also be involved in helping to ensure that those rehoused in temporary accommodation as part of the response to Covid-19 do not return to street homelessness. Minimising evictions of existing tenants is also a priority with ongoing work to look at how support can be provided to help tenants sustain their tenancies and prevent homelessness.
32. **Modern, Accessible, Accountable Council** – Both neighbourhoods are committed to working with residents to scrutinise services and seek feedback through formal resident engagement, satisfaction surveys and learning from complaints. The social housing white paper has set out the steps that the government will take to ensure that residents are listened to, are safe in their homes and have access to redress when things go wrong. This report and delivery plans also set out how we will provide an improved, modern and efficient service as well as meeting our obligations to ensure the health and safety of residents.

Strategic Objectives

33. The strategic objectives previously agreed for the BCP HRA remain as they were previously and are as follows:
 - a) Deliver strong financial management of the HRA which maximises the ability to collect income, gain efficiencies and service outstanding debt
 - b) Ensure HRA stock is adequately and efficiently maintained particularly in relation to the Council's legal obligation to ensure the health, safety and welfare of its tenants
 - c) Focus on the delivery of effective housing management services to support successful tenancies and strong and sustainable communities
 - d) Continue to secure funding opportunities to deliver additional social rented and affordable housing through new build and acquisitions
34. These objectives apply equally to both the Bournemouth and Poole Neighbourhoods 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 maintenance and management of the properties and support for tenants. Surpluses and borrowing will then be maximised to bring forward additional affordable housing.
35. The approach to HRA budget setting has focused on three key areas for 2021/22 and the following sections of the report take each of these areas in turn;
 - a) Revenue income expected to be achieved and proposals around rent and service charge levels for tenants and leaseholders

- b) Revenue expenditure plans that reflect local priorities and service delivery patterns, including revenue contributions to capital
- c) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and which support the affordable homes new build programme

36. Financial summaries for the BCP HRA are provided in Appendix 1 -6.

37. The delivery plans are provided in Appendices 7 and 8.

Revenue Income

38. Tenant dwelling rents

- 39. 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. 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%.
- 40. The rent formula was superseded by an announcement in the July 2015 budget statement that all social rents would decrease by 1% each year from 2016/17 to 2019/20. Rent increases from April 2020 of CPI + 1% have resumed for a period of five years as set out in the MHCLG policy statement on rents published in February 2019.
- 41. Although the return to the policy is welcomed and will help the Council meet its responsibilities, the four years of rent reduction have reduced rental income by £3.2 million for the Bournemouth neighbourhood and £2.9 million for the Poole neighbourhood – a total of over £6 million - and will continue to have a significant cumulative impact on the level of income that will be available to the HRA over the course of the 30-year business plan.
- 42. Any income that is available after the cost of servicing debt and managing and maintaining the stock is made available to the capital programme and supports the delivery of new homes.
- 43. Other adjustments that will impact on the level of achievable dwelling rent income relate to the number of Right to Buy (RTB) sales expected to occur and the number of days properties are empty during a change of tenancy. With regards to the RTB, it is assumed there will be 20 sales during the year in both neighbourhoods.
- 44. Both neighbourhoods manage a small number of shared ownership properties. Shared owners can purchase part of the property and pay a monthly rent on the share that remains in the ownership of the Council. Owners can normally purchase the remaining share of the property in a process known as “staircasing”. Rent increases are based on the terms of the lease provided to residents. The lease used is based on the model form of lease provided by the Government which is widely recognised by lenders and solicitors.
- 45. For 2021/22 it is assumed that 1% of the Bournemouth and Poole neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by £230,000 for the Bournemouth neighbourhood and £206,000 for the Poole Neighbourhood.
- 46. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The Bournemouth neighbourhood account will reflect the additional income from the delivery of 39 homes across several sites including some acquisitions. The

Poole neighbourhood account will reflect the additional income expected from the delivery of 62 new homes from 2020/21. However, there are inherent uncertainties around timescales for new build schemes, but an estimate has been accounted for.

Recommendation a(i) –

That dwelling rents are increased by 1.5% (CPI for September 2020 + 1%) from 5 April 2021 in line with the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing published in February 2019.

47. Since 2001, rents for properties let at 'social rent' (which constitute a majority of rented social housing properties) have been based on a formula set by government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property. One aim of this formula-based approach was to ensure that similar rents were charged for similar social rent properties in geographical areas across both councils and housing associations.
48. The national policy on rent setting is set out in the Ministry of Housing, Communities and Local Government (MHCLG) Policy statement on rents for social housing. This statement is included in the background papers to this report. A summary of the national rent setting policy is also included as appendix 9 to this report.
49. The average weekly rent charged by the Council in general needs housing is £84.85 which is below the average formula rent of £87.65 for these properties. Both can only be increased by CPI+1% each year which means that some existing tenants will not see their rent reach the formula rent level. However, where a property becomes vacant it can be re-let at the formula rent.
50. Rents for sheltered housing properties are slightly above the formula rent and will be moved down to formula rent when re-let after a vacancy.
51. Moving to a formula rent when properties are re-let will ensure that rents are charged in accordance with the national rent setting policy sooner and bring consistency with the national policy position.

Recommendation a(ii) –

That dwelling rents are moved to formula rent when a property is re-let following a vacancy

52. Garage Rents and Service Charges

53. 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.
54. Garage rents cover income received from garages in Bournemouth and Poole. The majority of garages in both Bournemouth and Poole were transferred from the HRA to the General Fund in 2018/19 and those that remained were located on sites identified as potential for re-development. Several sites have been or are being developed on. In Bournemouth, 26 garages with potential redevelopment will remain in the HRA alongside a further 211 garage plots and bases. In Poole, 43 garages remain within the HRA but no plots or bases.
55. There will need to be further consideration given to garage charges that reflect the level of demand in different areas. This may mean that charges for garages in more popular areas where demand is higher may be set at a higher level than in less popular areas. However, how this might affect any alignment of charges would also need to be considered.

56. The current level of garage charges has been benchmarked against those charged by other landlords locally and these have been confirmed as less than these. It is therefore proposed to increase charges by 2% across Bournemouth and Poole neighbourhoods to reflect the ongoing rise in cost of managing the garages whilst being mindful of ensuring they remain affordable and lettable. This increase seems reasonable in terms of maintenance costs and demand. Benchmarking has also been carried out against charges in the private sector.

Recommendation a(iii) –

That garage rental charges are increased by 2% from 5 April 2021 across both neighbourhoods. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 2% from 5 April 2021.

57. In April 2018, most garages were transferred from the HRA to the General Fund. Those sites that were considered potential redevelopment sites were not transferred. A further site of 21 garages at Anchor Close have been deemed unsuitable for redevelopment and therefore will now also be transferred to the General Fund. The transfer will be funded by a switch in the Capital Financing Reserve of £0.02m. This transfer will marginally reduce the HRA's current borrowing requirement, the increased borrowing requirement within the General Fund will be covered by the rental income from the transferred assets.

Recommendation a(iv) –

That the garages owned by the HRA at Anchor Close, Bearwood are transferred to the General Fund.

58. 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.

59. 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 adjusted to actual costs incurred once these are known.

Recommendation a(v) -

That leasehold services are charged to leaseholders in line with actual costs incurred.

60. Tenant service charges must mirror the charges incurred by the HRA in the same way as leasehold charges. Both neighbourhoods are expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge. Most service charges are expected to be included in affordable rents.

61. Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable. This is difficult to do for some charges such as electricity where costs are set by utility companies and are determined based on actual usage.

62. Tenants should be consulted where new or extended services are introduced where this will result in additional charges to tenants.
63. Service charges are in place for the provision of a sheltered housing extra care service and associated support in the Poole neighbourhood. The charges relate to the additional work to manage these schemes for example, looking after communal areas and health and safety inspections, as well as support for tenants to help them manage their tenancies. These will increase by 2%. The charges are not applicable in the Bournemouth neighbourhood and will be considered during the review of sheltered housing that will include both neighbourhoods.
64. Charges for guest rooms on sheltered schemes have been increased by 1.1% with an adjustment to round the new amounts in the Poole neighbourhood. Charges for the Bournemouth neighbourhood have been aligned to those in Poole.
65. The HRA incurs electricity and gas utility costs and recovers these from tenants in relation to:
 - The heating of individual tenant's homes that are served by a communal heating system the costs of which are recovered through the heating charge.
 - The lighting and heating of communal areas, the costs of which are recovered through the communal supply charge.
66. Expenditure on utility costs for the Poole neighbourhood covering gas and electricity were subject to a 4-year fixed price agreement which ended on 30 September 2020. For the Bournemouth neighbourhood a new utility contract commenced in October 2018. Both neighbourhoods have experienced significant increases in utility costs that reflect the price of supplies. These will need to be recovered through increased service charges incurred by tenants as these underlying price increases work through into usage charges.
67. Heating charges in the Poole neighbourhood are set at a standard charge for each property type and based on usage. For most homes that are served by a communal heating system the heating charge will need to increase by 10% in order to recover the increased utility costs. Last year residents in Poole benefitted from a 3% reduction in heating charges as a result of falling usage.
68. Heating charges in the Bournemouth neighbourhood are set according to the usage on each scheme. There has been an increase in costs from suppliers but also an under-recovery of costs on some schemes. The increase for 2021/22 reflects both, but any increase, primarily due to the under recovery, has been capped at £1.00 per week.
69. Charges for communal power are set according to the energy used in both neighbourhoods and are increased according to usage. Within Poole the charges also relate to a new contract for utilities that includes gas. Residents previously benefitted from a 3% reduction in charges last year and the contracts in place reflect the current cost of energy supplies.
70. Scooter charges in the Poole neighbourhood will increase by the retail price index for September 2020, 1.1%. In Bournemouth the charge will not increase which will allow for alignment across both neighbourhoods over time.
71. The window cleaning charge in Bournemouth will remain unchanged.
72. Within Bournemouth, the previously agreed service charge policy will continue to be rolled out with additional charges for communal bulk refuse removal being applied from 1 April 2021. This will be the last of the new charges that were introduced to be applied. A cap on the new service charges introduced will continue to be applied until

April 2023/24. The cap for 2021/22 will ensure that the maximum amount paid for new services charges that include communal supply, cleaning, gardening and bulk refuse will not exceed £4.00 per week.

73. Service charges in the Bournemouth neighbourhood for communal gardening and cleaning are usually based on costs previously incurred. During the Covid-19 pandemic these 2 services were suspended for approximately 3 months although tenants continued to pay for the service. Charges for 2021/22 have been adjusted to account for this in year so that tenants realise the revised costs now rather than in 12 months' time.
74. There has been an overall increase in communal gardening charges in the Bournemouth neighbourhood even when adjustments for the disruption to services due to Covid-19 have been made. These charges are relatively low, and any increases can appear to have a disproportionate impact on the overall percentage increase.

Recommendation a(vi) –

That the changes to service charges are agreed as set out in appendix 2.

Revenue Expenditure

75. The HRA manages expenditure that covers delivery of the general housing management function as well as overhead and capital financing charges.
76. Management and Maintenance
77. 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. For the Bournemouth neighbourhood the revenue expenditure is contained within the overall revenue budgets for the HRA without the separation of a similar management fee.
78. It is recognised that the financial climate has been and remains challenging and the four years of reduction in rental charges to tenants have reduced the level of funds available to deliver all the priorities for housing support and new homes. Both neighbourhoods therefore regularly review the level of costs incurred and ensure that funding is linked to service priorities.
79. 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.
80. Key current and future changes to service delivery and financial pressures can be summarised as follows
- a. Increases in Development Team staffing resources to help bring forward the new build programme (although much of the costs are capitalised to the individual schemes).
 - b. Additional resources to help ensure the effective management of tenancies involving tenants with complex needs such as substance misuse.
 - c. Additional resources to support the delivery of the building safety requirements and compliance approach
 - d. Increases in the cleansing services to ensure that lessons learnt from Covid-19 on service delivery are embedded

- e. Resource identification to support delivery of the white paper requirements to ensure that BCP can deliver effective assurance to the Regulator
81. The use of the revenue resources for day to day delivery of services are summarised in the delivery plans for each neighbourhood which are summarised in appendices 7 and 8.
 82. The HRA contributed £2 million to the Councils Transformation Programme in 2020/21. This was on the condition that savings as a result of this would also be delivered to the HRA. This project has now been brought forward to help deliver savings to the general fund because of the Covid-19 pandemic. As part of this, the "Smarter Structures" project has commenced to implement a staff structure to support organisational design. It is not clear yet what impact this will have on the HRA but it will need to be phased as the 2 neighbourhood services are aligned alongside the housing management model review process. However, new telephony and IT delivered through the Transformation Programme has enabled remote working while maintaining services in a safe way during the pandemic.
 83. Overheads and other expenditure
 84. 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.
 85. 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.
 86. Management of bad debts
 87. 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 seven years and work to manage under occupation is now business as usual.
 88. One key current risk is Universal Credit (U.C.) which went live for Bournemouth in November 2017 and for Poole in October 2017 with approximately 18% of tenants now receiving this benefit. Evidence from other areas, along with our experience so far, shows the level of arrears increases in the short to medium term following implementation. The system is also more complicated than the old housing benefit system and requires additional interventions and support from landlords.
 89. Both neighbourhoods 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 and any associated issues.
 90. The impact of Covid-19 has not yet had a noticeable impact on the level of rent arrears. However, this will have to be carefully monitored as furlough and other support schemes come to an end early next year. This will have been assisted by the proactive work the teams have been doing with tenants to encourage continued payment of rent during the year.
 91. As the level of arrears across all other tenants 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 charge of £188,000 for the Bournemouth neighbourhood and £197,000 for the Poole neighbourhood is considered to be adequate and has been maintained at the same level for 2020/21.

Recommendation a(vii) –

That the budgeted bad debt charge is maintained at £188,000 for the Bournemouth neighbourhood and £197,000 for the Poole neighbourhood.

92. 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 accounting principles.
93. Depreciation charges in both neighbourhoods are calculated using components. However, the depreciation policy for each neighbourhood is significantly different - the Bournemouth neighbourhood uses six components and Poole uses 86. Life cycles also vary across the two neighbourhoods. These differences in approach have started to be reviewed but have not been aligned in this budget as doing so now could impact the level of resource available to support the maintenance programme.

Recommendation a(viii) –

That the depreciation budget is set at £6.878m for the Bournemouth neighbourhood and £4.665m for the Poole neighbourhood.

94. Reserves

95. The Council is required by law (Local Government and 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. An appropriate level has been determined as 5% of expenditure. This level has been reached after carrying out a risk assessment of key items affecting income/expenditure and allowing for a contingency for unidentified items. In 2021/22 this gives a minimum reserve requirement of £976,250 million for the Bournemouth Neighbourhood and £769,900 for the Poole Neighbourhood.

Recommendation a(ix) –

That HRA reserves should be maintained at a minimum level of 5% of total expenditure. This equates to £976,250 for the Bournemouth neighbourhood £769,900 for the Poole neighbourhood for 2021/22, totalling £1.746m.

96. Capital Financing

97. The budget to support interest paid on HRA debt will rise in future years as external borrowing is required. For 2021/22 the BCP HRA will require £16.5 million of external borrowing to fund its capital programme.
98. The continued strong management of expenditure costs and the good level of income collection mean that for 2021/22 the revenue contribution to capital from the Bournemouth neighbourhood is £1.822 million and £3.642 in the Poole neighbourhood. The remainder of the capital programme will be funded from a combination of capital receipts, drawdown of the Major Repair Reserve (MRR) and section 106 receipts.

Capital Expenditure

99. Financial regulations require capital schemes to be categorised into appropriate approvals categories. All Planned Maintenance Programme items within Appendix 5 are Unconditional. Major Projects (shown in detail in Appendix 6) are categorised as No Further Approval, Conditional Approval or requires Further approval, as appropriate.
100. Planned Maintenance Programme
101. 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 both neighbourhoods 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.
102. There are various areas of work that need to be delivered as part of the planned maintenance programme. Fire safety is a key area and additional work will be required to remove cladding at the Sterte Court tower blocks. Budgets have been set aside for the replacement of all fire doors to flats.
103. To support the Council's Corporate Strategy there are objectives to ensure that sustainability underpins our policies, tackle the climate change emergency and promote sustainable resource management. This can be achieved through sustainable methods of construction in relation to new homes with high levels of thermal insulation and more energy efficient hot water and heating systems. Energy efficient measures are also provided in the refurbishment of existing homes including more efficient gas boilers, consideration of alternative heat sources, increased levels of thermal insulation, communal heating systems and low energy lighting to communal areas. Such measures often increase development and refurbishment costs, but more energy efficient homes can benefit tenants through lower energy bills. There is a clear focus on the overall carbon savings that can be achieved with any additional investment.
104. Technology is changing constantly in this fast-moving sector but it is clear that the HRA housing stock will embrace this issue within its programme going forwards. The development of the 30-year business plan will help determine how we meet the challenges.
105. There are differences for proposed expenditure between the two neighbourhoods within the planned maintenance programme. Each has its own asset management strategy which reflects the nature of the stock and drives this programme. Different services and policies have also developed between the two neighbourhoods over many years which have been influenced through engagement with tenants. These are slowly being brought together with best practice being shared while ensuring locally appropriate services are in place.
106. The planned maintenance programme is proposed at £7.446 for Bournemouth and £7.151 million for Poole and. A full breakdown of these programmes is included within appendix 5 and these will deliver a programme of work that is safe and meets legislative and other priorities.

Recommendation b(i) –

That the planned maintenance programme as set out in Appendix 5 is agreed.

107. Major works capital programme

108. 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 properties that had been previously sold under the right to buy but may be where other housing providers are looking to dispose of suitable stock. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money. New build schemes and other major capital programmes not defined explicitly within this report will be brought for individual Cabinet approval as per the Financial Regulations.
109. The exact tenure mix of this new build programme will be considered in the context of overall financial viability. Each scheme is required to be viable over the duration of any borrowing period in line with the Prudential Code.
110. There are ongoing ambitious new build plans, a requirement to make significant changes to the stock to more adequately meet needs and the HRA must continue to assist in the management of homelessness. Funding of this programme can be achieved in part via additional borrowing. In the October 2018 budget, the Chancellor abolished the limit on HRA borrowing cap. This allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code. 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.
111. Borrowing by the BCP Council HRA is forecast to be £16.5 million for the year to 31 March 2022 to help finance new build and major projects.
112. Many schemes will also require additional subsidy alongside rental income to meet the borrowing requirements. RTB receipts, HRA reserves and Section 106 affordable housing developer contributions are also used across both neighbourhoods to help financially support the delivery of new homes, although these funding sources are finite.
113. The new build and major projects programme for Bournemouth totals £18 million for 2021/22. The new build and major projects programme for Poole totals £24.279 million.

114. New build and major projects – Bournemouth

115. Northbourne Day Centre, Wimborne Road, Kinson – on site. Will provide 9 homes for rent including 1 and 2-bedroom flats and 2-bedroom houses.
116. Barrow Drive garage site, Townsend – on site. 3, 2-bedroom houses. Completion and handover to be in 2020/21 financial year with some remaining capital spend budgeted for 2021/22.
117. Templeman House, Leedam Road, Kinson – 27 flats.
118. Princess Road, Westbourne – 120 new homes including 1,2 and 3-bedroom flats for rent and shared ownership. At planning stage.
119. Ibbertson Way garage site, Townsend – on site. 2, 2-bedroom houses and 1, 3-bedroom house for rent.
120. Luckham Road/Charminster Road, Charminster – on site. 6, 1 and 2-bedroom flats and 3, 3-bedroom houses.
121. Cabbage Patch car park, St Stephens Road, Bournemouth Town Centre – 11, 1 and 2-bedroom flats.

122. Moorside Road, West Howe – 14, 3-bedroom houses.
123. Duck Lane, Bearcross – 12, 2-bedroom flats. At planning stage.
124. Craven Court, Knyveton Road, Boscombe – 24 ,1 and 2-bedroom flats. At planning stage.
125. Wilkinson Drive, Townsend – 9,2-bedroom flats and 4, 3-bedroom houses. At planning stage.
126. Purchase and repair – 5 homes currently being purchased.
127. New build and acquisition – budget amount that has not yet been committed.
128. New build and major projects – Poole
129. Project Admiral is ongoing and will deliver a major maintenance programme of the 4 tower blocks situated in Poole Old Town. This work includes the provision of a non-combustible cladding system that will ensure that these blocks remain fit for purpose and extend their life by a further 30 years. This project is being delivered over 3 years and should complete in 2022/23.
130. Cladding, Sterte Court, Poole – work will soon commence to remove combustible cladding to the 2 tower blocks and to replace with a non-combustible cladding system. It is anticipated that the work to remove and replace will take approximately 9 months to complete.
131. Infill –delivery of up to 15 new homes on infill sites throughout 2021.
132. Acquisitions – there is £1.5 million budget to deliver homes via the acquisitions programme that will support increases in the overall stock.
133. Cynthia House – 22 new homes by 2022, flats and houses and a mix of shared ownership and affordable rent.
134. Herbert Avenue - this scheme will deliver 24 flats for use as temporary accommodation.
135. Sprinkler Installation – work has started to install sprinklers across all 6 tower blocks and will be completed by June 2021 at Sterte Court and March 2022 in the Old Town.
136. Hillbourne –delivery of approximately 100 new homes on the old school site. Wider approvals will be sought towards the end of 2021.

Recommendation b(ii)

That the major project capital programme as set out in Appendix 6 is agreed.

137. The 2020/21 capital programme was agreed at £19.618 million for Bournemouth (revised to £11.147 million) and £21.633 million (revised to £14.349 million) for Poole. 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. These projects often require consultation, planning and building control approval and are subject to competitive tendering processes. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

Recommendation b(iii) –

That funding totalling £6.824 million is carried forward from the 2020/21 Bournemouth neighbourhood capital programme and that funding totalling £4.955 million is carried forward from the 2020/21 Poole neighbourhood capital programme to reflect where expenditure on major projects has commenced but these have not yet been completed.

138. Delivery Plan

139. The Management Agreement between BCP Council 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. The annual Delivery Plan for the Bournemouth Neighbourhood is also presented. Work is currently ongoing between the teams to align ways of working as appropriate across both neighbourhoods. It is notable that many actions cited in each Delivery plan are being progressed jointly across the two neighbourhoods.

