Notice of Cabinet

Date: Wednesday, 9 February 2022 at 10.00 am

Venue: Committee Suite, Civic Centre, Poole BH15 2RU

Membership:

Chairman:
Cllr D Mellor

Vice Chairman:
Cllr P Broadhead

Cllr M Anderson	Cllr N Greene	Lead Members	
Cllr B Dove	Cllr M Iyengar	Cllr H Allen	Cllr L Fear
Cllr B Dunlop	Cllr K Rampton	Cllr S Baron	Cllr T Johnson
Cllr M Greene	Cllr M White	Cllr N Brooks	Cllr J Kelly

All Members of the Cabinet 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?MId=4841

If you would like any further information on the items to be considered at the meeting please contact: Sarah Culwick (01202 817615) on 01202 096660 or email democratic.services@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email press.office@bcpcouncil.gov.uk

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

Available online and on the Mod.gov app

GRAHAM FARRANT
CHIEF EXECUTIVE

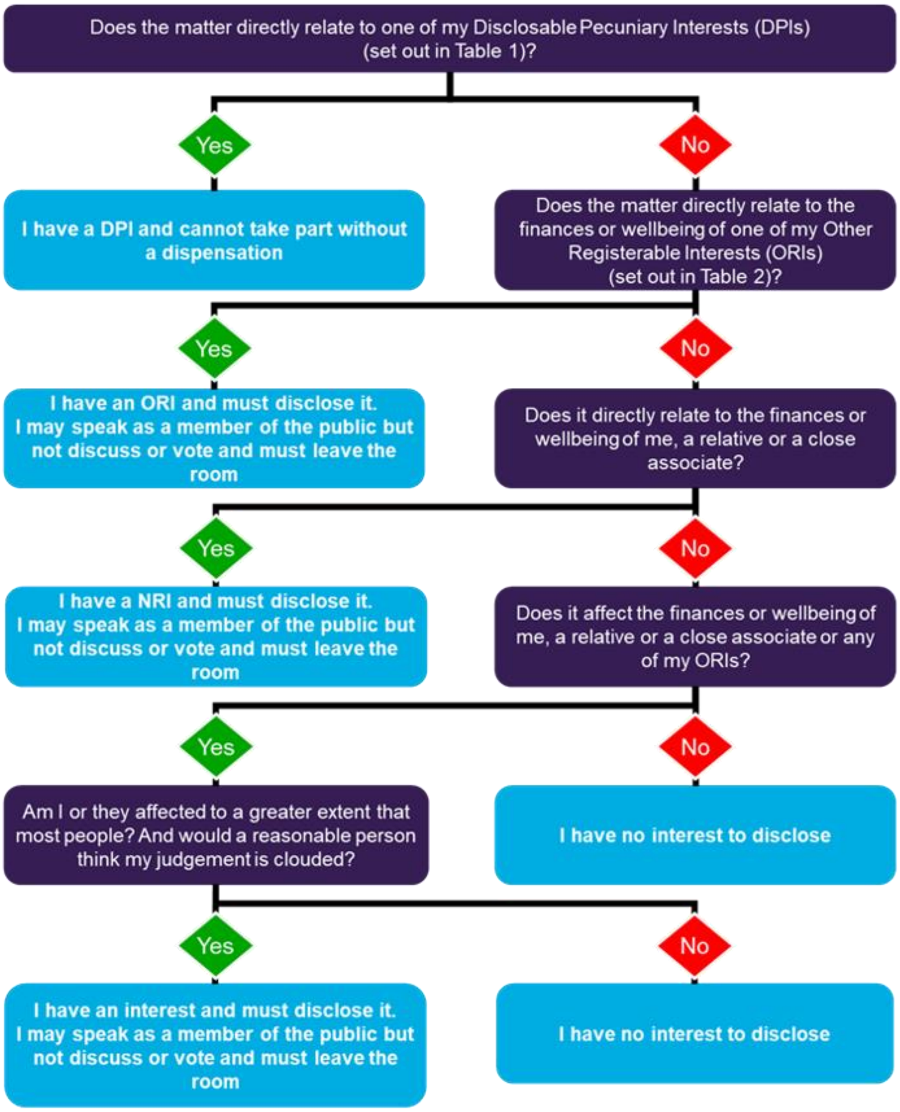
1 February 2022

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



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	Predetermination 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?	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 Councillors.	
2.	**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.	
3.	**Confirmation of Minutes** To confirm and sign as a correct record the minutes of the Meeting held on 12 January 2022.	7 - 16
4.	**Public Issues** To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:- https://democracy.bcpcouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1 The deadline for the submission of public questions 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.	
5.	**Recommendations from the Overview and Scrutiny Board** To consider recommendations from the Overview and Scrutiny Board on items not otherwise included on the Cabinet Agenda.	
6.	**Corporate Strategy** BCP Council's Corporate Strategy was adopted by 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. The council priorities set out in the Corporate Strategy have not changed. The introduction to the strategy has been refreshed to reflect the change in administration, the vision and the five big projects of the Big Plan. The journey so far has been updated to reflect the impact and ongoing response to Covid 19. The Council's corporate priorities continue to be supported by delivery plans. These set out the high-level actions which will help the council achieve its priorities. Delivery plans are reviewed annually.	17 - 32

7.	**Budget and Medium Term Financial Plan (MTFP) 2022/23**	33 - 236

To set out for Cabinet consideration and recommendation to Council the proposed 2022/23 budget and council tax.

The budget as presented has been drafted based on;

- Delivering a Council Tax freeze via a 0% council tax increase in 2022/23 for the basic annual threshold.
- Collecting the full 4% Adult Social Care (ASC) precept in 2022/23.

There are several key assumptions underpinning this budget report.

- Government will extend, as they have previously indicated, the flexible use of capital receipts regulations to 31 March 2025.
- These regulations, when issued, will remain broadly unchanged in allowing the councils transformation expenditure to be legitimately financed from capital receipts.