Recommendation c –

That the Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.

140. Financial modelling

141. The existing new build programme reflects the ambitious plan to provide much needed additional homes for rent and shared ownership. Financial modelling is taking place to look at options to help shape the identified new build and retrofitting programme over the next few years. To support this work there is an ongoing update of the 30-year business plan for the HRA combined across the two neighbourhoods.

142. Consultation

143. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2021/22 are set by government policy.

144. 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 Cabinet if requested.

145. The Portfolio Holder for Homes has been consulted and their feedback had been addressed in this report.

Options Appraisal

146. This report sets out the proposals for increases in rent and other charges to support the provision of services to residents, day to day maintenance of the housing stock, disabled adaptations, the planned maintenance programme, new developments and other major works. The income received is also used to ensure that the Council can meet its legal responsibilities as a landlord as well as regulatory standards. The proposals support the Council's wider strategic objectives and demonstrates the importance of housing revenue account activities in helping to meet these. Any decision not to increase charges would have an impact on the ability of the HRA to meet the objectives in the delivery plan, and services to residents as well as wider strategic objectives. It would also increase the risk of failing to meet the challenges from the 30-year business plan as set out below.

Summary of financial implications

147. The Housing Revenue Account is a separate account within the Council that ring-fences the income and expenditure associated with BCP Council's housing stock. The estimated income from rent and other charges will be £43.236 million. The income from the HRA is used to support the Council's activities as a landlord and the proposed expenditure of £56.876 million on planned maintenance and new homes as the cost of managing and maintaining the housing stock. Proposed rent increases are in line with government requirements and the additional income that is generated is also used to develop the 30-year business plan. This plan will ensure that the

Council continues to meet its responsibilities as a landlord and in meeting the Council's wider objectives, including new homes, as well as the national agenda to reduce carbon emissions. There are other challenges associated with improvements to building safety and it is important that the HRA can meet these.

Summary of legal implications

148. 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 Cabinet in February 2020.
149. 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. The HRA will maintain reserves above a minimum level of 5% of expenditure. In 2021/22 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £976,250 and £769,900 respectively.
150. Approval from Cabinet and Council is required before changes to rents and other charges can be made as well as commitment to the level of expenditure on planned maintenance and major works.

Summary of human resources implications

151. There are no HR implications for this report.

Summary of sustainability impact

152. As a landlord the Council is responsible for the management and maintenance of Council homes and provision of new homes. Measures can be taken to ensure that more energy efficient measures are used in the maintenance of homes, for example more energy efficient gas boilers. There are more opportunities for energy efficient measures in new homes and this is considered for each new development including consideration of options for carbon savings.

Summary of public health implications

153. 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, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of our existing stock. Consideration is currently being given to new methods of building construction for new homes which would benefit tenants and the local area.

Summary of equality implications

154. Proposed revenue budgets for 2021/22 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.
155. Older and disabled residents will be positively affected by the investment in dwelling insulation, energy efficiency and competitive heating and communal utility charges. Many have benefited from low personal heating charges and a lower split of communal utility costs between all residents benefiting from these services.
156. 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.

157. Community development work undertaken seeks to minimise isolation, particularly with older people, contributing to improved physical and mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible, for example land for community gardens.
158. The income received also enables the Council to provide services to vulnerable tenants to help them maintain their tenancies.
159. There are many reasons why tenants may struggle to maintain their tenancies including drug and alcohol problems, mental health and hoarding. We will seek to continue to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions. Both neighbourhoods have staff who can provide support for tenants including financial advice and work is ongoing to ensure that sufficient resources are available.
160. A number of the mitigations are in place to minimise the impact of any increase in charges on those on low incomes. These include:
- The move to formula rents will not apply to existing tenants.
 - Rent increases for the last two years come after a period of 4 years of 1% rent reductions. This increase and last year's increases are in line with national rent setting policy and rents are not at the level they would have been if there had been uplifts in previous years instead of reductions.
 - Any tenants who are on low incomes are eligible for help with their rent through housing benefit or universal credit.
 - Most service charges are also covered by housing benefit or universal credit enabling those on low incomes to get help with these.
 - Those tenants on housing benefit or universal credit are exempt from the supporting people charge within sheltered housing in Poole.
 - Heating charges in Poole were reduced by 3% last year. There was no increase in Bournemouth.
 - Supplies for utility contracts for communal utilities are negotiated within both neighbourhoods to secure lower costs.
 - Increases in heating charges in Bournemouth have been capped at £1.00 per week.
 - Increases in water and sewage charges in Bournemouth have also been capped at £1.00 per week.
 - There is a cap of £4.00 per week on new service charges that were introduced in Bournemouth several years ago. These include communal gardening and cleaning.
 - There has been no significant impact on the level of unpaid rent because of the pandemic. Staff have been offering support to residents who have had problems paying their rent and will continue to do so.

Summary of risk assessment

161. 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.
162. The risk associated with future rent increases and decreases is no longer a local decision.
163. 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 CPI + 1% increase could potentially undermine the financial viability of the BCP Council 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.

f) Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and are likely to lead to increased costs.

g) The requirement to have an effective HRA 30-year business plan to help prepare and manage future costs and requirements to manage the housing stock.

h) The ongoing and longer-term impact of Covid is expected to negatively impact on HRA finances if tenants struggle with rent payments and assets cannot be maintained on site in a timely way due to social distancing.

164. The recommendations presented here assures compliance with the 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 Bournemouth and Poole 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.

Background papers

Policy Statement on Rents for Social Housing, February 2019

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

Appendices

1: The Rent Increase Effect on Residents

2: Service Charges for 2021-22

3: Income and Expenditure Statement for 2021-22

4: HRA Balances for 2021-22

- 5: Capital Programme for 2021-22 to 2023-24
- 6: Major Project Capital Programme for 2021-22
- 7: Delivery Plan – Poole Housing Partnership (Poole Neighbourhood)
- 8: Delivery Plan – (Bournemouth Neighbourhood)
9. Summary of national rent setting policy

APPENDIX 1
Housing Revenue Account
The Rent Increase Effect on Residents

		2020/21		2021/22				
		52 week	48 week	52 week	48 week	52 week	48 week	Increase
		Basis	Basis	Basis	Basis	Weekly	Weekly	as a %
		£	£	£	£	Increase	Increase	
Overall Average per Budget	Bournemouth Neighbourhood	85.90		87.47		1.57		1.8%
	Poole Neighbourhood	84.88	93.72	87.81	95.13	2.93	1.41	1.5%
Examples of Rent Increases								
General Properties								
Bournemouth Neighbourhood								
Hamilton Road	1 Bedroom flat	74.19		75.30		1.11		1.5%
Belle Vue Road	1 Bedroom flat	74.65		75.77		1.12		1.5%
Turbary Park	1 Bedroom flat	79.63		80.82		1.19		1.5%
Cunningham Crescent	1 Bedroom flat	106.49		108.09		1.60		1.5%
Florence Road	2 Bedroom flat	81.89		83.12		1.23		1.5%
Nothery Road	2 Bedroom House	89.63		90.97		1.34		1.5%
Ripon Road	3 Bedroom House	107.42		109.03		1.61		1.5%
Turnbull Lane	3 Bedroom House	157.85		160.22		2.37		1.5%
Dolphin Avenue	3 Bedroom Bungalow	124.98		126.85		1.87		1.5%
Cranleigh Road	4 Bedroom House	111.36		113.03		1.67		1.5%
Poole Neighbourhood								
Herbert Court	1 Bedroom flat	76.14	82.48	77.28	83.72	1.14	1.24	1.5%
Junction Road	1 Bedroom flat	65.42	70.87	66.40	71.93	0.98	1.06	1.5%
Rockley Road	1 Bedroom flat	73.37	79.48	74.46	80.67	1.09	1.19	1.5%
Sterne Court	1 Bedroom flat	70.78	76.68	71.84	77.83	1.06	1.15	1.5%
Rodney Court	2 Bedroom flat	88.87	96.28	90.20	97.72	1.33	1.44	1.5%
Plumer Road	2 Bedroom house	89.95	97.45	91.30	98.91	1.35	1.46	1.5%
Christopher Crescent	3 Bedroom house	99.50	107.79	100.99	109.41	1.49	1.62	1.5%
Egmont Road	3 Bedroom house	90.40	97.93	91.75	99.40	1.35	1.47	1.5%
Haskells Road	3 Bedroom house	89.52	96.98	90.86	98.43	1.34	1.45	1.5%
Perry Gardens	4 Bedroom house	111.71	121.02	113.39	122.84	1.68	1.82	1.5%
Independent Senior Living serviced properties								
Bournemouth Neighbourhood								
Cornish Gardens	Studio Flat	63.67		64.63		0.96		1.5%
Castle Dene Court	1 Bedroom flat	74.76		75.88		1.12		1.5%
Southbourne Road	1 Bedroom flat	76.15		77.29		1.14		1.5%
Deacon Gardens Bear Cross	1 Bed Bungalow	84.97		86.24		1.27		1.5%
Sheltered Housing Officer serviced properties								
Poole Neighbourhood								
Cynthia Close	1 Bedroom flat	77.61	84.08	78.78	85.34	1.17	1.26	1.5%
Millfield	1 Bedroom flat	74.88	81.12	76.01	82.34	1.13	1.22	1.5%
South Road	1 Bedroom flat	77.59	84.06	78.76	85.32	1.17	1.26	1.5%
Trinidad House	1 Bed Bungalow	76.24	82.59	77.38	83.83	1.14	1.24	1.5%
Waterloo House	1 Bed Bungalow	84.21	91.23	85.48	92.60	1.27	1.37	1.5%

Poole charges a higher rent level over 48 weeks of the year with 4 "rent free" weeks a year. Bournemouth charges rent each week of the year.

The overall average increase in rents for Bournemouth neighbourhood is higher than 1.5% due to new affordable properties being brought on line in 20/21. These new properties typically have rents higher than average rents.

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APPENDIX 2
Housing Revenue Account
Service Charges For 2021/22

	2020/21 £	Uplift	2021/22 £	
1. Garage Rents				
<i>Proposed Charges - Tenants</i>				
Bournemouth	£10.90	2.0%	£11.12	
Poole Old Town	£11.80	2.0%	£12.04	
Remainder of Poole	£6.71	2.0%	£6.84	
<i>Charges - Leaseholders - Bournemouth only</i>				
Bournemouth (excl VAT)	£12.84	2.0%	£13.10	
<i>Charges - Non-Tenants</i>				
Poole Old Town (excl VAT)	£16.34	2.0%	£16.67	
Poole Old Town (incl VAT)	£19.61	2.0%	£20.00	
Remainder of Poole (excl VAT)	£10.26	2.0%	£10.47	
Remainder of Poole (incl VAT)	£12.31	2.0%	£12.56	
Bournemouth (excl VAT)	£12.84	2.0%	£13.10	
Bournemouth (incl VAT)	£15.41	2.0%	£15.72	
2. Garage Bases Bournemouth only				
<i>Charges - Tenants</i>	2.29	2.0%	2.34	
Leaseholders	3.72	2.0%	3.79	
Private	4.46	2.0%	4.55	
3. Garage Plots Bournemouth only				
<i>Charges - Tenants</i>	2.29	2.0%	2.34	
Private	2.75	2.0%	2.81	
4. Sheltered Housing Service Charges inc Lifeline - Poole only				
General - Poole	£7.24	2.0%	£7.38	
Willow Park - Poole	£7.24	2.0%	£7.38	
Belmont Court - Poole	£17.73	2.0%	£18.08	
5. Supporting People Service Charge - Poole only				
Personal charge	£7.32	2.0%	£7.47	
6. Guest Bedrooms in Sheltered Accommodation				
	1 night	2 nights	3 nights	4-7 nights
Cost per room with no ensuite - includes cleaning	£20.75	£29.00	£37.25	£46.50
Cost per room with ensuite - includes cleaning	£24.75	£35.25	£45.50	£55.75
7. Heating Charges - Poole				
1 bed	£8.53	10.0%	£9.38	
2 bed	£10.24	10.0%	£11.26	
3 bed	£11.95	10.0%	£13.15	
Trinidad Village	£2.10	10.0%	£2.31	
Bournemouth	£0.81 - £12.34	Average 12%	£1.39 - £8.77	
8. Communal Supply				
Standard Charge - Poole	£0.71 - £7.84	Average 27.0%	£0.73 - £9.02	
Standard Charge - Bournemouth	£0.06 - £5.26	Average 16.8%	£0.06 - £5.49	
9. Laundry - Bournemouth only				
Standard Charge	£0.73	1.1%	0.74	
10. Scooter Charges				
Scooter Charge point - Bournemouth	£1.09	n/a	£1.09	
- Poole	£51.12 p.a.	1.1%	£51.68 p.a.	
11. Window Cleaning - Bournemouth only				
Standard Charge	£0.61	n/a	£0.61	
12. Communal Cleaning - Bournemouth only				
	£0.11-£2.19	Average -41%	£0.06 - £1.49	
13. Communal Gardening - Bournemouth only				
	£0.16-£2.47	Average 19%	£0.23 - £3.06	
14. Water and sewage - Bournemouth only				
	£1.30 - £6.05	Average 14%	£1.25 - £6.78	
15. Communal Telephone and Internet Charges - Bournemouth Extra Care only				
Standard charge	£2.21	-34.39%	£1.45	
16. Communal bulk refuse removal - Bournemouth only				
	n/a	n/a	£0.02 - £2.64	
17. White goods - Temporary Accommodation - Poole Only				
	£3.91	1.1%	£3.95	

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APPENDIX 3
Housing Revenue Account
Income & Expenditure Statement

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Bournemouth Neighbourhood

	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's
Income					
Dwelling Rents (gross)	(22,610)	(22,439)	(22,879)	(23,520)	(24,225)
Non-Dwelling Rents (gross)	(147)	(125)	(149)	(153)	(155)
Charges for Services and Facilities	(565)	(776)	(747)	(767)	(789)
Contributions to Expenditure	(191)	(60)	(59)	(61)	(62)
Total Income	(23,513)	(23,400)	(23,834)	(24,501)	(25,231)
Expenditure					
Repairs and Maintenance	5,869	5,636	5,783	5,939	6,111
Supervision and Management	7,393	6,888	6,381	6,483	6,586
Rent, rates, taxes and other charges	222	220	220	224	229
Bad or Doubtful debts	188	188	188	188	188
Capital financing costs (debt management costs)	75	75	75	75	75
Depreciation - Council Dwellings & Land and Property	7,253	7,253	6,878	6,878	6,878
Total Expenditure	21,000	20,260	19,525	19,787	20,068
Net Cost of HRA Services - (Surplus) / Deficit	(2,513)	(3,140)	(4,309)	(4,714)	(5,163)
Capital Charges					
- Cost of Capital Charge	2,517	2,517	2,517	2,517	3,484
- Interest Receivable	(30)	(30)	(30)	(31)	(31)
Total Capital Charges	2,487	2,487	2,487	2,486	3,453
Net Operating Expenditure - (Surplus) / Deficit	(26)	(653)	(1,822)	(2,227)	(1,711)
Appropriations					
Revenue contribution to capital outlay (RCCO)	26	653	1,822	2,227	1,711
Transfer to HRA reserve	0	0	0	0	0
Total Appropriations	26	653	1,822	2,227	1,711
(Surplus) / Deficit on the HRA for the Year	0	0	0	0	0

Poole Neighbourhood

	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's
Income					
Dwelling Rents (gross)	(20,070)	(20,112)	(20,357)	(20,927)	(21,554)
Non-Dwelling Rents (gross)	(41)	(27)	(43)	(43)	(43)
Charges for Services and Facilities	(1,292)	(1,305)	(1,390)	(1,420)	(1,452)
Contributions to Expenditure	(315)	(301)	(328)	(334)	(340)
Total Income	(21,719)	(21,745)	(22,117)	(22,723)	(23,390)
Expenditure					
Repairs and Maintenance	5,368	5,357	4,031	4,138	4,254
Supervision and Management	5,366	5,594	6,235	6,241	6,365
Rent, rates, taxes and other charges	160	161	162	164	167
Bad or Doubtful debts	197	197	197	197	197
Capital financing costs (debt management costs)	105	105	107	109	112
Depreciation - Council Dwellings & Land and Property	4,861	4,861	4,665	4,665	4,665
Total Expenditure	16,056	16,275	15,398	15,515	15,760
Net Cost of HRA Services - (Surplus) / Deficit	(5,663)	(5,470)	(6,720)	(7,208)	(7,630)
Capital Charges					
- Cost of Capital Charge	3,088	3,082	3,179	3,362	3,477
- Interest Receivable	(75)	(75)	(107)	(107)	(107)
Total Capital Charges	3,013	3,008	3,072	3,255	3,370
Net Operating Expenditure - (Surplus) / Deficit	(2,649)	(2,462)	(3,648)	(3,953)	(4,260)
Appropriations					
Revenue contribution to capital outlay (RCCO)	2,487	2,300	3,642	3,941	4,260
Transfer to HRA reserve	162	162	6	12	0
Total Appropriations	2,649	2,462	3,648	3,953	4,260
(Surplus) / Deficit on the HRA for the Year	(0)	(0)	0	(0)	(0)

BCP Council HRA

	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's
Income					
Dwelling Rents (gross)	(42,680)	(42,551)	(43,236)	(44,446)	(45,780)
Non-Dwelling Rents (gross)	(188)	(152)	(192)	(196)	(198)
Charges for Services and Facilities	(1,857)	(2,081)	(2,137)	(2,187)	(2,241)
Contributions to Expenditure	(506)	(361)	(387)	(395)	(402)
Total Income	(45,232)	(45,145)	(45,951)	(47,224)	(48,621)
Expenditure					
Repairs and Maintenance	11,237	10,993	9,814	10,077	10,366
Supervision and Management	12,759	12,482	12,616	12,724	12,951
Rent, rates, taxes and other charges	382	381	382	389	396
Bad or Doubtful debts	385	385	385	385	385
Capital financing costs (debt management costs)	180	180	182	184	187
Depreciation - Council Dwellings & Land and Property	12,114	12,114	11,543	11,543	11,543
Total Expenditure	37,056	36,535	34,923	35,302	35,828
Net Cost of HRA Services - (Surplus) / Deficit	(8,176)	(8,610)	(11,029)	(11,922)	(12,793)
Capital Charges					
- Cost of Capital Charge	5,605	5,599	5,696	5,879	6,961
- Interest Receivable	(105)	(105)	(137)	(138)	(138)
Total Capital Charges	5,500	5,495	5,559	5,742	6,822
Net Operating Expenditure - (Surplus) / Deficit	(2,675)	(3,115)	(5,470)	(6,180)	(5,971)
Appropriations					
Revenue contribution to capital outlay (RCCO)	2,513	2,953	5,464	6,168	5,971
Transfer to HRA reserve	162	162	6	12	0
Total Appropriations	2,675	3,115	5,470	6,180	5,971
(Surplus) / Deficit on the HRA for the Year	(0)	(0)	0	(0)	(0)

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APPENDIX 4
Housing Revenue Account
HRA Balances

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Bournemouth Neighbourhood

Poole Neighbourhood

BCP HRA

	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's	Budget 2020/21 £000's	Forecast Outturn 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's	
HRA Reserves																
HRA Reserve as at 1st April (Brought Forward)		(1,095)	(15,459)	(5,801)	(1,085)	(742)	(742)	(7,026)	(2,108)	(792)		(1,837)	(22,485)	(7,910)	(1,878)	
Other Reserves as at 1st April (Brought Forward)		(13,683)	0	0	0	0	0	0	0	0		(13,683)	0	0	0	
MRR Balance as at 1st April (Brought Forward)		(1,200)	0	0	0	(9,825)	(11,167)	0	0	0		(12,367)	0	0	0	
Bought Forward Balance	(12,641)	(15,978)	(15,459)	(5,801)	(1,085)	(10,567)	(11,909)	(7,026)	(2,108)	(792)	(23,208)	(27,887)	(22,485)	(7,910)	(1,878)	
Income																
RCCO	(26)	(653)	(1,822)	(2,227)	(1,711)	(2,487)	(2,300)	(3,642)	(3,941)	(4,260)	(2,513)	(2,953)	(5,464)	(6,168)	(5,971)	
Depreciation	(7,253)	(7,253)	(6,878)	(6,878)	(6,878)	(4,861)	(4,861)	(4,665)	(4,665)	(4,665)	(12,114)	(12,114)	(11,543)	(11,543)	(11,543)	
Useable Capital Receipts	(2,859)	(1,019)	(5,361)	(8,139)	(4,221)	(1,856)	(1,353)	(1,700)	(3,177)	(4,265)	(4,715)	(2,372)	(7,061)	(11,316)	(8,486)	
Transfer to HRA reserve						(162)	(162)	(6)	(12)	0	(162)	(162)	(6)	(12)	0	
Borrowing	0	0	0	(15,900)	(16,000)	0	0	(16,500)	(7,200)	(7,800)	0	0	(16,500)	(23,100)	(23,800)	
S106 receipts utilised	0	(1,343)	(1,727)	(705)	(28)	0	0	0	0	0	0	(1,343)	(1,727)	(705)	(28)	
Grant, Capital Receipts and GF Contribution	(360)	(360)	0	(550)	(550)	(791)	(791)	0	0	0	(1,151)	(1,151)	0	(550)	(550)	
Capital Expenditure																
Planned Maintenance	7,937	5,220	7,446	7,386	7,360	7,369	5,801	7,151	7,178	6,420	15,306	11,021	14,597	14,564	13,780	
Major Projects	11,681	5,927	18,000	31,729	22,069	14,264	8,548	24,279	13,133	14,530	25,945	14,475	42,279	44,862	36,600	
Intra-HRA Cashflow	2,300	0	0	0	0	(2,300)	0	0	0	0	0	0	0	0	0	
Balance (surplus) as at 31 March	(1,221)	(15,459)	(5,801)	(1,085)	(1,044)	(1,391)	(7,026)	(2,108)	(792)	(833)	(2,612)	(22,485)	(7,910)	(1,878)	(1,877)	

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**APPENDIX 5
Housing Revenue Account - Capital Programme for 2020/21 to 2023/24**

	Bournemouth Neighbourhood					Poole Neighbourhood					BCP HRA				
	Budget	Forecast	Estimate	Estimate	Estimate	Budget	Forecast	Estimate	Estimate	Estimate	Budget	Forecast	Estimate	Estimate	Estimate
	2020/21	2020/21	2021/22	2022/23	2023/24	2020/21	2020/21	2021/22	2022/23	2023/24	2020/21	2020/21	2021/22	2022/23	2023/24
Planned Maintenance Programme															
External Standard Doors	300,000	50,000	350,000	400,000	400,000	150,000	150,000	172,000	158,000	158,000	450,000	200,000	522,000	558,000	558,000
Fire Safety Programmes	600,000	200,000	600,000	600,000	600,000	841,160	785,000	480,500	326,500	226,500	1,441,160	985,000	1,080,500	926,500	826,500
Kitchen Replacement Programme	850,000	430,000	850,000	800,000	800,000	675,000	495,000	863,000	932,000	997,000	1,525,000	925,000	1,713,000	1,732,000	1,797,000
Heating and Hot Water Systems	670,000	250,000	650,000	650,000	650,000	1,389,200	1,196,000	1,219,000	925,000	331,000	2,059,200	1,446,000	1,869,000	1,575,000	981,000
Bathrooms	950,000	400,000	900,000	900,000	900,000	250,000	131,000	272,000	273,000	242,000	1,200,000	531,000	1,172,000	1,173,000	1,142,000
Building Envelope	60,000	20,000	-	-	-	312,000	266,000	318,000	324,000	324,000	372,000	286,000	318,000	324,000	324,000
Electrical and Lighting Works	130,000	130,000	150,000	160,000	160,000	465,000	361,000	405,000	315,000	315,000	595,000	491,000	555,000	475,000	475,000
Door Entry System	50,000	20,000	50,000	50,000	50,000	20,000	25,000	27,000	27,000	27,000	70,000	45,000	77,000	77,000	77,000
Structural Repairs \ Works	45,000	20,000	35,000	35,000	30,000	7,500	2,000	7,500	7,500	7,500	52,500	22,000	42,500	42,500	37,500
Lift Improvements & Replacements	120,000	200,000	140,000	160,000	200,000	18,000	8,000	18,000	269,000	19,000	138,000	208,000	158,000	429,000	219,000
Building External - all schemes	700,000	840,000	600,000	600,000	600,000	290,350	10,000	290,000	290,000	290,000	990,350	850,000	890,000	890,000	890,000
Out buildings (inc. garages)	65,000	50,000	65,000	65,000	50,000	45,000	2,000	45,000	45,000	45,000	110,000	52,000	110,000	110,000	95,000
Asbestos	-	-	-	-	-	90,000	70,000	95,000	95,000	95,000	90,000	70,000	95,000	95,000	95,000
Insulation / Energy Conservation / Environmental improvements	110,000	-	110,000	110,000	110,000	155,000	120,000	155,000	155,000	155,000	265,000	120,000	265,000	265,000	265,000
Roofing	350,000	350,000	300,000	300,000	300,000	380,000	330,000	305,000	360,000	360,000	730,000	680,000	605,000	660,000	660,000
Windows	1,180,000	950,000	1,000,000	900,000	900,000	628,000	628,000	637,000	910,000	1,050,000	1,808,000	1,578,000	1,637,000	1,810,000	1,950,000
Housing & Health Safety Rating Systems - Category 1 & 2	-	-	-	-	-	137,560	35,000	138,000	143,000	143,000	137,560	35,000	138,000	143,000	143,000
Plastering	-	-	-	-	-	75,000	25,000	79,000	79,000	79,000	75,000	25,000	79,000	79,000	79,000
Modifications to Boundaries, Communal Area, Hardscapes and Drainage	65,000	50,000	65,000	65,000	50,000	150,000	60,000	150,000	157,000	157,000	215,000	110,000	215,000	222,000	207,000
Bedroom Extensions	200,000	-	200,000	200,000	180,000	-	-	-	-	-	200,000	-	200,000	200,000	180,000
Capitalized Salaries	331,000	331,000	336,000	341,000	330,000	524,000	532,000	611,000	623,000	635,000	855,000	863,000	947,000	964,000	965,000
Disabled Adaptations & Stairlifts	700,000	500,000	550,000	550,000	550,000	360,000	230,000	360,000	360,000	360,000	1,060,000	730,000	910,000	910,000	910,000
Minor Works	85,000	113,000	145,000	150,000	150,000	130,000	240,000	154,000	154,000	154,000	215,000	353,000	299,000	304,000	304,000
Right to Buy Administration	26,000	26,000	-	-	-	26,000	-	-	-	-	52,000	26,000	-	-	-
Sheltered sites	-	-	-	-	-	-	100,000	100,000	-	-	-	100,000	100,000	-	-
Contingency	350,000	290,000	350,000	350,000	350,000	250,000	-	250,000	250,000	250,000	600,000	290,000	600,000	600,000	600,000
Planned Maintenance Programme Expenditure	7,937,000	5,220,000	7,446,000	7,386,000	7,360,000	7,368,770	5,801,000	7,151,000	7,178,000	6,420,000	15,305,770	11,021,000	14,597,000	14,564,000	13,780,000
Major Projects															
Major Projects Expenditure	11,681,000	5,927,000	17,999,800	31,729,000	22,069,300	14,264,027	8,547,900	24,279,400	13,133,410	14,530,250	25,945,027	14,474,900	42,279,200	44,862,410	36,599,550
TOTAL CAPITAL EXPENDITURE	19,618,000	11,147,000	25,445,800	39,115,000	29,429,300	21,632,797	14,348,900	31,430,400	20,311,410	20,950,250	41,250,797	25,495,900	56,876,200	59,426,410	50,379,550

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APPENDIX 6
Housing Revenue Account
Major Project Capital Programme

Bournemouth Neighbourhood

	Budget	Forecast	Estimate	Estimate	Estimate	Council Approval Category		
	2020/21	2020/21	2021/22	2022/23	2023/24	No further approval	Conditional Approval	Further approval required
Major Projects - Bournemouth Neighbourhood								
Northbourne Day Centre	962,000	12,000	1,388,200	76,000	-	1,464,200	-	-
Barrow Drive Garages	454,000	378,500	98,500	-	-	98,500	-	-
Templeman House	1,700,000	935,200	2,750,000	2,752,600	-	5,502,600	-	-
Princess Road Development (HRA element)	1,400,000	1,389,000	750,000	10,000,000	8,823,100	19,573,100	-	-
Ibbertson Way Garages	662,000	370,600	264,000	-	-	264,000	-	-
Luckham Road/Charminster Rd	1,706,000	613,900	1,212,100	-	-	1,212,100	-	-
Cabbage Patch car park	1,700,000	352,300	1,400,000	603,100	-	2,003,100	-	-
Moorside Road	1,950,000	209,100	2,873,000	1,162,100	-	4,035,100	-	-
Duck Lane Phase 2	-	34,700	1,600,000	767,800	-	2,367,800	-	-
Craven Court	-	30,800	1,750,000	3,498,900	-	-	-	5,248,900
Wilkinson Drive	-	14,500	1,450,000	1,299,100	-	2,749,100	-	-
Purchase & Repair	-	1,070,000	1,653,700	-	-	1,653,700	-	-
New Build & Acquisition TBC	1,147,000	516,400	810,300	11,569,400	13,246,200	-	-	25,625,900
Major Projects Expenditure - B'mouth Neighbourhood	11,681,000	5,927,000	17,999,800	31,729,000	22,069,300	40,923,300	-	30,874,800

Poole Neighbourhood

	Budget	Forecast	Estimate	Estimate	Estimate	Council Approval Category		
	2020/21	2020/21	2021/22	2022/23	2023/24	No further approval	Conditional Approval	Further approval required
Major Projects - Poole Neighbourhood								
Information Technology Capital Costs	250,000	250,000	250,000	-	-	250,000	-	-
Project Admiral	6,600,000	5,217,500	13,552,000	1,209,500	271,000	15,032,500	-	-
Project Admiral - Buy backs	750,000	750,000	-	-	-	-	-	-
Cladding	450,000	795,000	3,079,000	62,000	-	3,141,000	-	-
New Build - Infill	750,000	30,000	1,100,000	1,100,000	1,100,000	-	-	3,300,000
Small Sites programme - Acquisitions	1,000,000	750,000	1,500,000	1,000,000	1,000,000	3,500,000	-	-
Cynthia House	577,000	60,000	2,175,000	1,820,000	59,250	4,054,250	-	-
Herbert Avenue	2,697,449	86,900	2,335,000	36,210	-	2,371,210	-	-
Canford Heath Road	150,753	40,000	-	-	-	-	-	-
Sprinklers	753,825	365,000	213,400	-	-	213,400	-	-
Hillbourne School site - phase 1	285,000	203,500	75,000	7,905,700	12,100,000	-	-	20,080,700
Major Projects Expenditure - Poole Neighbourhood	14,264,027	8,547,900	24,279,400	13,133,410	14,530,250	28,562,360	-	23,380,700
Total Major Project Expenditure - BCP HRA	25,945,027	14,474,900	42,279,200	44,862,410	36,599,550	69,485,660	-	54,255,500

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DELIVERY PLAN

2021/22



Key Deliverable – Compliance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
To produce a monthly health and safety dashboard identifying performance against legislative standards and action plans for any performance below 100% compliance.	via SMT report	Modern Accessible and Accountable Council				
Roll out the replacement lock programme across all sheltered properties by March 2022 to maintain integrity of doors	Fire Strategy	Modern Accessible and Accountable Council				
Deliver a programme of works to meet all FRA remedial actions within a reasonable period of time.	H&S Dashboard	Modern Accessible and Accountable Council				
Bring forward plans to ensure that PHP meets all requirements of the new Building safety legislation expected in early 2021	Board Discussion	Brighter Futures				
Ensure the new resident engagement strategy for fire safety is embedded across service delivery areas	Board Decision	Connected Communities				
On the 31 st March 2021 all properties will have an electrical test certificate that is no older than 10 years	H&S Dashboard	Brighter Futures				
Complete the programme for retrofitting of the sprinklers across Sterte Court and agree the programme of works for the Old Town.	Major Projects Report	Modern Accessible and Accountable Council				
To ensure compliance with GDPR and Data Protection Acts	Board KPI Dashboard	Modern Accessible and Accountable Council				
Ensure 95% of complaints are dealt with within timescales and that there are no Ombudsman findings against the organisation.	Board KPI Dashboard	Modern Accessible and Accountable Council				
Ensure ongoing compliance against Housing Ombudsman code of conduct for complaints	Board KPI Dashboard	Modern Accessible and Accountable Council				
Ensure that all areas of work are COVID secure, meet relevant government guidelines and that this is monitored regularly	via SMT report	Modern Accessible and Accountable Council				

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Key Deliverable – New Build and Major Projects

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Complete construction of the modular build on the Herbert Avenue site, delivering 24 units for use by BCP council.	Major Projects Report	Dynamic Places				
Complete works on 2 blocks within the Project Admiral programme delivering the upgraded façade and enhanced fire safety measures	Major Projects Report	Dynamic Places				
Complete super structure works at Cynthia House ensuring good progress within the overall build programme	Major Projects Report	Dynamic Places				
Complete all preparation work for the Hillborne development site, ensuring resident consultation has been completed, planning permission obtained and procurement of a contractor has been delivered. Ensure that the handover of the site from the school can take place in May 2022 and that construction can begin	Major Projects Report	Dynamic Places				
Set out options for the delivery of new homes across the Poole Neighbourhood HRA. Enabling a review of the pipeline, reflecting current BCP priorities and agreeing with BCP colleagues priority schemes and approaches	Major Projects Report	Dynamic Places				
Complete the delivery of a new façade at Sterte Court	Major Projects Report	Dynamic Places				
Bring forward proposals for refurbishment of sheltered schemes following outcomes of the older peoples review	Major Projects Report	Dynamic Places				
To take forward the recommendations from the analysis of the older people housing stock data across Bournemouth and Poole, to inform the 10 year development plan and to devise a stock improvement plan.	Major Projects Report	Dynamic Places				

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Key Deliverable – Quality Homes

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
All stock to meet the Decent Homes Standard at 31 st March 2021.	House mark Return	Brighter Futures				
Deliver a cyclical maintenance programme that meets all of PHP's statutory requirements	H&S Dashboard	Brighter Futures				
Ensure that all planned and reactive maintenance is delivered in a COVID secure manner, reflecting latest guidelines, uses PPE where appropriate and maintains social distancing	via SMT report	Modern Accessible and Accountable Council				
Bring forward a new 30 year asset management plan	Asset Management Plan	Brighter Futures				
Set out key issues within the new 30 year asset management plan that require further discussions and ensures that the 5 year plan is adequately funded, meets wider council objectives and supports national delivery targets	Asset Management Plan	Modern Accessible and Accountable Council				
Explore work to deliver net zero carbon emissions across the current stock by 2050, setting out timelines and options for consideration by BCP council.	Asset Management Plan	Sustainable Environment				
To replace 125 bathrooms and 83 kitchens across the stock, supporting effective decent homes. (to be confirmed)	SMT KPI Dashboard	Brighter Futures				
To replace 400 resident gas boilers and 2 communal boilers ensuring effective maintenance and delivery of the programme.	SMT KPI Dashboard	Sustainable Environment				
To deliver the installation of a new heating system at Willow Park effectively and in line with agreement with local residents	via SMT report	Sustainable Environment				
To ensure that 45% of the stock has been surveyed in the past 10 years to support intelligence used within the 30 year business plan	SMT KPI Dashboard	Brighter Futures				
Ensure that 92.2% of response repairs are completed at first visit.	Board KPI Dashboard	Brighter Futures				
Deliver 95% satisfaction with response repairs delivered.	Board KPI Dashboard	Brighter Futures				

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Key Deliverable – Homelessness

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Agree actions with BCP council (in line with the commissioning framework) in relation to temporary accommodation that will assist the council to deliver its operational requirements.	via CE Updates	Brighter Futures				
To acquire further properties from PHP resources to be used to support households facing homelessness.	Finance Board Reports	Brighter Futures				
To support the BCP Council objective around the expansion of the Housing First programme and agree best use of the HRA housing stock in delivery of this.	via CE Updates	Brighter Futures				
To work with colleagues across BCP to agree a tenancy sustainment approach that supports BCP Council objectives.	via CE Updates	Connected Communities				
To work with BCP council to roll out the homelessness strategy across Poole	via CE Updates	Connected Communities				
To maximise opportunities to acquire properties within the HRA that support BCP Council to tackle homelessness and supports the wider housing strategy once agreed.	via CE Updates	Brighter Futures				
To deliver the Herbert Avenue scheme that can be used to support wider homelessness prevention approach across BCP.	Major Projects Report	Brighter Futures				

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Key Deliverable – Housing Management and Maintenance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver at least 1 resident magazine in 2021/22 and continue a conversation with residents regarding value of approach.	via CE Updates	Connected Communities				
To roll out the understanding of consumer standards across the organisation and reflect in service delivery reported to Panels	via CE Updates	Modern Accessible and Accountable Council				
Ensure a range of community engagement projects which enable the Council to meet its' strategic objectives and empower residents to contribute in their communities.	VFM Statement	Connected Communities				
Ensure effective estate management and resident liaison support to residents affected by Project Admiral and Sterte refurbishment works to ensure residents feel safe, informed, consulted and engaged in the works to improve their homes.	VFM Statement	Connected Communities				
Deliver a programme aimed at increasing the level of digital inclusion enabling residents to access on line services.	VFM Statement	Dynamic Places				
Publicise the tenant portal and work with residents to increase usage and improve customer experience	via CE Updates	Connected Communities				
To complete an annual estates inspection programme and direct investment based on the outcomes of this programme towards any estate that does not achieve "good".	via SMT report	Connected Communities				
Develop the estates grading programme to support requirements in the Housing white paper around community engagement and improvement	via SMT report	Modern Accessible and Accountable Council				
Deliver a range of preventative community work, (block promises, neighbourhood plans, estate clean up days and diversionary youth activities) that meet the needs of communities and wider BCP objectives	via SMT report	Connected Communities				
To review the customer service model and using customer insight bring forward proposals for an updated model that drives efficiency and effectiveness across the whole business, ensuring that where possible enquiries are dealt with at first point of contact	via SMT report	Modern Accessible and Accountable Council				
Develop a programme of work that collects customer satisfaction information in line with the requirements of the white paper	via SMT report	Modern Accessible and Accountable Council				
Deliver income collection levels of at least 98.00% across the year.	Board KPI Dashboard	Modern Accessible and Accountable Council				
To have arrears at no more than 4% of total rent due.	Board KPI Dashboard	Modern Accessible and Accountable Council				
To ensure that the organisation rolls out and embeds approaches to meet the new Breathing Space legislation, supporting residents appropriately	via CE Updates	Modern Accessible and Accountable Council				
To ensure that PHP supports all resident panels to meet at least quarterly and that residents are effectively informed and supported to challenge and engage with the organisation.	via CE Updates	Connected Communities				
To review the impact of social distancing on how resident involvement can be delivered, drawing on good practice elsewhere and co-designing delivery options that maximises involvement using different channels	via CE Updates	Connected Communities				

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To bring forward engagement events and approaches that can replace the annual delivery of a face to face resident conference	via CE Updates	Connected Communities				
To embed service improvements via tenant scrutiny maintaining a pool of residents appropriately trained and supported, and deliver at least two reviews completed per annum.	Scrutiny Reports to Board	Connected Communities				
To bring forward recommendations from the wider Older People's review to set out the delivery of services to the residents within sheltered housing over the next 10 years	Board report	Dynamic Places				
To gain agreement to the recommendations within the Older People Housing Review with key stakeholders and set out delivery approaches that will begin within 2021/22	Board report	Dynamic Places				
To ensure PHP gains access to 100% of sheltered properties	SMT KPI Dashboard	Modern Accessible and Accountable Council				
To evict no more than 10 households in any one year.	Board KPI Dashboard	Fulfilled Lives				
To establish the Tenancy Sustainment Board within PHP and use this to drive improvements in how the organisation works to deliver services	via CE Updates	Modern Accessible and Accountable Council				
Aim to deliver resolution of 90% of ASB cases without legal action	SMT KPI Dashboard	Modern Accessible and Accountable Council				
To review current and recent ASB cases and understand common failure points, setting out development of revised working practices and key messages	SMT KPI Dashboard	Modern Accessible and Accountable Council				
Deliver an effective voids management service, with minor void turnaround within 15 days for general needs and 20 days for sheltered stock.	Board KPI Dashboard	Modern Accessible and Accountable Council				
In partnership with BCP Council, use the demand and allocation information in developing a plan to resolve the issues with hard to let properties	via CE Updates	Modern Accessible and Accountable Council				
To review the current Poole standard for voids and understand the impact that this has on ability to let properties, setting out recommendations for change where relevant	via CE Updates	Modern Accessible and Accountable Council				
Review of the current cleaning approach for void properties in light of the 2021 procurement of the cleansing contract and changes required to deliver a more effective model that supports Lettings	via CE Updates	Modern Accessible and Accountable Council				
Deliver the procurement of a new cleansing contract that delivers an effective cleaning service across sheltered schemes and the Lettings team that also meets enhanced measures required under COVID	Board report	Modern Accessible and Accountable Council				
To ensure that all teams work in a manner that reflects social distancing and takes account of required health and safety standards in response to COVID19	via SMT report	Modern Accessible and Accountable Council				

To assist in the roll out of the choice based letting scheme across BCP Council.	via CE Updates	Dynamic Places				
To work with households experiencing financial hardship and secure at least £1.0M in additional benefits for Poole residents.	VFM Statement	Connected Communities				
Review policies, procedures and strategy with BCP Council and agree scope to align.	Via CE Updates	Modern Accessible and Accountable Council				

Key Deliverable – Adding Value

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
To ensure that resources are identified within the Poole Neighbourhood HRA that support the delivery of the new build programme and reflects BCP priorities with regards increasing housing supply	HRA budget report	Modern Accessible and Accountable Council				
To ensure that key policy areas within the HRA are delivered jointly across Poole and Bournemouth, to include as a minimum depreciation, bad debt and service charges	HRA budget report	Modern Accessible and Accountable Council				
To ensure that pooling returns are prepared in accordance with MHCLG requirements and that measures to limit any repayments that arise as a result in delays in projects are in place	HRA budget report	Modern Accessible and Accountable Council				
Ensure that the organisation is effectively staffed, morale is maintained, and that turnover is limited. Lynn to update	SMT KPI Dashboard	Modern Accessible and Accountable Council				
Ensure that a COVID secure environment is maintained at all times within Beech House and the sheltered schemes	via SMT updates	Modern Accessible and Accountable Council				
Establish new ways of working with staff using new technology and embracing remote working, agreeing a new remote working policy following staff consultation	via SMT updates	Modern Accessible and Accountable Council				
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.	via CE Update	Connected Communities				
To complete roll out of phase 2 of the Cx system, maximising efficiencies inherent in the system and supporting more agile working	via CE Update	Modern Accessible and Accountable Council				
Undertake Housemark benchmarking programme to nationally challenge performance, with action plan for those indicators in 3rd and 4th quartiles.	Board report	Modern Accessible and Accountable Council				
To continue to look for opportunities to deliver efficiencies through the procurement and operational process.	VFM Statement	Modern Accessible and Accountable Council				
To roll out the new telephony system and explore the benefits available from this in new ways of working and the improved reporting functionality	via CE Update	Modern Accessible and Accountable Council				
To achieve a financial breakeven at the end of the year.	Budget Report	Modern Accessible and Accountable Council				
To support BCP council to develop an effective housing strategy and agree actions that PHP should deliver over the next 3 to 5 years.	via CE Update	Modern Accessible and Accountable Council				
Review the management agreement with BCP council to ensure that this meets of the Housing white paper	via CE Update	Modern Accessible and Accountable Council				
The Board of Directors should meet at least six times during the year, plus have one AGM.	Board KPI Dashboard	Modern Accessible and Accountable Council				

The Board of Directors' skills and expertise are utilised in developing the BCP Housing Strategy.	via Board discussions	Modern Accessible and Accountable Council				
To deliver an effective risk management approach that is agreed with the Board and embedded across the organisation.	via A&R Committee	Modern Accessible and Accountable Council				

Responsibility		Indicator Detail			2021/22 Targets		Performance							
Area	Team	KPI	Cumulative?	Target	Tolerate*	2020/21 Year End	QTR 1	Trend	QTR 2	Trend	QTR 3	Trend	Year End	Trend
Compliance	Business Support	To have no GDPR breaches and no recommendations for improvement from the ICO.	Yes	0	-									
	Business Support	Percentage of Subject Access Requests completed on time	Yes	100.00%	-									
	Business Support	Ensure 95% of complaints are dealt with within timescale (5 working days for rapid response and 10 working days for formal stage 1)	Yes	95.00%	90.00%									
	Repairs	% properties with an in-date LGSR	No	100.00%	-									
	Repairs	% properties with an in-date EICR	No	100.00%	-									
	Repairs	% lifts with an in-date inspection report	No	100.00%	-									
	Repairs	% properties with an in-date FRA	No	100.00%	-									
	Repairs	% properties with an in-date WRA (Legionella)	No	100.00%	-									
	Repairs	% properties with an in date ACM survey	No	100.00%	-									
Housing Management and Maintenance	Income	Proportion of rent collected (BVPI66a)	Yes	98.00%	94.50%									
	Income	Current tenant arrears as a % of the annual rent debit	Yes	4.00%	3.44%									
	Income/ Legal	Evictions due to rent arrears	Yes	10	17									
	Repairs	% tenant satisfaction with quality of repairs	No	95.00%	85.00%									
	Repairs	% of response repairs completed on first visit	No	93.00%	85.67%									
	Repairs	% response repairs appointments made and kept	No	99.50%	95.14%									
	ASB	% of ASB cases resolved successfully without recourse to court action	No	94.00%	90.00%									
	ASB	% of ASB cases per 1,000 homes	No	2.00%	2.50%									
	Voids	Rent loss due to voids	Yes	1.00%	1.03%									
	Voids	Average relet time for standard works (GN) (Calendar Days)	Yes	15.00	23.84									
	Voids	Average relet time for standard works (SH) (Calendar Days)	Yes	20.00	23.84									
Adding Value	Business Support	To ensure the Board meets at least six times during the year, plus one AGM.	Yes	6 + 1	-									
	HR	Average number of days per person lost to short and medium term sickness (absence of 1 to 30 days). Rolling 12 month period.	Yes	4.50	12.02									
	HR	Average number of days per person lost to long term sickness (absence of 31 days or over). Rolling 12 month period.	Yes	5.00	12.02									



Delivery Plan

2021/22

The actions are linked to the Council's new Corporate Strategy which sets out the following priorities:

- **Sustainable Environment** – Leading our communities towards a cleaner, sustainable future that preserves our outstanding environment for generations to come.
- **Dynamic Places** – Supporting an innovative, successful economy in a great place to live, learn, work and visit.
- **Connected Communities** – Empowering our communities so everyone feels safe, engaged and included.
- **Brighter Futures** – Caring for our children and young people; providing a nurturing environment, high quality education and great opportunities to grow and flourish.
- **Fulfilled Lives** – Helping people lead active, healthy and independent lives adding years to life and life to years.