Cabinet and Council will, sometime after this meeting, approve a proposal to generate a £54m capital receipt from a bold non-traditional approach. If Council do not agree the proposal, then the budget will need to be amended as necessary.

8.	**2021/22 Budget Monitoring at Quarter 3**	237 - 272

This report includes 2021/22 budget monitoring information as at the end of December 2021. The projected outturn for the revenue account is a balanced position.

The projection includes an overspend of £9.1 million within services and the transformation programme. The application of largely one-off central resources can balance this position, including the release into the revenue account of the Covid pressures grant tranche 5 with the balance of £3.3 million carried forward in reserves.

The updated 2021/22 projections for reserve movements, the capital programme and housing revenue account (HRA) are also included.

9.	**Housing Revenue Account (HRA) Budget Setting 2022/23**	273 - 328

The Housing Revenue Account (HRA) is a separate account within Bournemouth, Christchurch and Poole (BCP) Council's budgets that ring-fences the income and expenditure associated with the council's homes in the Bournemouth and Poole neighbourhoods.

Housing management services are currently provided by an in-house service in Bournemouth and by Poole Housing Partnership in Poole.

A review of how we manage council homes within the BCP Council area is underway through the Housing Management Model review. Consultation with residents on the preferred option to create a new service combining the best of services from both neighbourhoods has concluded. The information that has been gathered will be used to help design the potential new single service within the council which could be in place later this year.

This report seeks approval for the proposed budget for the HRA for 2022/23 and the key principles on which it is based.

It sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2022/23 rent year.

These proposals and the actions within the attached delivery plans support the priorities set out in the Council's Corporate Strategy.

Emphasis will be placed on building safety and achieving carbon reduction targets through improvements to homes. Funding of £1 million will be made available through the capital programme to support carbon reduction. There is a significant development programme to provide homes for rent through the HRA which will be approved through the Council's New Build Housing and Acquisition Strategy (CNHAS).

The Council and the bus operators have agreed to enter into an Enhanced Partnership (EP), and this is required by end of April 2022.

Failure to form an EP would result in no new sources of bus funding from the government's £3bn budget and cessation of other government support for bus services.

The establishment of an EP requires several stages including the development of draft documentation; public engagement; negotiation between partners; and statutory consultation of key stakeholders before the EP can be formed.

Due to the timescales set by government, it is not possible for Cabinet to consider the EP Plan (including EP Scheme) before the end of April 2022. The purpose of this report is to seek delegated authority in regard to decision making for the formation of an Enhanced Partnership Plan and Enhanced Partnership Scheme.