The Council's strategy also seeks to develop a **modern, accessible and accountable council** committed to providing effective community leadership.

The Delivery Plan will support the Council's priorities through increasing the supply of new homes; ensuring that we provide, safe, well managed and maintained properties; contribute to area regeneration; reduce evictions by helping tenants maintain their tenancies; ensure effective use of existing Council homes to meet housing need and that we have efficient processes in place to manage our homes.

Compliance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Agree and produce a monthly health and safety dashboard identifying performance against legislative standards and agree actions where performance is below target.	HRA compliance meeting	Modern Accessible and Accountable Council				
Deliver a programme of works to meet all FRA remedial actions within a reasonable period of time.	HRA compliance meeting	Modern Accessible and Accountable Council				
Ensure that plans are in place to meet any requirements from the new Building Safety legislation expected in early 2021.	HRA compliance meeting	Modern Accessible and Accountable Council				
Ensure the new resident engagement strategy for fire safety is embedded across service delivery areas.	HRA Management Group	Connected Communities				
On the 31st March 2021 all properties will have an electrical test certificate that is no older than 10 years	HRA compliance meeting	Modern Accessible and Accountable Council				
To ensure compliance with GDPR and Data Protection Acts	HRA Management Group	Modern Accessible and Accountable Council				
Ensure that 90% of complaints are dealt with within timescales	HRA Management Group	Modern Accessible and Accountable Council				
Ensure ongoing compliance against the Housing Ombudsman code of conduct for complaints	HRA Management Group	Modern Accessible and Accountable Council				
Ensure that the corporate complaints policy is rolled out to all staff and that complaints are recorded on Northgate	HRA Management Group	Modern Accessible and Accountable Council				
Ensure that all areas of work are COVID secure, meet relevant government guidelines and that this is monitored regularly	HRA Management Group	Modern Accessible and Accountable Council				
Identify improvements to monitoring compliance and recording certification to deliver efficiencies	HRA compliance meeting	Modern Accessible and Accountable Council				
Review property compliance policies, procedures and accountability across housing	HRA compliance meeting	Modern Accessible and Accountable Council				

Refresh terms of reference for BCP Housing Fire Safety Group	HRA Management Group	Modern Accessible and Accountable Council				
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New Build and Major Projects

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Complete construction of 9 homes for rent on Northbourne Day Centre, Kinson	HRA Management Group	Dynamic Places				
Complete remainder of spend for Barrow Drive, Townsend	HRA Management Group	Dynamic Places				
Progress development on Templeman House, Leedham Road site, Kinson to provide 27 flats built to Passive Haus standards	HRA Management Group	Dynamic Places				
Progress development on Princess Road site, Westbourne to provide 120 new homes for rent	HRA Management Group	Dynamic Places				
Complete construction of 3 homes for rent on Ibbertson Way garage site, Townsend	HRA Management Group	Dynamic Places				
Complete construction of 9 homes for rent at Luckham Road, Charminster	HRA Management Group	Dynamic Places				
Progress development on Cabbage Patch car park, St Stephens Road site, Bournemouth town centre to provide 11 flats for rent built to Passiv Haus standards	HRA Management Group	Dynamic Places				
Progress development on Moorside Road site, West Howe to provide 14 3-bedroom houses for rent	HRA Management Group	Dynamic Places				
Progress development on Duck Lane site, Bearcross to provide 12 flats for rent	HRA Management Group	Dynamic Places				
Progress development at Craven Court, Knyveton Road site to provide 24 flats for rent	HRA Management Group	Dynamic Places				
Progress development on Wilkinson Drive site, Townsend to provide 13 homes for rent	HRA Management Group	Dynamic Places				

Compete purchase of 5 properties for repair and rent	HRA Management Group	Dynamic Places				
Demolish defective flats at 1001 Wimborne Road and create 3 new build one bed flats	HRA Management Group	Dynamic Places				
Repairs to defective balconies across the housing stock	HRA Management Group	Dynamic Places				
Bring forward any proposals for refurbishment of sheltered schemes following outcomes of the older people's review	HRA Management Group	Dynamic Places				
To take forward the recommendations from the analysis of the older people housing stock data across Bournemouth and Poole, to inform any development or stock improvement plan.	HRA Management Group	Dynamic Places				

Dynamic Quality Homes

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
223 All stock to continue to meet the Decent Homes Standard.	HRA Management Group	Dynamic Places				
Deliver a cyclical maintenance programme that meets all of the Council's statutory requirements	H&S dashboard	Dynamic Places				
Ensure that all planned and reactive maintenance is delivered in a COVID secure manner, reflecting latest guidelines, using PPE where appropriate and maintain social distancing	Via Housing Leadership Team	Modern Accessible and Accountable Council				
Bring forward a new 30-year asset management plan to include how we carry out retrofitting	HRA Management Group	Dynamic Places				
Set out key issues within the new 30-year asset management plan that require further discussions and ensures that the 5-year plan is adequately funded, meets wider council objectives and supports national delivery targets	HRA Management Group	Modern Accessible and Accountable Council				
Explore work to deliver net zero carbon emissions across the current stock by 2050, setting out timelines and options for consideration	HRA Management Group	Sustainable Environment				
To ensure that 45% of the stock has been surveyed in the past 10 years to support intelligence used within the 30-year business plan	HRA Management Group	Dynamic Places				

To replace 100 kitchens and 100 bathrooms across the housing stock	End of Quarter Performance Reporting meeting	Dynamic Places				
Ensure 100% of Right to Repair works orders are completed within target	End of Quarter Performance Reporting meeting	Modern Accessible and Accountable Council				
Ensure 95.5% of appointments for responsive repairs are kept	End of Quarter Performance Reporting meeting	Modern Accessible and Accountable Council				
Maintain an overall 95% satisfaction rate of the overall service	End of Quarter Performance Reporting meeting	Modern Accessible and Accountable Council				
Reviewing property compliance policies, procedures and accountability across housing	Monthly HRA compliance meeting	Modern Accessible and Accountable Council				
Provide an annual report to Cabinet regarding compliance of the housing stock with reference to Consumer Standards.	HRA Management Group	Modern Accessible and Accountable Council				
Increase resources required to maintain our programme of safety inspections of blocks of flats including Senior Living accommodation and ensuring high standards of estate management.	HRA Management Group	Modern Accessible and Accountable Council				

Homelessness

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
To continue to support the Housing First programme providing accommodation for those requiring high levels of intensive support	Neighbourhood Management Group	Connected Communities				
To work with colleagues across the Council and Poole Housing Partnership to agree a tenancy sustainment approach.	Neighbourhood Management Group	Dynamic Places				
To provide suitable accommodation to support the Council's wider approach to preventing homelessness	Neighbourhood Management Group	Dynamic Places				

To use HRA resources where appropriate to support the Councils homelessness strategy and housing strategy	Via Housing Leadership Team	Dynamic Places				
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Housing Management and Maintenance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver residents magazine in 2021/22	HRA Management Group	Connected Communities				
Support community engagement projects that enable the Council to meet its strategic objectives and empower residents to contribute to their communities	HRA Management Group	Connected Communities				
To support the Council's Transformation Programme to deliver organisational change and smarter structures ensuring that customers are better understood and better served.	Via Housing Leadership Team	Connected Communities				
To review the estates inspections programme to ensure that it is effective in maintaining areas as places people want to live in and that it informs investment	HRA Management Group	Modern Accessible and Accountable Council				
Deliver or support a range of preventative community work, e.g. Neighbourhood Clean up days that meet the needs of communities and wider BCP objectives	HRA Management Group	Connected Communities				
Deliver income collection levels of at least 98%	End of Quarter Performance Reporting meeting	Modern Accessible and Accountable Council				
To have rent arrears of no more than 3.5%	End of Quarter Performance Reporting meeting	Modern Accessible and Accountable Council				
Roll out and embed approaches to meet the new Breathing Space legislation, supporting residents appropriately	Neighbourhood Management Group	Modern Accessible and Accountable Council				
To ensure that all resident panels to meet at least quarterly and that residents are effectively informed and supported to challenge and engage with the organisation.	HRA Management Group	Connected Communities				
To review the impact of social distancing on how resident involvement can be delivered, drawing on good practice elsewhere and co-designing delivery options that maximises involvement using different channels	HRA Management Group	Connected Communities				

To bring forward engagement events and approaches that can replace the annual delivery of a face to face resident conference	HRA Management Group	Connected Communities				
To embed service improvements via tenant scrutiny maintaining a pool of residents appropriately trained and supported and deliver at least two reviews completed per annum	HRA Management Group	Connected Communities				
Agree approach to ensure increased tenancy sustainment for Poole and Bournemouth neighbourhoods	Neighbourhood Management Group	Fulfilled Lives				
To minimise evictions and evict no more than 10 households in any one year	Neighbourhood Management Group	Fulfilled Lives				
To review current and recent ASB cases and understand common failure points, setting out development of revised working practices and key messages	Neighbourhood Management Group	Modern Accessible and Accountable Council				
To review ASB performance indicators	Neighbourhood Management Group	Modern Accessible and Accountable Council				
Deliver an effective voids management service, with minor void (standard void) turnaround within 25 days.	Neighbourhood Management Group	Modern Accessible and Accountable Council				
To assist in the roll out of the choice-based lettings scheme	Neighbourhood Management Group	Dynamic Places				
To agree a target for securing additional benefits for residents experiencing financial hardship	Neighbourhood Management Group	Modern Accessible and Accountable Council				
Develop one plan for alignment of strategies, policies and procedures as part of housing management model work, including HRA asset management strategy	Councillor Working group	Modern Accessible and Accountable Council				

Adding Value

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
To ensure that resources are identified within the Bournemouth Neighbourhood HRA that support the delivery of the new build programme and reflects BCP priorities with regards increasing housing supply	HRA Management Group	Modern Accessible and Accountable Council				

To ensure that key policy areas within the HRA are delivered jointly across Poole and Bournemouth, to include as a minimum depreciation, bad debt and service charges	Performance Management Framework	Modern Accessible and Accountable Council				
To ensure that pooling returns are prepared in accordance with MHCLG requirements and that measures to limit any repayments that arise as a result in delays in projects are in place	HRA Management Group	Modern Accessible and Accountable Council				
Undertake benchmarking to challenge performance	HRA Management Group	Modern Accessible and Accountable Council				
To support new ways of working through the Council's Transformation programme.	Via Housing Leadership Team	Modern Accessible and Accountable Council				

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Appendix 9

Summary of national rent setting policy

1. The Council needs to ensure that it sets its rents in accordance with national policy and implement rent increases that enable it to manage and maintain its properties to a high standard as well as develop new homes.
2. The national policy does not apply to service charges although registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable. This can be difficult where the Council does not have control over costs, for example utility charges.
3. The national policy does not apply to rents for garages.
4. The national policy sets out how affordable rents can be set and that increases to these are also subject to CPI + 1 percentage point.
5. Since 2001 rents for the majority of social housing has been let at a “social rent”. This is based on a formula for each property which uses the following:
 - The relative property value as at January 1999
 - The relative local earnings as at 1999 levels
 - Size of the property
6. Actual rents and formula rents were then increased in line with national policy.
7. Where a tenant was paying below the formula rent their rent could only be increased by the maximum amount allowed even if this meant they continued to pay below the formula rent. However, following a vacancy a property could be re-let at the formula rent.
7. The same formula based on 1999 values is used to calculate the social rent of any new properties and then uplifted in accordance with the national rent setting policy to today's levels.
8. Actual rents and formula rents will continue to be increased by CPI+1% until at least 1 April 2024.
9. The Council and Poole Housing Partnership will move to formula rent when re-letting a property following a vacancy.

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Report subject	Dedicated Schools Grant (DSG) Schools and Early Years Formulae 2021/22
Meeting date	10 February 2021
Status	Public Report
Executive summary	<p>The council is required to set funding formulae for:</p> <ul style="list-style-type: none"> • Early education and childcare for eligible 2 year olds and all 3&4 year olds. • Mainstream schools for pupils in reception to year 11 <p>The early years sector is largely comprised of private, voluntary and independent settings. The mainstream formula allocates funding only to public sector schools with the full details shown in School's Forum papers.</p> <p>Consultation has taken place with all relevant providers, schools and the School's Forum.</p> <p>This report includes the recommendations of the Schools Forum for approval. To support Cabinet consideration, the School's Forum Papers can be accessed through the link below:</p> <p>BCP Schools Forum</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Cabinet to recommend to the council:</p> <p>(a) The early years funding formula as set out in Table 2 of paragraph 31.</p> <p>(b) The mainstream school's funding formula set out in Table 6 of Appendix 2 allowing for a £1.1 million (0.5%) transfer of Schools Block funding to support High Needs.</p> <p>(c) The local formula to adopt the National Funding Formula (NFF) funding values and mechanisms as set out in the report.</p> <p>(d) Delegation of the final decision on the mainstream school's formula, when all DfE decisions are known, to the Corporate Director, Children's Services, in consultation with the Portfolio Holder for Covid Resilience, Schools and Skills, taking into account the methodology recommended by the School's Forum in Table 8 of Appendix 3.</p> <p>(e) The Minimum Funding Guarantee for specialist providers is set at 0 per cent to allow maximum budget flexibility.</p>

Reason for recommendations	<p>Recommendation (a) allocates the full 2021/22 increase in funding from government to early years providers.</p> <p>Recommendation (b) allocates funding to mainstream schools by a formula methodology recommended by the School's Forum.</p> <p>Recommendation (c) allocates funding to all schools in line with the full NFF if a transfer level below £1.3 million is approved.</p> <p>Recommendations (d) and (e) are necessary as all decisions needed to finalise the mainstream school's formula have not yet been received from government, the timing of which is outside the Council's control.</p>
Portfolio Holder(s):	Councillor Nicola Green, Portfolio Holder for Covid Resilience, Schools and Skills
Corporate Director	Elaine Redding, Corporate Director, Children's Services
Report Authors	<p>Neil Goddard, Director, Quality and Commissioning ✉ neil.goddard@bcpcouncil.gov.uk ☎ 01202 128702</p>
Wards	Council-wide
Classification	For Recommendation

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 BCP in 2021/22 of circa £300 million. Each funding block has its own National Funding Formula (NFF) methodology to allocate funding to the Local Authority (LA). The main driver of funding levels is pupil numbers. Details of the provisional BCP DSG settlement for 2021/22 are as follows:

Table 1: BCP DSG Settlement 2021-22

Funding Block	2020-21 Budget	2021-22 Forecast	Annual Change		Reason for Change
	£000's	£000's	£000's	%	
Early Years	20,995	21,283	288	1.4%	Increase in funding rates by £0.06 (3&4 yo) and £0.08 (2 yo) per hour
Schools	219,176	228,879	9,704	4.4%	Demographic and funding growth
Central School Services	2,088	2,058	-30	-1.4%	Demographic growth offset by funding reduction
High Needs	43,738	47,756	4,018	9%	Demographic and funding growth
Total Funding	285,997	299,976	13,980	4.9%	

2. Early Years funding for 2021-22 has been estimated by the DfE based on the January 2020 census. This will be finalised in summer 2022 based on the January census in the following two years.
3. Funding through the Schools and Central School Services Blocks is finalised each year in the December Settlement, based on the previous October school census. In 2021-22 the increase in pupils at October 2020 has generated £2.1 million of additional funding with the remaining £7.6 million delivered through higher funding values in the schools NFF.
4. The DfE School Funding Statutory Framework governs the expenditure that can be met from each funding block.

Schools Forum

5. The Schools Forum is a statutory independent 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.
6. The 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 the Cabinet Members for Children's Services and Resources can contribute at meetings but are non-voting members of the Forum.
7. The Regulations set out the responsibilities for decision-making between the Schools Forum and the LA, including any consultation requirements.
8. 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 up to a maximum of 0.5%, with any higher level requiring the approval of the DfE.

High Needs Block

9. The High Needs Block (HNB) largely funds the costs of meeting individual pupils identified additional needs through top up funding for those in mainstream schools, special school funding and the cost of specialist provision. There several factors placing pressure on this budget. Following legislative changes in 2014 there has been significant increases, locally and nationally, on the number of children and young people with Education, Health and Care Plans (8.9% in BCP in 2020), increasing preference and use of Special Schools at a greater cost and the rising numbers of pupils post 16 and 19 young people remaining in education following the legislation extending support to potential 25. Nationally the vast majority of Local Authorities are reporting their high needs budget expenditure is in excess of funding.
10. Within BCP, following a review of High Needs spending and increased robustness of financial data recording, we have identified a high needs funding gap of £10.8 million for 2021-22. This will be additional to the overall accrued deficit in the DSG that has been brought forward from previous years (£4.6 million) and the funding shortfall in 2020/21 which includes the budgeted shortfall (£5 million) and projected overspend (£1 million). Without further mitigating actions the total deficit at the end of the 2021/22 financial year is projected therefore at £21.4 million.

11. In order to address the High Needs Block overspend, Schools Forum has agreed to set up a High Needs working group of LA and School representatives. The group will overview the High Needs Budget recovery plan including reviewing expenditure and further developing options to address the overspend. To support this working group and to ensure financial rigour for the Council a full options appraisal will be undertaken to inform any capital bids and changes in funding arrangements within the High Needs Budget Recovery Plan.
12. There are a number of variables impacting on the High Needs Budget most notably the changing child population demographics and DfE funding arrangements. However, several other factors such as parental preference, Ofsted ratings of schools and levels of exclusions can also impact on the overall budget. As part of the full options appraisal, detailed financial modelling and analysis will be undertaken to support a more robust High Needs Budget Recovery Plan.
13. Fundamental to reducing the overspend is the need for our schools to be more inclusive to avoid the escalation of needs and resultant placement of children and young people in more expensive special schools and non-maintained independent schools.
14. With significant increases in the numbers of pupils with EHCPs in secondary school there is a clear need to provide locally good quality and cost effective post 16 and Post 19 employment, education and training opportunities. Building upon ongoing work a capital bid has been made to develop a SEND Preparing for Adulthood Hub to provide support and guidance to young people and their families on local options as well as developing additional Post 19 specialist provision for young people with a severe learning disability or autism with complex needs to reduce high cost placements.
15. Whilst additional special school places have been created there is a need to support more inclusion within our mainstream schools. A capital bid has been made to develop up to 4 additional resource provision within mainstream schools to meet specific needs, such as those pupils with autism with mainstream abilities and those children with moderate learning difficulties. With some capital funding to adapt existing special school provision this will allow for additional pupils with more complex needs to be met within our local special schools avoiding high cost placements.
16. In order to support the increasing costs of meeting additional needs, the Council is able to consider transferring resources from the School's Block (SB) of the DSG into the High Needs Block (HNB). The effect of this is to reduce the resources vulnerable to distribute to schools and increase those retained to be targeted at additional needs. If this transfer is less than 0.5% of the total SB, then approval can be given by the Schools Forum, a transfer greater than this would require an application for approval by the DFE. Any transfer of 0.5% or less that is not agreed by the School's Forum, would also need to be approved by DFE.
17. The Schools Forum meeting held on 14th January 2021 received details of the provisional DSG settlement for BCP along with the feedback from the consultation process that has been undertaken in relation to the allocation of DSG resources for the 2021/22 financial year. A DFE representative attended the Forum meeting to observe and gather immediate feedback on any proposed transfer.
18. Having considered these responses, the Schools Forum decided to support the transfer of 0.5% of the School's Block, an amount that would be available after funding all schools at the

full National Funding Formula level, of £1.1 million to support the High Needs Block. The Forum further supported the remaining surplus of £0.17 million (0.1%) to be added to the centrally retained growth fund as a contingency. Based on this approach, an application for DfE approval would not be required as this falls within the School's Forums powers to approve. The DfE representative who observed the Forum meeting did not raise any concern with this approach.

19. The Council could decide to make an application for a higher level of transfer, given the forecast overspend in HNB set out above. A 1.1% transfer would represent the transfer of the surplus in SB as set out above plus an additional 0.5% reduction in NFF, for which there was some support in the consultation process. A transfer level of 5% would be required to fully meet the forecast overspend in 2021/22, however this would be difficult to deliver due to restrictions on how the NFF can be scaled down to allow any transfer.
20. The Schools Forum only agreed a transfer of 0.5% and so any application for an amount over this would be considered without their support. A request to transfer more than the 0.5% even with Forum approval was turned down in 2020/21. Soft intelligence suggests most Councils will look to request no more than a 0.5% transfer as anything else is unlikely to be approved.
21. The LA can decide to transfer funding from early years or central school services, but this could not be at any scale and funding is fully committed between early years providers and Council services.
22. Based on this a transfer as set out in paragraph 13 above is recommended. These proposals recognise the challenges in setting a balanced DSG budget to meet the needs of all pupils.

Early Years Single Funding Formula (EYSFF)

23. BCP Council is required to operate a single EYSFF. 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.
24. The funding rates were unchanged over the 3- year period 2017/18 to 2019/20 and uplifted nationally in-line with inflation for 2020/21 by £0.08 per hour.
25. Funding rates for 2021-22 have again been uplifted nationally in line with inflation by £0.06 for 3&4 year olds and £0.08 for 2 year olds. This report recommends that this is passed on to providers in full, with centrally retained funding at the same level as 2020/21. The increase is proposed to be added to the provider base rate.

2021/22 Local Formula

26. The structure of the formula for 2-years-olds is a mandatory single base rate (eligibility is restricted to children from low income families).
27. The formula for 3 and 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.

2021/22 Formula Development

28. The principles proposed for the formula are to be a continuation of the 2020/21 principles:

- Minimise the amount retained centrally, maximising 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 at a level to support improvements in their outcomes.

Formal Consultation and Recommendation from the Schools Forum

29. The consultation ran for 4 consecutive weeks, ending on 14 December 2020. A consultation paper was distributed to the 364 providers and a virtual consultation event was held. Responses were provided via an on-line survey with a 14% response rate achieved. The consultation proposed the 2020/21 formula was retained for 2021/22 with only the base rate adjusted to reflect the level of funding available. This had the broad support of providers.

30. The Schools Forum considered the outcome of the consultation at the 14 January 2021 meeting and supported the proposal for central retention from Early Years for LA support functions.

Proposed EYSFF 2021/22 for Council Decision

31. The 2020/21 base rate for 3&4 year olds is updated by £0.06 per hour, and 2 year olds by £0.08 in line with the increase in funding from the DfE

Table 2: EYSFF - Hourly Funding Rates

Children Aged 2:

Funding Elements	Allocation from Funded Rate *	EYSFF Provider Rate	Note
Base Rate	£5.08	£5.08	Every child
SEND Inclusion Fund	£0.13	£2.00 or £6.30	Per eligible child
Central Functions	£0.18		
DSG Funding Per Hour	£5.39		

Children Aged 3 and 4:

Funding Elements	Allocation from Funded Rate *	EYSFF Provider Rate	Note
Base Rate	£4.12	£4.12	Every child
Deprivation	£0.13	£0.53	Per eligible child
SEND Inclusion Fund	£0.11	£2.00 or £6.30	Per eligible child
Central Functions	£0.02		
DSG Funding Per Hour	£4.44		

*The shaded allocations from the DSG funding levels of £5.39 (2-year-olds) and £4.44 (3 and 4 year olds) are shown for context.

Appendix 1 provides a summary of the formula for BCP

Mainstream Schools Formula

32. 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 school's 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.
33. BCP has £229 million available to allocate to mainstream schools through the local formula in 2020/21 as set out in Table 3.

Table 3: School Block Funding Allocations 2020/21

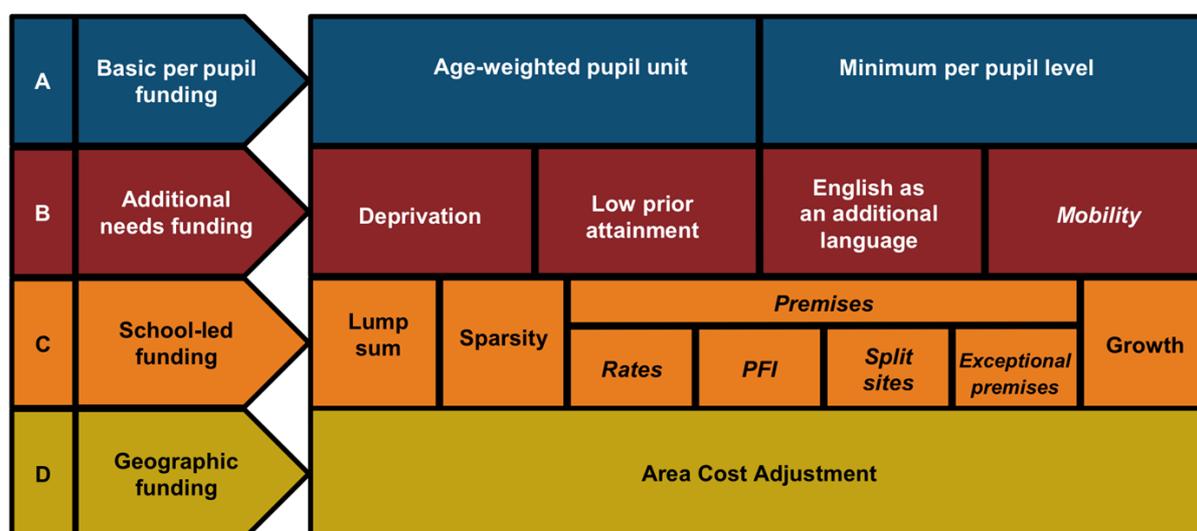
Allocation of Funding	£000's
Total Schools Block Allocation – Table 1	228,879
Growth Fund agreed by Schools Forum plus agreed contingency	(402)
Transfer to High Needs –£1.1m agreed by Schools Forum with application to DfE in progress	(1,144)
Total for Individual School Budgets (ISB)	£227,333

Schools NFF to Fund LAs

34. 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 2022/23. BCP

adopted the NFF in 2020/21 as the level of funding transfer to high needs was limited by the DfE with the full NFF therefore affordable.

Figure 1: Factors in the schools national funding formula



35. The impact of the 2021/22 NFF for BCP to fund its 89 mainstream schools is as follows:

- a) **Minimum per pupil funding level (MPPFL)** impacting on 50 schools. MPPFL increase compared with 2020/21 of Primary 6.4%, Secondary 2.8%. 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 2021/22 than in 2020/21.
- b) **Minimum per pupil funding protection of 2%** for 10 schools where the **NFF provides less than local historic allocations** (typically schools with higher levels of deprivation).
- c) The remaining 29 schools are fully **formula funded** with changes in NFF allocations compared with 2020/21 driven by a 3% uplift on all NFF formula factors unit values other than Free School Meals (1.5% uplift) and by data changes from the October 2019 school census.

36. The school level NFF allocations for each phase are totalled and divided by pupil numbers at October 2019 to derive the unit funding levels for 2021/22. These are then applied to October 2020 census pupil numbers to determine the final Schools NFF funding for all mainstream schools.

Local Formula to Fund Mainstream Schools

37. 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.

38. 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 2020/21. The NFF uses this mechanism but instead compares to the 2020/21 NFF rather than the local formula.

39. 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.

2021/22 BCP Mainstream Formula Development

40. At its meeting in October the 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. This is identical to the position taken for 2020/21.
41. The funding gap in high needs was considered at the same meeting. The proposals for the mainstream formula were the same as those adopted for 2020/21:
- a) all schools should share the cost of any transfer as equitably as possible
 - b) the methodology developed by the working group for 2020/21 budgets to reduce NFF allocations for varying levels of transfer was to form the basis of the consultation with all schools.
 - c) a number of technical formula adjustments were also to be included.

Formal Consultation and Recommendation from the Schools Forum

42. The consultation with schools was undertaken over 4 weeks, closing on 14 December 2020. A consultation paper and link to the online survey were sent out to all schools by e-mail, with an opportunity to also respond on-line. A virtual consultation meeting was held in early December, aided by a presentation, that was well-attended by schools.
43. A response rate from mainstream and special schools of 68% was achieved.
44. The majority of schools (55% of responses) agreed schools should give up 0.5% (£1.1 million) NFF funding to contribute to any transfer to high needs with support for the mechanism proposed, with no schools supporting schools giving up either 1% or 1.5% of funding from NFF for a transfer. However, this was in the context of no assumed surplus being available once schools were fully funded at NFF levels.
45. The Schools Forum received the outcome of the consultation with schools at the 14 January 2021 meeting and made a recommendation as to how the Schools NFF should be adjusted to manage a funding transfer if the council decided to pursue a transfer above 0.5% and after the level has 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.

2021/22 Proposed BCP Mainstream Formula based on a £1.1 million transfer

46. The final formula for approval (based on a £1.1 million transfer) is included in Table 6 of Appendix 2, with a comparison with the 2020/21 local BCP formula and the 2021/22 Schools NFF for context.
47. The Schools Forum supported a transfer of £1.1 million, and, the full NFF can be provided to all mainstream schools. In this case the recommendation to the council is that the local formula is to mirror the NFF as closely as possible within the regulations.

Financial Impact for Mainstream Schools by Phase

48. The phase impact of the proposal based on a £1.1 million transfer compared with 2020/21 school budgets and the 2021/22 NFF is shown in Table 4 below:

Table 4: Impact of the Proposed 2021/22 Mainstream Schools Formula by School Phase

Phase	2020/21 Per pupil Budget	2020/21 Budget £000s	2021/22 Per pupil Budget	Per Pupil change against 2020/21	2021/22 Budget £000s	NFF Per pupil Budget	Per Pupil change against NFF
Infant/ First Total	4,086	19,052	4,305	5.36%	20,212	4,305	0.00%
Junior Total	4,060	21,309	4,264	5.00%	21,817	4,264	0.00%
Primary Total	4,148	67,986	4,331	4.42%	70,382	4,331	0.00%
Primary	4,120	108,348	4,313	4.71%	112,411	4,313	0.00%
Middle/Secondary	5,482	91,817	5,637	2.84%	96,683	5,637	0.00%
All- through	4,900	16,468	5,040	2.85%	18,240	5,040	0.00%

Minimum Funding Guarantee for Maintained and Academy Specialist Providers

49. The MFG must also be set for the funding rates of special schools and alternative provision between 0.0% and plus 2.0%. It can be set at a different level than for mainstream schools.

50. If the 0.5% transfer from the Schools Block is agreed it is proposed that current funding levels for maintained and academy specialist providers will continue (MFG at 0%). If there is to be a lower level of transfer then savings in high needs budgets may need to include reduced funding levels, although this would require a dis-application of regulations requiring DfE approval.

51. To maintain maximum flexibility in balancing the DSG budget it is proposed that an MFG is set at 0% for specialist providers.

Summary & Recommendations**Cabinet to recommend to the council:**

- a) The early years formula set out in Table 2 of paragraph 21.
 - b) The mainstream school's formula set out in Table 6 of Appendix 2 for a 0.5% transfer of Schools Block funding to High Needs.
 - c) The local formula is to adopt the NFF funding values and mechanisms.
 - d) Delegation of the final decision on the mainstream schools formula, when all DfE decisions are known, to the Corporate Director, Children's Services, in consultation with the Children's Services Cabinet member, taking into account the methodology recommended by the Schools Forum in Table 8 of Appendix 3.
 - e) The Minimum Funding Guarantee for Specialist Providers is set at 0% to allow maximum budget flexibility.
52. There are no financial implications for the council from the distribution methods to allocate funding between early years providers and schools as all funding is provided through the DSG.

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

Summary of Legal Implications

54. The consultations undertaken and the recommended proposals are compliant with the School Funding Statutory Framework for 2021/22.
55. School budgets must be finalised and notified to maintained schools by 28 February 2021.

Summary of Human Resources Implications

56. There are no Human Resources implications within the council from these proposals.

Summary of Sustainability Impact

57. There are no expected sustainability issues from the proposals.

Summary of Public Health Implications

58. Should appropriate funding not be allocated to meet the needs of pupils with SEND within BCP, there may be health and well-being implications for this group of the population, that may lead to reduced health equalities locally.

Equalities

59. Equality issues have been taken into account where applicable and recommendations are in accordance with the councils Equalities Policy. An Equalities Impact Assessment has been undertaken.

Summary of risk assessment

60. Consideration has been given to any risks that may arise as a result of the implementation of the recommendations made. The risk to the council is that should budget pressures within the Dedicated Schools Grant continue to increase as a result of the high needs funding gap, this may eventually exceed council general reserves.
61. There is a risk that insufficient funding within the High Needs budget may limit the council's ability to undertake its statutory functions in relation to pupils it maintains with Education, Health and Care Plans.

Background Papers

62. BCP Schools Forum 23 October Agenda Item 8: Mainstream Schools' Funding Formula
<https://democracy.bcpCouncil.gov.uk/documents/s20633/Item%208%20-%20Mainstream%20Funding%20Formula%202021-22%20FINAL%20v5.pdf>
63. BCP Schools Forum 14 January, Agenda Item 8
<https://democracy.bcpCouncil.gov.uk/documents/s22755/Enc.%201%20for%20Mainstream%20schools%20and%20Early%20Years%20Funding%20formulae%202021-22%20and%20DSG%20Funding%20Block%20transfe.pdf>

Appendices

- Appendix 1 -3

Appendix 1

Table 5: EYSFF Current Hourly Funding Rates across BCP

<u>3 and 4 Year Olds</u>	Government Rate	Provider Rate	
		£4.38	
Base Rate	£4.12	£4.12	Every child
Deprivation Supplement	£0.13	£0.53	Per eligible child*
SEN/D Inclusion Fund	£0.11	£2.00 or £6.30	Per eligible child
Central Functions	£0.02		

<u>2 Year Olds</u>	Government Rate	Provider Rate	
		£5.31	
Base Rate	£5.08	£5.08	Per eligible child
SEN/D Inclusion Fund	£0.07	£2.00 or £6.30	Per eligible child
Central Functions	£0.16		

Deprivation Eligibility is currently determined as follows:

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:

Providers are funded per hour for all early entitlement hours accessed, based on two levels of need which is determined by an Early Years Area SENCO; Band 1 £2.00 and Band 2 £6.30.

Appendix 2

Table 6: Proposed BCP Mainstream Formula 2020/21 to allow for a transfer from the Schools Block of 0.5%

(a) Factors within the formulaic Schools NFF

Factor	BCP 2020/21	Proposed BCP 2021/22	NFF 2021/22
Basic Entitlement – Primary	99% of NFF	NFF	£3,123
Basic Entitlements Secondary	99% of NFF	NFF	KS3 £4,404 KS4 £4,963
Deprivation – FSM data	NFF	NFF	£460
Deprivation – FSM ever 6 data	NFF	NFF	Pri £575 Sec £840
Deprivation*- IDACI bands	NFF	NFF	Range (£215 to £865)
Prior Attainment Primary	NFF	NFF	£1,095
Prior Attainment Secondary	NFF	NFF	£1,660
LAC	Not used	Not used	Not used
EAL Primary	NFF	NFF	£550
EAL Secondary	NFF	NFF	£1,485
Lump Sum Primary	NFF	NFF	£117,800
Lump sum Secondary	NFF	NFF	£117,800
Sparsity	NFF Method	NFF Method	NFF Method
Primary MPPFL	£3,930	NFF	£4,180

Secondary MPPFL	£5,265	NFF	£5,415
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(b) Factors and mechanisms outside the formulaic Schools NFF (funding provided at historic cost to the LA)

Factor	BCP 2020/21	Proposed BCP 2021/22	NFF 2021/22
Business Rates	At cost	At Cost	At cost
Exceptional (2 P schools)	£101,017	NFF	£101,017
Split sites (2 B Schools)	£230,288	NFF	£230,288

(c) Minimum Funding Guarantee

	BCP 2020/21	Proposed BCP 2021/22	NFF 2021/22
MFG (annual change)	Minus 0.5%	Plus 2.0%	Plus 2.0%

Table 7: Proposed 2021/22 Formula Outcome for Schools with 0.5% Transfer (all schools receiving National Funding Formula)

Number of Schools	Formula	MPPFL	MFG	Total
Infant/ First Total	3	12	1	16
Junior Total	3	9	-	12
Primary Total	8	22	7	37
PRIMARY PHASE	14	43	8	65
Primary %	22%	66%	12%	100%
Middle/Secondary	12	7	2	21
All- through Total	3	-	-	3
OTHER PHASES	15	7	2	24
Other %	63%	29%	8%	100%
TOTAL SCHOOLS	29	50	10	89
Total %	33%	56%	11%	

Appendix 3

Achieving Varying Levels of Funding Transfer from the Schools NFF

A table identical 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. The illustrative levels of transfer are for release from NFF under the assumption there was no surplus funding within the NFF as a result of a comparison between growth funding and the growth factor allocation. There was a small surplus of 0.05% NFF as a result of the NFF comparing MFG against the 2020-21 NFF baseline rather than the local funding formula. The final proposal for approval has been added for comparison (highlighted in yellow).

Table 8: Illustrative Consultation Options to Release Funding from the NFF at Varying Levels of Transfer

Transfer	MFG	MPPFLs changed against 2021-22 NFF £	Basic Entitlement all phases %
Formula Changes (implemented in this order)			
2021-22 NFF	+2.00%	0	100.0%
(a) 0.5% only MFG & Formula schools contribute	+1.00%	No change	98.3%
(b) 0.5% all schools contribute	+1.40%	-20	99.3%

CHILDREN'S SERVICES BUDGET REVIEW WORKING GROUP

TUESDAY, 5TH JANUARY, 2021

Present: Councillors Burton and Moore

Officers in attendance: Elaine Redding, Corporate Director, Children's Services
Jo Collis-Heavens, Finance Manager – Children's
Strategic Finance (Accountancy)

1 Election of Chairman

Councillor Burton was elected as Chairman.

2 Apologies for absence

Councillor Coope sent his apologies.

3 Budget Review Discussion

The Children's Services Corporate Director introduced the item together with the Finance Manager – Children's Strategic Finance and referred to the budget café slides, which had been previously circulated and suggested the Members consider specific areas of interest.

The Chairman requested some background information into how the Service dealt with unknowns and how they were managed in the budget setting process. The Corporate Director set out some background on predictive analysis and what care needs and costs could be planned for and anticipated. There had been some additional pressures which had occurred this year, which were discussed, but it was noted that some cases can't be predicted which can cause the demand to exceed the planned budget.

The cost of the placements was discussed and it was noted that although the costs could seem very high in some circumstances, the Finance Manager reassured Members that the Service challenged every placement to ensure children were placed in the best possible placement to ensure positive outcomes for them, whilst always striving for the most competitive price. The Corporate Director advised that the Service needed to undertake a piece of work regarding managing the market and sufficiency strategy for placements, which fitted with the corporate Transformation Programme.

Staffing was then discussed, and it was noted that staffing and placements were the biggest spends. Overall, across Children's services, 64% of the budget was allocated to staffing. The Corporate Director advised that the workforce was set to allow for a reasonable caseload and that, following a piece of work, they were confident that they had the right number of staff to achieve this. The budget issues in this area were discussed which included the cost of agency staff, the positive initiative of the recruitment and retention, the difference between workloads of a newly qualified and experienced social worker, previous issues with the leadership and management. Travel costs and the office location of staff were also discussed.

In response to a query regarding the young people currently in residential settings, the Corporate Director advised that a review was ongoing to see if their needs were being met in their placements and also if there was opportunities to move them closer to their communities.

In response to a query regarding the Dedicated Schools Grant, it was noted that the Schools Forum would be considering it next week. It was noted that High needs pressure would not be going away however it was believed that BCP was in a better position than some over Local

Tuesday, 5th January, 2021

Authorities. The Members were advised that a sufficiency, recovery and inclusion plan were all currently being considered to enable discussions with Schools Forum.

In response to any possible budget pressures due to the current lockdown, the Members were advised that Mental health and domestic abuse services would need to be closely monitored, however it was noted that following last year, the Service was responding in a different way through the front door service to enable quicker responses. The need to ensure the Looked After Children were closely supported and monitored during this lockdown was discussed.

In response to a query regarding whether the budget was sufficient, the Corporate Director advised that it was believed that the in-year funding of £310k would serve the rest of this year and that, in addition, was being sourced through a DfE Business Case. It was felt the MTFP 21/22 budget commitment to Children's Services was the needed level of investment

In conclusion, the Chairman summarised that they welcomed the additional funding to help drive improvement as per Ofsted report and through a bid for DfE funding. The need for an update on the review of young people in high cost residential settings and being kept informed on the recruitment campaign for social workers was also discussed.

Chairman at the meeting on
Tuesday, 5 January 2021

CABINET



Report subject	Council Vision, Corporate Strategy and Revised Delivery Plans 2021/22
Meeting date	10 February 2021
Status	Public Report
Executive summary	<p>BCP Council's Corporate Strategy was adopted by Full Council in November 2019. It sets out the Council's priorities and the values which underpin the way the council will work as it develops and delivers services.</p> <p>Refreshed vision and ambition statements have been prepared to provide a wider context to underpin and drive the Corporate Strategy.</p> <p>Council corporate priorities remain the same and continue to be supported by delivery plans which set out high-level actions from 2020 onwards.</p> <p>The delivery plans have been reviewed in consultation with Cabinet Members, Directors and council officers to reflect current budget and economic pressures and the progress made so far.</p> <p>They continue to show how the council will work to achieve the priorities set out in the Corporate Strategy and will continue to be reviewed as part of the Council's annual budget process.</p> <p>The delivery plans are high-level plans that set out the current and future planned activity and how success will be monitored and measured.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet:</p> <ul style="list-style-type: none"> - adopt the draft new aspirational vision for the wider Bournemouth, Christchurch and Poole city region - support the identification and delivery of the five big projects to deliver the wider vision - confirm support for the Corporate Strategy - approve the revised delivery plans appended to this report
Reason for recommendations	<p>The strategy is the beginning of a golden thread that links personal, team and service performance to the things that matter most to the organisation. It represents the objectives and outcomes that the Council's performance will be judged against and as such is a vital component of the Council's performance management framework.</p> <p>A good corporate strategy is driven by a strong vision and ambitious goals. which are vital for promoting the opportunities an organisation presents for</p>

	<p>investment and engagement. The aspirational vision gives a stronger context for the Council’s corporate strategy and for achieving our wider ambitions.</p> <p>It will influence the allocation and distribution of resources ensuring that the organisation commits its limited resources in accordance with its stated priorities.</p>
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Portfolio Holder(s):	Councillor Drew Mellor, Leader of the Council
Corporate Director	Julian Osgathorpe, Corporate Director
Report Author	Bridget West – Head of Insight, Policy & Performance
Wards	Council-wide
Classification	For Decision

Background

1. Council adopted the Corporate Strategy and corporate priorities in November 2019.
2. The strategy is ambitious and provides clarity to the Council’s objectives and a framework for our priorities which are the beginning of a golden thread that links service, team and personal planning processes across the council.
3. Following adoption of the Corporate Strategy, Cabinet approved delivery plans as part of the 2020/21 budget process. These plans detail the high-level actions that the council intends to take in year, and in future years, to deliver against the priorities within the Corporate Strategy.
4. The Leader of the Council, working with the Cabinet and Corporate Management Board, has developed an aspirational vision for the place of BCP, as the UK’s newest coastal city region, picking up many of the aspirational themes for the place from the original Local Government Reorganisation planning papers.
5. As well as the delivery plans, which describe how the Council will deliver the priorities in the Corporate Strategy, a programme of five major projects has been developed to deliver big changes across our whole area. It is expected that these will support the creation of 13,000 jobs across all sectors of our economy, creating wealth for our businesses and incomes for our families.
6. The projects will make up the ‘Big Plan’ that reflects the scale of the council’s ambition for the area and which will enable the articulation of that vision with key regional and sub-regional partners and with government.
7. To promote the visibility and the extent of the ambition for the BCP council area and the opportunities for investment into the area and funding reward the vision is summarised as

‘We want the BCP City region to be world class – one of the best coastal places in the world in which to live, work, invest and play’

8. The draft vision and narrative is presented for approval and recommendation to the Council at Appendix 1.
9. The priorities set out in the Corporate Strategy have not changed. They continue to set the scene for service planning processes and performance management. This is presented at Appendix 2.
10. The introduction and the journey so far sections of the wider corporate strategy, including the progress with historic delivery plan actions, will be updated as part of the end of year performance reporting processes. These will reflect the changes in the administration and the new BIG plan.

Delivery plan update

11. It has always been the intention that the delivery plans will be reviewed each year and that review would be aligned to the budget process to ensure that the budget is set such as it can deliver the key delivery priorities of the Council. Given the mid-year change of administration, the impacts of the Covid-19 pandemic and ensuring budget pressures, discussions began in December 2020 to determine appropriate actions for future years.
12. There is a delivery plan for each priority:
 - Sustainable Environment
 - Dynamic Places
 - Connected Communities
 - Brighter Futures
 - Fulfilled Lives

There is an additional delivery plan setting out how the Council will achieve its commitment to be a modern, accessible and accountable council.

13. Covid-19 has had an impact on the delivery timescales of most of the actions in 2020/21 and a number have been carried over into this year's delivery plans.
14. The revised delivery plans have been developed through discussion meetings with members and officers, facilitated by the corporate Policy and Performance Team. Drafts of proposed delivery plans for 2021/22 are shown in Appendix 3.
15. The Council's Corporate Strategy and the delivery plans are the framework for a golden thread that links service, team and personal performance to the things that matter most to the organisation. Together they are the key components that make up the Council's approach to performance management.
16. The Delivery plans are not intended to capture all the services the Council provides. They identify some of the key projects and priorities for improvement or development and those areas where key budget changes are required. Other council wide strategies and service plans will capture in more detail the priorities of the 500+ services the council provides. These are all brought together into the Policy Framework for the Council and all of the policy and strategy documents are in the process of being re-written to bring together the varying service standards and priorities from across the four preceding councils. It is envisaged that this process will be largely complete by the summer of 2021, leading to services mostly being harmonised by Spring 2022.

17. The strategy framework will influence the allocation and distribution of resources, ensuring that the organisation commits its limited resources in accordance with its stated priorities.
18. Progress will be monitored on a quarterly basis against an agreed set of measures and targets.

Next Steps

19. Measures of success, baseline positions and targets are being revised to reflect the revised delivery plans and will make up a revised corporate scorecard.
20. All delivery plan actions will become personal performance goals for service directors in line with the agreed performance management framework.
21. The journey so far and the introduction to the wider Corporate Strategy will be updated as part of end of year performance reporting processes.

Summary of financial implications

22. Financial implications for the delivery plan actions and the Big Plan have been considered as they have been developed and where appropriate identified in the Council's Medium-Term Financial Plan. All may be subject to further recommendations to Cabinet in due course.

Summary of legal implications

23. There are no immediate legal implications arising from this report, although the implementation of the specific actions or projects may result in the need for legal input which will be considered on a case by case basis.

Summary of human resources implications

24. The change and transformation commitments identified in the Corporate Strategy and delivery plans will result in several implications for the way staff work and specifically the pay and conditions that apply to them. These will be managed in accordance with the Council's change management policy and where necessary, subject to trade union consultation and collective bargaining.

Summary of sustainability impact

25. The Corporate Strategy and delivery plans identify the Council's plans to tackle the declared Climate Emergency and protect the natural environment. These commitments may be subject to separate council decisions and considerations in due course.

Summary of public health implications

26. The Corporate Strategy and delivery plans express a range of actions that underpin the Council's commitment to its public health objectives.

Summary of equality implications

27. The Council's equality commitments are expressed throughout the Corporate Strategy and individual equality impact assessments will support all new projects and plans set out in the delivery plans.

28. The Corporate Strategy sets out the longer-term priorities, high level objectives and the Council's commitments to equality and diversity.
29. The strategy is supported by several other strategies, policies and action plans, including a People Strategy which will ensure equality of opportunity for all in the workforce. This and all other policy documents will or have been subject to an equality impact assessment and have considered the impact on service users, the wider community and staff.
30. The impact on those with protected characteristics should be positive.

Summary of risk assessment

31. Risks and issues have been considered by service units leading on the actions set out in the individual delivery plans.

Background papers

[BCP Council's Corporate Strategy](#)

[Corporate Performance Management Framework](#)

Appendices

Appendix 1: BCP Council Vision and Big Plan

Appendix 2: Corporate Strategy

Appendix 3: Proposed Corporate Strategy Delivery Plans 2021/22

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January 2021



Our Vision for the Future

Bournemouth, Christchurch and Poole –
the UK's newest city region

Bold ● Confident ● Proud



Bold, confident, proud

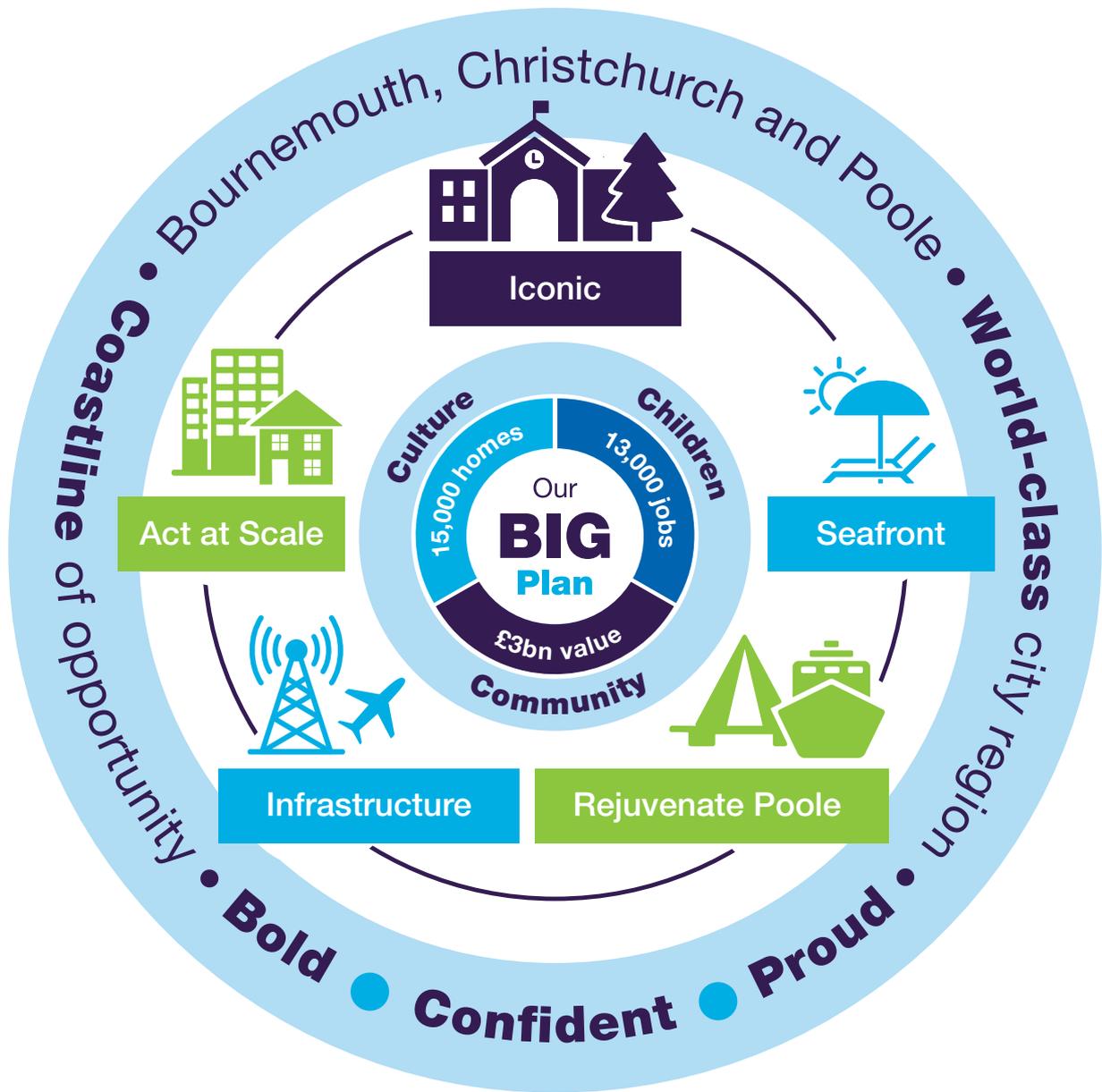
**Bournemouth,
Christchurch and
Poole is the UK's
newest city region
and it's brimming
with prospects,
positivity and
pride.**

It's a place where culture and heritage meet innovation and modernity, village meets town, country meets coast, creativity meets digital, businesses flourish and people thrive.

BCP Council is the tenth-largest urban local authority in England and our communities are vibrant and diverse, with an outstanding quality of life, where everyone plays an active role – a globally-recognised coastline of opportunity, where people love to live, learn, work, explore, invent, relax and play.



Our **Big Plan** – A world-class vision for BCP



We want the BCP city region to be world class – one of the best coastal places in the world in which to live, work, invest and play.



We want to harness the potential of our coastline of opportunity and make BCP a place where people and businesses want to be – because of the vibrancy of our communities, the strength of our economy, the skills of our people, the wealth of our culture and the quality of our infrastructure, our environment and quality of life.

We know that to achieve our vision, we need a Big Plan that reflects the scale of our ambition.

Our **Big Plan** involves **five big projects** that will deliver big changes across our whole area and support the **creation of 13,000 jobs** across all sectors of our economy – good jobs for local people – creating wealth for our businesses and livelihoods for our families.



We will invest in an **iconic cityscape** – making BCP a place in which we demonstrate our pride through the positive and innovative face we show to the world, recognising the clean and green quality of both our urban and natural environments.

We will invest with our partners in our connectivity, particularly around our train stations and the quality of the urban environment that greets people as they arrive in our city region.

And we will invest in the Bournemouth International Centre – so that it stands among the very best events venues in the world, attracting visitors who want to return because of the unique seaside offer that we provide.



We will invest in our **seafront**, enhancing what is already recognised as among the cleanest and most beautiful city region coasts in the world, from Sandbanks to Highcliffe, with a vibrant arc at the heart, linking Bournemouth Pier with the Pavilion and a renewed and revitalised Bournemouth International Centre.

Together with our partners, we will make our coastline an area of international renown for the quality and welcome of its hotels and we will make our restaurants and hospitality industry famous for the quality and imagination of their food and the excellence of their service.



We will deliver on the promise to **rejuvenate Poole**, bringing a vibrant, attractive and sustainable mix of residency, business, hospitality, retail, culture and green spaces to the heart of Poole, the Quay and the area between the two bridges, complementing the internationally-renowned Sandbanks and the beauty of the second-largest natural harbour in the world.



We will invest in the physical and digital **infrastructure** of our coastal city region, to ensure that BCP has the best connectivity in the country – whether through superfast broadband and digital connectivity or through land, air and sea transport.

We will exploit the full potential of digital to make BCP a genuinely smart city region, where we use digital data to plan, manage and deliver better services for our residents and businesses and where digital natives thrive.



We will **act at scale** and aim to deliver more than **15,000 new homes** for people of all incomes – both through our own civic investment and by supporting and enabling developers to build homes, with a sustainable mix of affordable and high-end apartments and houses.

The scale of our ambition is also demonstrated in our plans to invest an additional £2 million a year in regeneration and a £50 million Futures Fund for infrastructure investment, as well as in our aim to support the creation of 13,000 jobs and more than £3 billion of investment value for our area.



Underpinning our five big projects is the work we will do to develop our vibrant **communities**, with an outstanding quality of life, where everyone plays an active role. This means clean, safe and affordable housing, the wellbeing of all age groups, from our youngest to our oldest, with good health and care and good local services, and good jobs for working-age residents, to provide financially-sustainable livelihoods for their families.



We will redefine and promote our **culture** and our leisure and entertainment offer, based both on our heritage and on our positive, modern outlook. Our new cultural compact will involve creative education, development and investment in arts and culture, enabling more people of all backgrounds to actively participate all aspects of culture, from celebrations of our maritime and leisure heritage, to music, food, dance and theatre, in support of our aspiration to become a City of Culture.



We will ensure that the BCP city region becomes one of the best places in which **children** can live, learn and grow up, with opportunities to stay in the area after they leave school, whether to go to university, to train or to work. This means supporting the health, wellbeing and development of children from birth, through their early years, right through their education and into adulthood.

We will present BCP boldly, confidently and with pride when we tell the story of our ambition, our place and our achievements.

And we will make an early demonstration of that pride and self-assurance when we launch our **BounceBack** festival, once we emerge from the restrictions of the COVID-19 pandemic – reconnecting our communities, restoring confidence in our economy, revitalising our retail, hospitality and tourism sector and announcing to the world that BCP is not just bouncing back, but aims to be bigger, bolder and better.



Why BCP and why now?



The Bournemouth, Christchurch and Poole city region enjoys an outstanding natural and urban environment, which makes it a desirable place to live and work at a time when people and businesses are leaving more densely-populated cities and choosing to live life in balance.

Our area is internationally connected by air and sea and it benefits from our close road and rail connections to London and the central south and from our position as a gateway to the south west.

We have strong, internationally-recognised economic sectors – from finance to digital, creative to tourism to engineering, with our universities providing a steady supply of fresh talent.

We are a wellbeing city region by the sea, where people are able to live life in balance as they access all they expect of a modern urban area, as well as enjoy some of Europe's best beaches, stunning countryside and close proximity to the New Forest.

Now is the right time to invest with ambition in our place and our people as we look to rebuild out of the pandemic and drive regeneration across the conurbation on a scale never delivered before.

With a population of 400,000, we are now the tenth biggest urban local authority in England. Never before have we had the scale, the ambition and the opportunity to deliver this world-class offer of the UK's newest emerging coastal city region.

The BCP area brings together three distinctive towns with different needs and opportunities and our Big Plan will respect those differences.

Bournemouth can build on its economic strengths to become a thriving centre with significant growth opportunity.

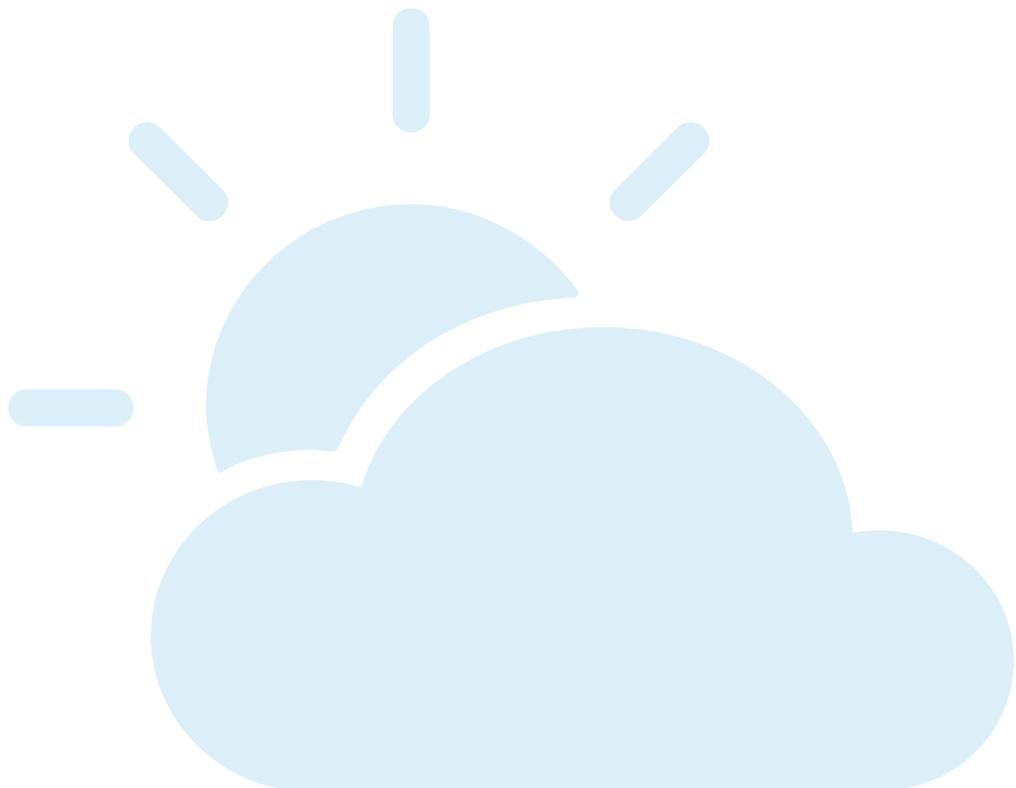
Christchurch is a place of heritage, character and beauty, which needs a balance of sympathetic investment and protection.

And **Poole**, with its proud maritime and military history, has the sites, the potential and the need for rejuvenation through a focus on world-class regeneration.

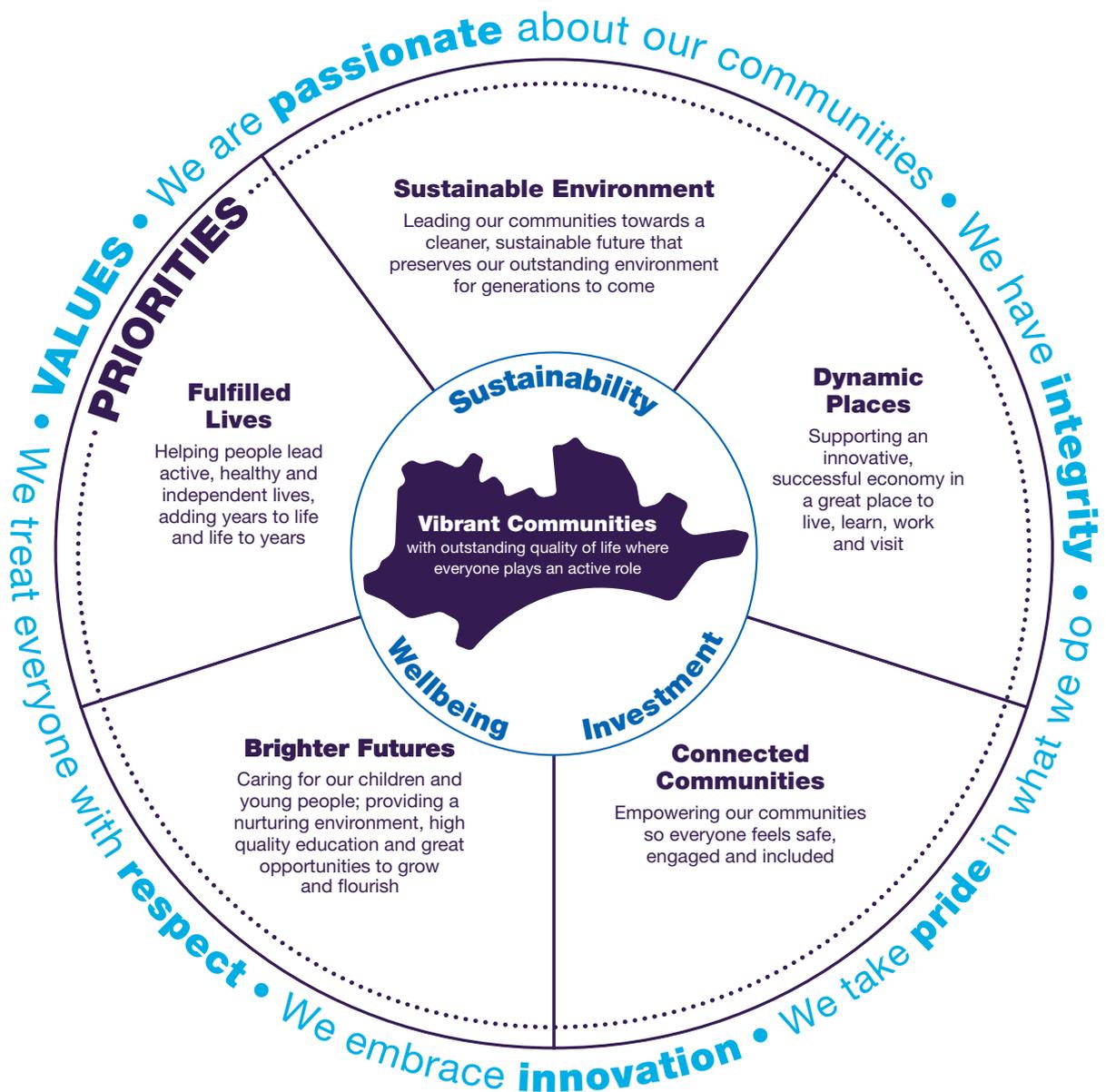
BCP Council will lead the implementation of our Big Plan, and we will also look to establish joint ventures and other partnerships to help us to deliver these critical projects, focusing on delivering real outcomes with a flexible approach to unlocking delivery.

BCP has a shared vision, we have a Big Plan and by working together – as a council, as partners, as a community – we have the ambition, the drive, the expertise and the means to achieve it.

A Big Plan delivered through Leadership, Vision and Partnership



BCP Council's strategic priorities



As one of the UK's newest local authorities and the tenth biggest urban authority in England – BCP Council has an ambitious strategy to support our vision for our area:



- by leading our communities towards a **cleaner, sustainable future** that preserves our outstanding environment for generations to come
- by supporting an **innovative, successful economy** in a great place to live, learn, work and visit
- by **empowering our communities** so everyone feels safe, engaged and included
- by **caring for our children and young people**, providing a nurturing environment, high-quality education and great opportunities to grow and flourish
- by **helping people lead active, healthy and independent lives**, add years to their lives and life to their years
- by being a **modern, accessible and accountable council**, committed to providing effective community leadership.

Our **Corporate Strategy and Delivery Plan** sets out in detail what we will do and how we will measure our progress.



Turning challenge into opportunity



There is no doubt that we are living in exceptional times, with the challenges of recovering from the COVID-19 pandemic, adapting to Brexit and addressing significant funding constraints all combining to make for an uncertain future.

Our vision and our aims are unchanged and undiminished – and we have to transform to deliver within the new economic climate to provide the leadership that our communities and our place needs.

So we are turning these challenges into new opportunities.

By investing now, not only will we underpin our region's growth out of recession, but we will respond positively to macroeconomic and social drivers and be well positioned to attract people and businesses looking to locate in a modern city region with wellbeing at their heart.

The time is now to deliver our Coastline of Opportunity.



Our transformation programme

In our **Corporate Strategy in 2020**, we set out the extensive range of work that we are doing to become a ‘modern, accessible and accountable council’. We have accelerated our plans to review what we do and how we do it through an inspiring **Transformation Programme**, which will ensure that we provide services and facilities efficiently and effectively in a way that is modern, affordable and sustainable.

We are investing up to £38 million in our Transformation Programme by 2023. Our aim is to establish the foundations for a sustainable future for the council, where we invest in front-line services to focus on what matters most to our customers and adds most value to their lives.

Our transformation to what we are calling ‘our new normal’ has three elements: how and where we work; how we are organised; and how we support our colleagues through these changes.



We are making a major investment in technology, increasing the digitisation and automation of services, to make it easier for residents and businesses to transact with us online, on a device and at a time of their choosing, with information and services online wherever possible, with 24/7 access. Anything that can be paid for, reported or applied for online will be there.

This is in line with the way many of us live our lives and go about our business, and as a council we must keep pace with the changes in modern life.

This will allow us to focus our resources and our people on the more complex issues and challenges we face, and the needs of our most vulnerable customers, who are more likely to need face-to-face support, whether in the community or through customer service hubs in the heart of our three towns.

Modern, efficient ways of working will give our staff flexibility to improve their work/life balance, building on our experience of significant homeworking in response to the COVID-19 pandemic, while moving to a single BCP Civic Centre in Bournemouth will enable us to significantly reduce the size and cost of our office estate.

We will create a carbon-neutral position for BCP Council's operations and activities by 2030. We will do this by procuring all council electricity from zero-carbon renewable sources, reviewing energy project funding options, assessing the energy efficiency of council buildings, and installing energy saving and renewable energy measures in retained council buildings.

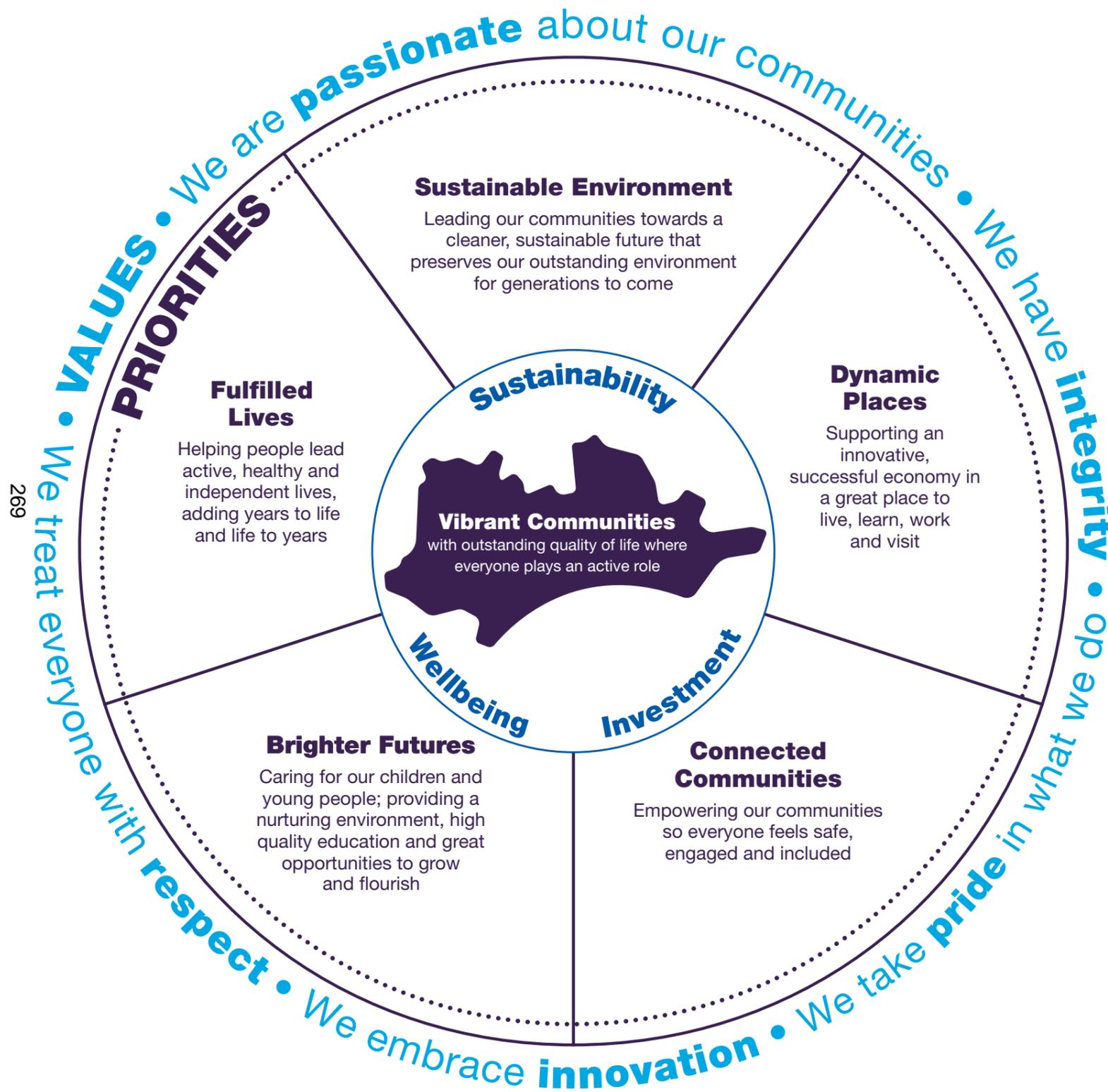
By transforming, we will become a slimmer, more cost-effective organisation, enabling us realise savings of more than £40 million a year, helping to close the budget gap and allowing us to invest in front-line services and regeneration.





BCP Council's Corporate Strategy

We are a **modern, accessible** and **accountable** council committed to providing effective community leadership



► Our Objectives are to...

Sustainable Environment

- ensure sustainability underpins all of our policies
- protect and enhance our outstanding natural environment
- develop an eco-friendly and active transport network
- tackle the climate and ecological emergency
- promote sustainable resource management
- maximise access to our high quality parks and open spaces

Dynamic Places

- revitalise and reinvent our high streets and local centres
- invest in the homes our communities need
- create a sustainable, vibrant and inclusive economy
- increase productivity through skills investment
- develop sustainable infrastructure
- support our businesses to operate more creatively
- create a 21st century digital infrastructure

Connected Communities

- strengthen the cultural identity of our towns and places
- respect and engage with our diverse communities
- encourage intergenerational interactions
- reduce loneliness and isolation
- ensure our communities feel safe
- empower a thriving voluntary and community sector

Brighter Futures

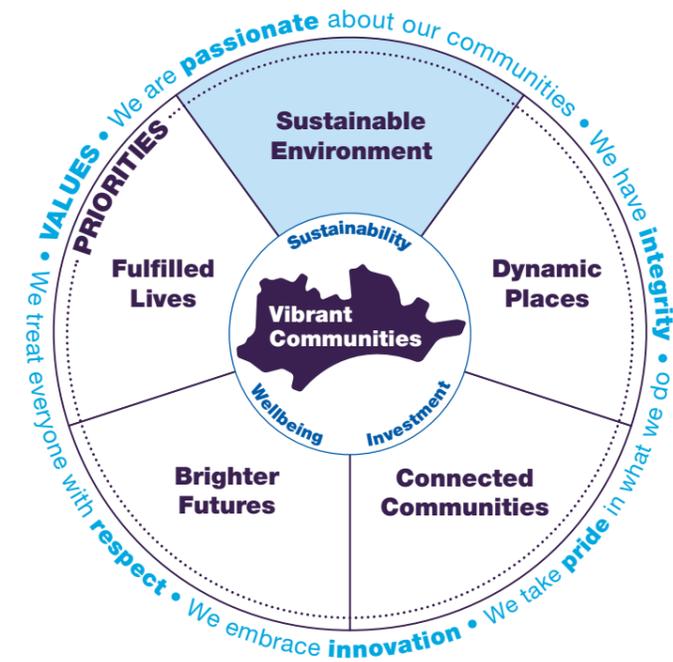
- enable access to high quality education
- be aspirational for our children in care
- support parents and guardians to care for their children well
- prevent harm through early intervention

Fulfilled Lives

- support people to live safe and independent lives
- promote happy, active and healthy lifestyles
- develop age-friendly communities
- value and support carers
- enable people to live well through quality social care
- tackle homelessness and prevent rough sleeping
- promote lifelong learning for all

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Sustainable Environment



Leading our communities towards a cleaner, sustainable future that preserves our outstanding environment for generations to come

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Ensure sustainability underpins all of our policies SDG 12 / 13 / 15

We will:

- establish an environmental standard for events by 2023
- ensure sustainability, climate action and biodiversity are at the heart of the Local Plan when it is published by April 2023
- embed sustainability in BCP Council's new ways of working to achieve net zero carbon targets
- embed the Climate Change Decision Impact Assessment tool in all decision-making processes
- influence key partners and key stakeholders including the public sector, charities, developers and businesses to improve sustainable standards to achieve net zero carbon targets for the BCP area.

Protect and enhance our outstanding environment SDG 14 / 15

We will:

- progress the shoreline management plan for Poole Bay and establish a shoreline management plan for Christchurch Bay by end of 2021
- implement the Poole Bay Beach Management Strategy and delivery scheme between 2020-2030
- continue to deliver higher-level stewardship and management of designated natural sites to preserve them for future generations
- protect SSSIs through the work of nature conservation teams and partners, creating favourable conditions for priority species
- work in partnership with Bournemouth Parks Foundation to maximise the benefits of charitable work across the conurbation by end of 2021
- work with partners to enhance recreation opportunities and health benefits, improve biodiversity and increase the length of accessible paths along the Stour Valley
- work with partners to enhance the biodiversity and quality of our inland waters, harbours and coastal environment
- manage land to enhance quality through maximising CO₂ capture by greening the urban environment and introducing a tree planting programme by December 2021
- encourage more volunteers to protect and enhance the environment by 2023
- develop a comprehensive Air Quality Strategy for the BCP area by December 2022.

Develop an eco-friendly and active transport network SDG 11

We will:

- develop a local cycling and walking infrastructure plan by end of 2021
- provide a bikeshare scheme in Christchurch by June 2021 and incorporate e-bikes and potentially e-scooters into bikeshare across the conurbation by March 2023
- strengthen the Quality Bus Partnership to provide higher quality bus services for residents to encourage increased usage and reduce carbon emissions
- deliver an integrated smart travel app by 2023
- deliver more and enhanced 'safer routes to schools' increasing active travel and reducing carbon emissions from cars
- launch a communications campaign to promote sustainable travel to residents, schools, businesses, and visitors through to 2024

- develop a sustainable fleet replacement strategy and an annual percentage increase for numbers of council operated Ultra Low Emission Vehicles by December 2021.

Tackle the climate and ecological emergency SDG 7 / 13

We will:

- following the conclusions of public engagement, adopt and develop the climate and ecological emergency action plan by Summer 2021
- develop emission reduction pathways and carbon budgets to track progress towards BCP Council and area-wide targets by Summer 2021
- submit emissions data to global climate reporting organisations annually to demonstrate progress by end of 2021
- lead work with key partners across the conurbation to discuss and formulate a plan of action to encourage emission reduction measures by April 2021
- launch and run a resident engagement programme to make homes energy efficient, reduce fuel poverty and raise awareness of the most effective climate friendly actions through 2021 and 2022 .

Promote sustainable resource management SDG 12

We will:

- consolidate an accessible strategy framework for improving the environment in preparation for the Government's Environment Bill
- develop a BCP Council waste strategy in line with the national waste strategy by Summer 2022
- let a contract for the treatment and disposal of the Bournemouth and Christchurch residual waste by August 2021
- review BCP Council street cleansing services by December 2021
- promote waste reduction initiatives including: Leave Only Footprints, Love Food Hate Waste and New to You, across the conurbation
- work with partners and communities to achieve single-use plastic-free status across the conurbation

Maximise access to our high quality parks and open spaces SDG 12

We will:

- identify adequate Suitable Alternative Natural Greenspace provision by September 2021
- develop a green infrastructure strategy to manage parks, recreation grounds, beaches and open spaces by December 2021
- increase biodiversity by reviewing use of grassland management, wild-flower meadows and pesticide usage by Summer 2021
- work with partners to increase the accessibility and diverse offer of parks and open spaces increasing the number of visitors
- utilise grants, donations and developer contributions to increase investment in parks, beaches and open spaces by April 2023.

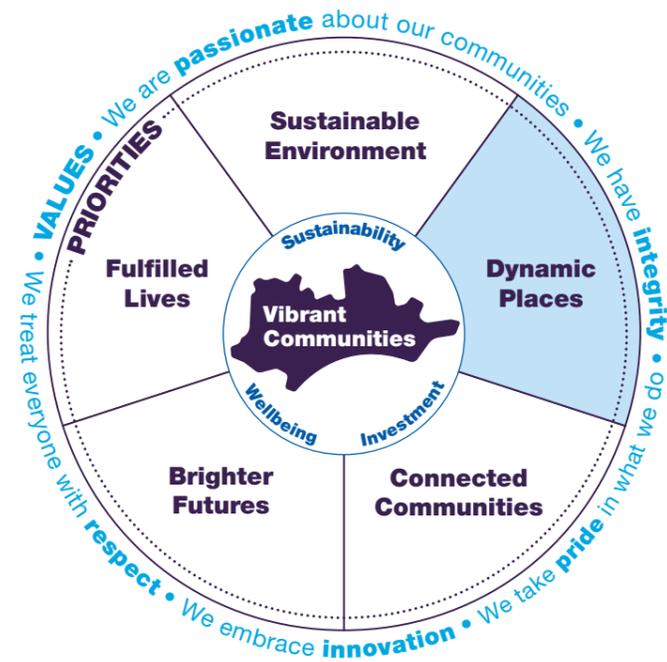
Measures of success

- **Beaches:** number of blue flags awarded
- **Environment:** standard of street cleanliness achieved in line with Environmental Protection Act 1990
- **Environment:** number of air quality management areas in the conurbation
- **Fleet:** number of council vehicles replaced with cleaner and greener vehicles
- **Parks and open spaces:** percentage of SSSI in favourable condition owned by or which the council has management control over
- **Sustainability:** number of households receiving energy efficiency advice and guidance
- **Sustainability:** Scope 1 and 2 CO₂ emissions for BCP Council
- **Transport:** single occupancy cars entering the conurbation
- **Transport:** use of public transport
- **Waste:** percentage of total household waste recycled, reused or composted
- **Waste:** residual household waste per head of population (kg)
- **Waste:** residual household waste per household (kg)
- **Waste:** percentage of waste diverted from landfill

Sustainable Development Goals (SDG)



Dynamic Places



Supporting an innovative, successful economy in a great place to live, learn, work and visit

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▶ Revitalise and reinvent our high streets and local centres

SDG 8 / 11

We will:

- develop and deliver an action plan around our town centres and high streets with partners such as the Business Improvement Districts and other business groups
- deliver the Poole regeneration projects
- continue to deliver the Bournemouth Town Centre Vision and associated Bournemouth Development Company projects
- progress the plans for the redevelopment of the Bournemouth International Centre
- work with partners to positively raise our profile
- attract future funding and inward investment
- deliver projects within the Seafront Strategy
- create a new Destination Strategy by April 2021.

▶ Invest in the homes our communities need

SDG 11

We will:

- improve sustainable housing outcomes and access to good quality housing for all residents by developing a new Housing Strategy by Spring 2021
- work with partners to increase overall housing supply including regular strategic partner events
- ensure the right supply of specialist housing to meet needs
- build at least 1,000 new homes on BCP Council owned land over 5 years, of a mix of tenure types
- progress plans to develop the Holes Bay former power station site and deliver 830 new homes
- agree a Council new build and acquisition delivery programme by March 2022.

▶ Create a sustainable, vibrant and inclusive economy

SDG 8 / 10

We will:

- support the development of our five existing key sectors of Advanced Engineering and Manufacturing, Culture and Creativity, Health and Social Care, Financial and Insurance and Tourism and Hospitality to become more sustainable and increase productivity and reward
- work with partners and businesses to reimagine our future economy
- co-ordinate the response to and recovery from Covid 19
- through partners, provide and promote targeted and joined up business support services by April 2021
- work to develop and improve the Council's Planning Service so that it better supports business growth and regeneration.

▶ Increase productivity through skills development

SDG 4 / 8

We will:

- create a Skills Strategy by June 2021 which tackles inequality and supports local businesses in partnership with educational establishments and the market
- deliver actions in the skills strategy, specifically prioritising those that support the economic recovery from Covid 19 by December 2021
- champion BCP Council's commitment to increase the number of apprenticeships, particularly for care leavers, across Bournemouth, Christchurch and Poole by March 2021.

▶ Develop sustainable infrastructure

SDG 4 / 8

We will:

- develop and adopt a new BCP Council Local Plan by April 2023
- deliver the relevant parts of the transforming cities fund programme by 2023
- adopt a Local Transport Plan by 2023
- implement an interim sustainable travel strategy for BCP Council staff by June 2021
- implement a series of strategic car parking adjustments by December 2021.

▶ Support our businesses to operate more creatively

SDG 9

We will:

- work with the Dorset Local Enterprise Partnership and other stakeholders to deliver the Local Industrial Strategy by March 2022
- work together with universities and businesses to create paid placements and internships by March 2021
- work together with universities, colleges and businesses to use research to inform the creation of new products and services
- promote the government's Research and Development tax credits to businesses, helping to increase innovation rates.

▶ Create a 21st century digital infrastructure

SDG 9 / 17

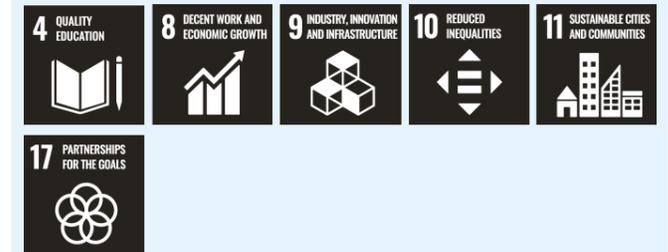
We will:

- deliver the Smart Place Investment Plan by April 2021
- deliver a series of smart place initiatives by December 2021
- promote availability of fibre-based connectivity to all residents and businesses by December 2022.

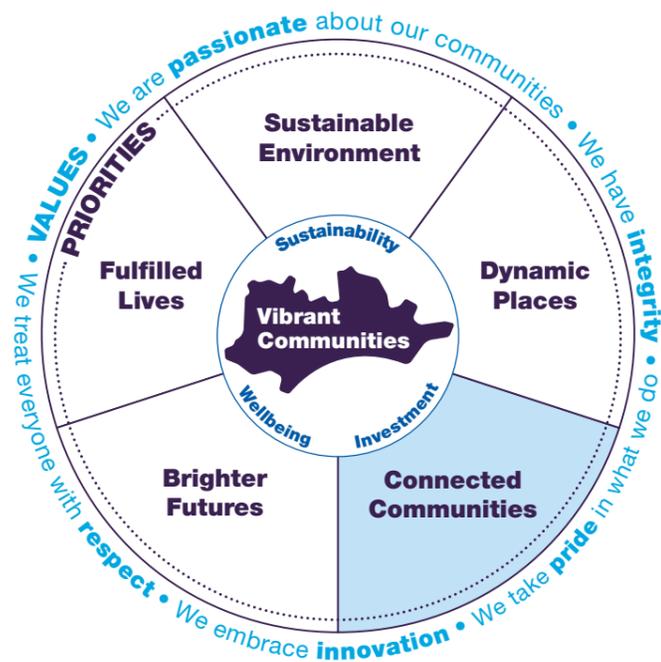
Measures of success

- **Development:** increase BCP Council investment portfolio income
- **Development:** gross development value generated by Bournemouth Development Company
- **Economic Development:** number of businesses
- **Economic Development:** footfall in the three town centres
- **Economic Development:** number of businesses receiving support from the council per quarter
- **New Homes:** completed homes on council owned land year to date
- **New Homes:** total number delivered year to date
- **Planning:** major applications determined on time
- **Planning:** minor applications determined on time
- **Planning:** other applications determined on time
- **Skills:** percentage of higher-level qualification (NVQ4 and above)
- **Smart Place:** jobs created as a result of the programme
- **Smart Place:** number of enquiries relating to business investment through the programme
- **Sustainability:** percentage of journeys undertaken by sustainable modes
- **Tourism:** visitor spend per head to resort

Sustainable Development Goals (SDG)



Connected Communities



Empowering our communities so everyone feels safe, engaged and included

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Strengthen the cultural identity of our towns and places SDG 11

We will:

- promote and encourage a sense of belonging by recognising and celebrating the historic traditions and identities of each town
- ensure strengthening the cultural identity of local communities is embedded throughout the BCP Council Local Plan by April 2023
- build on the findings of the Cultural Enquiry to develop a Cultural Compact and a Cultural Strategy that supports community arts and culture by December 2021
- develop a library strategy which reflects the diversity of local communities and aspires to create neighbourhood hubs by end of 2021
- ensure strengthening the cultural identity of local communities is embedded throughout the BCP Council Local Plan by April 2023.

Respect and engage with our diverse communities SDG 6 / 10

We will:

- integrate the Armed Forces Covenant into decision-making processes, supporting the wider delivery of the Covenant Action Plan, by March 2022
- develop a BCP Council-wide community engagement strategy by end of July 2021
- develop a single policy for the management of publicly accessible toilets across the BCP area by December 2021
- support the most vulnerable in our communities during the Covid 19 pandemic through the Together We Can Community Response
- work with our communities to support recovery following the Covid 19 pandemic by taking an asset-based approach.

Encourage intergenerational interactions SDG 4

We will:

- work across public, private and voluntary sectors to develop mentoring programmes which encourage intergenerational interactions and enable the sharing of skills and experience, by March 2022.

Reduce loneliness and isolation SDG 1 / 3

We will:

- work with partners to develop projects using technology to reduce social isolation through the Smart Places Programme.

Ensure our communities feel safe SDG 8 / 11

We will:

- work with partners including Dorset Road Safe to reduce the number of persons killed or seriously injured on the highway by 40% by 2030
- develop with partners a Crime and Disorder Reduction strategy and action plan to address the priorities of the Community Safety Partnership, including the fear of crime in targeted communities by July 2021
- develop a Domestic Abuse Strategy by May 2021
- develop integrated domestic abuse services for victims and perpetrators by March 2022
- continue to deliver an action plan to tackle rogue traders who target vulnerable people in their homes.
- develop a CCTV Strategy which seeks to secure the sustainability of our CCTV systems as a key means of preventing and detecting crime and disorder by March 2022.

Empower a thriving voluntary and community sector SDG 11

We will:

- streamline the Community Asset Transfer process
- develop a Voluntary and Community Sector Strategy which enables a thriving, sustainable and dynamic voluntary and community sector to help improve the lives of individuals and communities across the BCP area by July 2021
- work with community associations to ensure the long-term sustainability of community centres across the BCP area by March 2022.

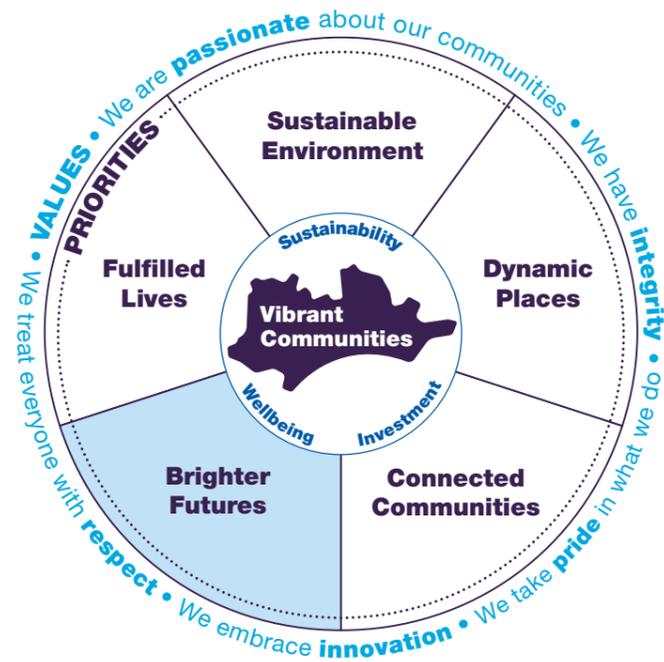
Measures of success

- **Culture:** number of people experiencing cultural activities
- **Engagement:** number of clients supported by Citizen's Advice BCP
- **Engagement:** number of community and voluntary sector organisations supported by Community Action Network
- **Engagement:** number of issues supported by Citizen's Advice BCP
- **Engagement:** number of new community and voluntary sector organisations supported by Community Action Network
- **Libraries:** engagement in events and activities held
- **Libraries:** number of events and activities held
- **Museums:** number of visits
- **Safety:** levels of anti-social behaviour
- **Safety:** levels of serious violent crime
- **Safety:** perceived fear of crime - across the BCP area and in targeted neighbourhoods
- **Safety:** reduce risk to most vulnerable victims of domestic abuse

Sustainable Development Goals (SDG)



Brighter Futures



Caring for our children and young people; providing a nurturing environment, high quality education and great opportunities to grow and flourish

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► Enable access to high quality education

SDG 4 / 8

We will:

- ensure that all children and young people have access to a range of high quality, local and inclusive early years, primary, secondary and post-16 education through supporting and robustly challenging local providers and stimulating growth of educational opportunities
- ensure that all children are able to achieve the best possible outcomes, and are not subject to an attainment gap with their peers through working with education providers to arrive at an inclusive and targeted approach that meets needs
- work with schools to ensure that they are inclusive, meet the needs of all children and have the appropriate skills to address behaviours that might otherwise lead to an exclusion
- increase the range of high-quality opportunities for young people to progress onto education, employment and training, and subsequently enter to the workforce, through the development of a broad post-16 curriculum offer, apprenticeships and joint work with local businesses

- better support young people with learning and physical disabilities to successfully transition into adulthood, through broadening the range of - and access into - education, employment and supported living opportunities.

► Be aspirational for our children in care

SDG 3 / 10

We will:

- help children in care live better lives and have greater certainty about their futures by improving the robustness, timeliness and impact of permanence planning
- improve the quality of care for children in care and when they leave care to have solid education, housing and family networks that take them in to their 20's and beyond
- have a great foster care offer in place for children in care that keeps them close to their school, friends and family network by recruiting a range of carers e.g. therapeutic foster carers, bridging foster carers, and foster carers for sibling groups
- have a high performing Virtual School that champions and shows ambition for children in care resulting in them getting a good education that leads them into apprenticeships and work placements
- ensure that the health needs of children in care are assessed on time and when they need a health service e.g. mental health, it is quickly in place and their needs are addressed
- improve housing options for care experienced young people by working with housing colleagues on the strategic implementation of the 16 – 18 housing offer.

► Support parents and guardians to care for their children well

SDG 1 / 2 / 3 / 4

We will:

- support children and young people to live within their own family environment by increasing the range of support services available in the community
- effectively evaluate the need for targeted services to children and families and respond to families in crisis by improving the quality and consistency of our assessments
- ensure more children and families are supported through early intervention leading to reduced numbers of children in need
- improve the quality of outcome focused practice through implementation of the signs of safety model of social work

- achieve a better understanding of the experience of children and families and the quality of the services we provide by improved quality assurance and seeking out the views of children, young people and their families.

► Prevent harm through early intervention

SDG 3 / 5 / 16

We will:

- improve outcomes for all children and young people by effectively addressing the concerns that were raised by Ofsted in their November 2020 focused visit
- ensure risk is appropriately identified and measures put in place to mitigate it by improving the quality of our social care, and early help assessments of need
- help young people enjoy their adolescent years by supporting them to become valued members of society, developing their knowledge and skills, learning to manage their emotions and relationships, and acquiring attributes and abilities that will be important as they become young adults
- tackle all forms of child exploitation, including County Lines, early and effectively through preventative initiatives and effective cross Council working and collaboration with partner organisation such as the police
- tackle all types of abuse and neglect through multi agency system leadership, in the planned work of the Safeguarding Partnership, and the broader work of the Children and Young People's Partnership Board
- develop a BCP Council Housing Strategy which addresses the needs of vulnerable young people and their families by July 2021.

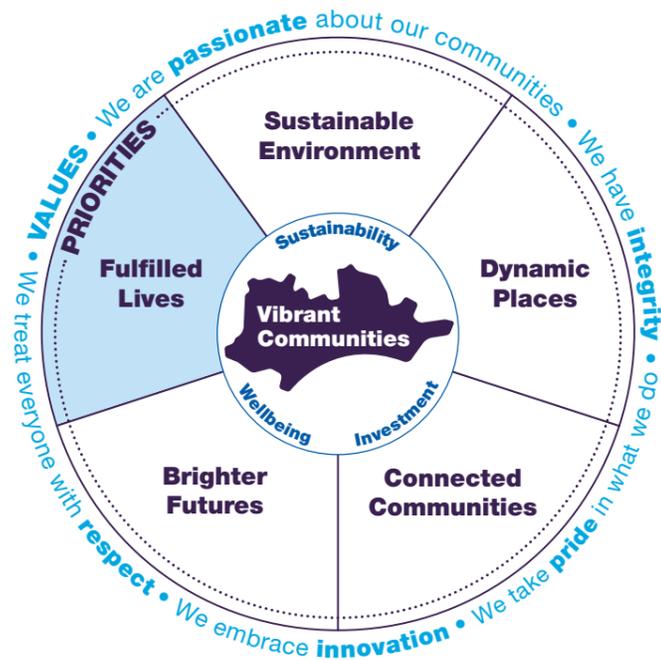
Measures of success

- **Early Help:** number of children and families accessing effective early help and preventative services
- **Education:** reduce attainment gap and improve learning outcomes for vulnerable groups at all key stages
- **Education:** reduction in exclusions and absences from education settings
- **Education:** increased % of good to outstanding education providers
- **Social Care:** timeliness of assessments
- **Social Care:** timely decisions and effective plans
- **Social Care:** number of children in care with permanence and parallel plan in place
- **Social Care:** increase number of local foster carers

Sustainable Development Goals (SDG)



Fulfilled Lives



Helping people lead active, healthy and independent lives, adding years to life and life to years

Support people to live safe and independent lives SDG 3 / 8

We will:

- implement new Liberty Protection Safeguard legislation by April 2022
- improve outcomes for young people with disabilities and special educational needs as they move into adulthood by March 2022
- increase the proportion of adults with a learning disability with care and support needs who can live in their own home, locally, by March 2023
- increase the proportion of adults with care and support needs in employment, training and volunteering by March 2023
- continue to promote and extend the use of assistive and digital technology to enable independence and enhance people's quality of life.

Promote happy, active and healthy lifestyles SDG 3

We will:

- promote physical activity amongst the over 55's, focusing on deprived communities, through LiveWell Dorset, aiming for a minimum of 1,000 per year for each of the three years

- increase leisure provision and residents' leisure discount schemes to enable greater participation in activities by end of 2021
- increase the proportion of people with dependency successfully accessing alcohol and drug treatment services by March 2023
- improve parental and family mental health by identifying families needing additional support via the 0-5 year mandatory checks
- improve the provision of smoking cessation services focusing on areas with the highest prevalence and need, through the LiveWell Dorset service
- work with partners and communities to address food insecurity by March 2023
- promote positive health including mental health within our communities and partners by March 2023
- as part of a commitment to partnership working on suicide prevention, implement a BCP Council strategy and action plan through to March 2023.

Develop age-friendly communities SDG 4 / 8

We will:

- work with health partners to promote the benefits of active travel and deliver a publicity campaign targeted at older people by March 2022
- continue to improve safer environments in built up areas with increased priority for pedestrians and improved crossing facilities for wheelchair and mobility scooter users
- support greater use of bus services by providing new bus shelters with seating, accessible boarding kerbs and Real Time Information by March 2022
- expand the number of dementia friendly communities by March 2023.

Value and support carers SDG 3 / 5

We will:

- continue to work with carers to improve access to information and advice ensuring it is delivered at the right time and tailored to the individual carer by September 2022
- work with the NHS to increase the numbers of carers receiving personalised support and services by September 2022
- increase the availability and options for time out and short breaks for carers by September 2022
- improve the accessibility, quality and range of information available to young carers to increase take up of the services available to support their needs.
- recognise the needs of staff members who are carers within BCP Council's conditions of employment by 2022.

Enable people to live well through quality social care SDG 3 / 10

We will:

- implement a new first point of contact service for adult social care to improve online information and advice and support residents' wellbeing and independence by March 2022
- develop outreach support with GPs in community-based settings to engage earlier and improve the quality of life for those residents at risk of worsening health and outcomes by March 2022
- work with all partners and people with lived experience to develop and deliver strategies, including care home and extra care strategies, to improve the sustainability and quality of the social care market by March 2023
- promote careers in social care with partners including through the Proud to Care Initiative by March 2023
- work with the NHS, through the Homefirst programme, to improve the range and effectiveness of services which support people to live well in their own homes and reduce the need for hospital admissions by March 2022.

Tackle homelessness and prevent rough sleeping SDG 4 / 8

We will:

- work to prevent homelessness by publishing a new homelessness strategy by April 2021 and implementing the associated action plan jointly with our many partners
- utilise government funding to maximise homelessness preventative services for people including those with complex needs and reduce the numbers of those at risk of losing their accommodation
- reduce rough sleeping by increasing access to suitable accommodation and re-modelling a range of sustainable housing support pathways.

Promote lifelong learning for all SDG 4 / 10

We will:

- deliver a lifelong learning strategy by March 2023, working with partners to promote a broad learning offer for work and wellbeing, culture and arts and to increase awareness of environmental issues and sustainable living
- target care leavers, disadvantaged boys and young people with the greatest barriers to learning and work to join apprenticeship schemes
- promote high-quality careers education and information advice for young people, adults needing to retrain and those for whom English isn't a first language

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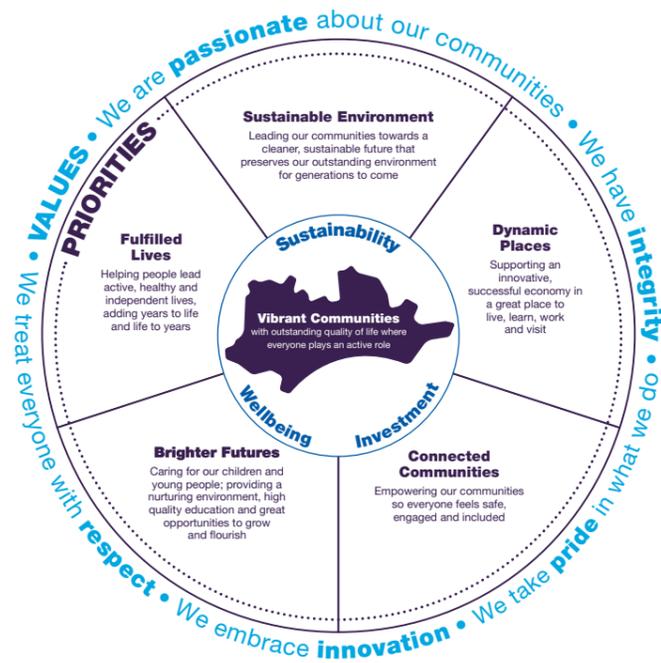
Measures of success

- **Adult Care Services:** percentage rated good or outstanding by the Care Quality Commission
- **Adult Carers:** percentage receiving info/advice or another service after an assessment
- **Adults Learning Disabilities:** percentage in settled accommodation
- **Adults Learning Disabilities:** percentage in receipt of support and services in employment
- **Adults Mental Health:** percentage of adults in receipt of support and services in employment
- **Adult Safeguarding:** percentage reporting reduced risks as a result of an enquiry
- **Drug and Alcohol Treatment:** percentage of people completing treatment successfully for primary alcohol issues
- **Drug and Alcohol Treatment:** number of people with dependency accessing the service
- **Housing:** percentage of positive outcomes for care leavers under 25 achieved on time
- **Housing:** percentage of positive outcomes for families with children achieved on time
- **Housing:** number of homeless households in bed and breakfast
- **Housing:** number of people rough sleeping at latest street count
- **Housing:** percentage of positive outcomes for eligible applicants achieved on time
- **HR:** Apprentices employed by BCP Council
- **Skills and Learning:** percentage of all learners who live in a bottom 25% Indices of Multiple Deprivation ward
- **Skills and Learning:** Further Education Choices Learner Satisfaction Rates
- **Skills and Learning:** Learner Achievement Rates
- **Transport:** ease of access of all (as determined by the National Highways Transport survey results)

Sustainable Development Goals (SDG)



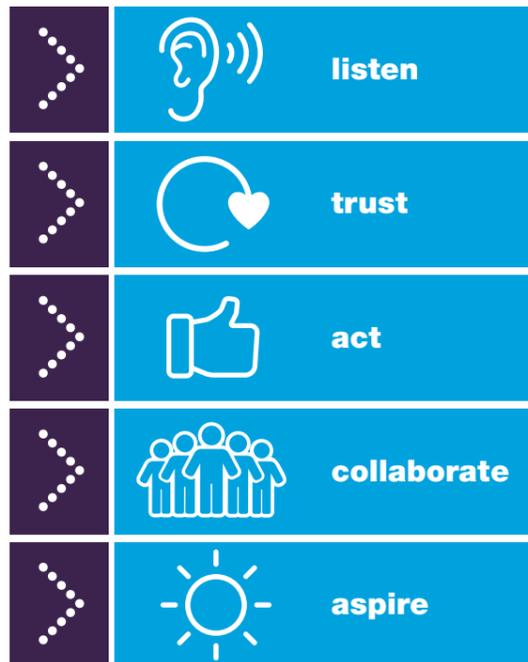
Modern, accessible, accountable council



We are a modern, accessible and accountable council committed to providing effective community leadership

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Our Behaviours



Modern council SDG 5 / 10 / 12 / 16

We will:

- complete the review and harmonisation of all our major service strategies and policies by 2022
- implement our new operating model in 2021, agreed by Cabinet in 2020, and invest in new technology and ways of working so residents and customers have better services
- following the commitment to develop a BCP Council Civic Centre, begin a review of how we use our buildings to deliver the right services, in the right places with the right facilities for our community and customers
- adopt a Digital Strategy in 2021 that sets an ambition for the digital development of communities and sets the framework for the delivery of a Smart Place Strategy
- improve how we use data to better understand and inform service planning and to empower our communities and customers
- identify and deliver efficiencies that will meet the demands of the Medium-Term Financial Plan and protect vital front-line services
- maximise income opportunities by proactively identifying and bidding for new sources of grant income that deliver the corporate strategy
- implement the Pay and Reward Strategy and begin the harmonisation of pay in 2021
- continue to implement our People Strategy to support modern working practices and improve staff physical and mental wellbeing
- embed our values, behaviours and new working practices through our Behaviours Framework to support cultural transformation during 2021.

Accessible council SDG 5 / 10 / 12 / 16

We will:

- adopt an inclusive Customer Access Strategy that builds on BCP Council's commitment to the Local Digital Declaration and meets "Best in Class" standards for digital service design in 2021
- ensure that the design of any new facilities meets "Best in Class" standards to provide ease of access to services and employment
- develop a Communication Strategy and an accessible Communication Plan in 2021, with clear responsibilities for supporting equality and diversity
- continue to develop and improve technology to allow live streaming and remote participation for all public meetings
- complete the development of a single accessible BCP Council website, and close legacy websites by September 2021

- achieve the 'excellent' level of the Equality Framework for Local Government by 2023
- standardise our approach to the collection of equality monitoring data in line with the requirements of the Public Sector Equality Duty by September 2021
- improve the percentage of equality data collected from our customers and staff and ensure it is used to inform equality impact assessments and council decision-making processes
- promote and proactively work towards enabling a diverse workforce across all levels of the organisation, acting as a role model for Dorset employers.

Accountable council SDG 5 / 10 / 12 / 16

We will:

- continue to review BCP Council's Constitution and decision-making processes and implement changes in 2021
- consider opportunities to improve local community engagement and accountability for service delivery
- proactively engage our communities to inform policy and future decision-making via regular residents' satisfaction surveys, utilising digital tools to engage with new audiences.
- utilise Lead Member roles and Member Champions to engage with identified priority groups
- plan and prepare for a peer review by the Local Government Association in financial year 2021/22.

Measures of success

- **Communications:** number of website views
- **Communications:** total number of BCP Council corporate account social media followers
- **Communications:** total number of BCP Council email news subscribers
- **Customer:** percentage of all interactions raised by online portals
- **Customer:** residents' levels of trust in BCP Council
- **Customer:** residents' satisfaction across all services
- **Equalities:** percentage increase in the equality data collected across services and from staff
- **Finance:** percentage of business rates collected
- **Finance:** percentage of council tax collected
- **Finance:** percentage of successful grant applications
- **HR:** percentage of employees completing development training
- **HR:** percentage of employees completing mandatory training
- **HR:** diversity of workforce - at all levels in comparison to BCP area demographics
- **HR:** employee engagement levels
- **HR:** employee sickness absence levels (days)

Sustainable Development Goals (SDG)