BCP Council is legally required to determine its admissions arrangements for the school year 2023/24. Permission to publicly consult to change the arrangements was agreed by council members.

The change that required consultation was the reduction of the published admission number at Burton Primary School from 60 to 45 to enable the school to organise classes efficiently.

It is recommended that following the conclusion of the public consultation, the arrangements are determined by council members.

The council receives the ring-fenced dedicated schools grant (DSG) to fund the separate early years and mainstream schools funding formulae. The content of each formula is highly regulated by the Department for Education (DfE) and stakeholders must be consulted. Consultations have been undertaken with each sector, with the School's Forum considering the outcomes on 13 January 2022 and making recommendations to the council.

The early years formula (for ages 2, 3 and 4) in BCP is for a sector comprised largely of private, voluntary, and independent settings with a small number of nursery classes in mainstream schools and academies. The DSG funding rates have increased by 4% overall for 2022/23.

The mainstream schools formula (for reception to year 11) is applicable equally for maintained schools and academies. Funding for the for 2022/23 formula has increased by 3.9% from a combination of higher funding values, data changes and rising pupil numbers.

There is surplus funding, estimated at £0.751 million, in the schools block available to transfer to high needs.

13. Urgent Decisions taken by the Chief Executive in accordance with the Constitution — Verbal Report

The Chief Executive to report on any decisions taken under urgency provisions in accordance with the Constitution.

14. Cabinet Forward Plan — To Follow

To consider the latest version of the Cabinet Forward Plan for approval.

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

CABINET

Minutes of the Meeting held on 12 January 2022 at 10.00 am

Present:-

Cllr D Mellor – Chairman

Cllr P Broadhead – Vice-Chairman

Present:	Cllr M Anderson, Cllr B Dove, Cllr B Dunlop, Cllr M Greene, Cllr N Greene, Cllr M Iyengar, Cllr K Rampton and Cllr M White
Also in attendance:	Lead Member: Cllr T Johnson
Present Virtually:	Lead Members: Cllr H Allen, Cllr S Baron, Cllr N Brooks and Cllr J Kelly
Also in attendance virtually:	Cllr S Bartlett, Cllr A Hadley and Cllr P Hilliard
Apologies:	Cllr L Fear

109. Declarations of Interests

Councillor N Brooks and B Dunlop declared interests in Minute No. 116 (Housing and Property Compliance Update (Housing Revenue Account)) and remained present.

Councillor H Allen declared an interest in Minute No. 114 (2021/22 Quarter 2 Performance Report) and remained present.

110. Confirmation of Minutes

The Minutes of the Cabinet meeting held on 15 December 2021 were confirmed and signed as a correct record subject to the inclusion of Councillor S Barons apologies which had been reported to the Leader of the Council.

111. Public Issues

The Leader advised that there had been no questions, statements or petitions received from members of the public on this occasion.

112. Recommendations from the Overview and Scrutiny Board

Cabinet was advised that there were no additional recommendations from the Overview and Scrutiny Board on items not otherwise included on the Cabinet Agenda on this occasion.

113. Council Tax - Tax base 2022/23

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.

Cabinet was advised that the report calculated and presented the proposed council tax base for council tax setting purposes in line with current legislation and guidance.

RECOMMENDED that: -

(a) the report for the calculation of the council's tax base for the year 2022/23 be approved and the tax base be approved by Full Council; and

(b) Pursuant to the report, and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, the amount calculated as the council tax base for Bournemouth, Christchurch and Poole Council for 2022/23 is 142,814.

Voting: Unanimous

Portfolio Holder: Leader of the Council

114. 2021/22 Quarter 2 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.

Cabinet was reminded that BCP Council's Corporate Strategy was adopted by Full Council in November 2019, and that it set out the Council's priorities and the values which underpin the way the council will work as it develops and delivers services.

In relation to this Cabinet was advised that refreshed vision and ambition statements set out in the Big Plan provide a wider context to underpin and drive the Corporate Strategy, and that council corporate priorities remain the same and continue to be supported by delivery plans which set out high-level actions.

Cabinet was advised that the report provided an overview of performance against the priorities for Quarter 2 of financial year 2021/22, and that the report had been informed by the performance measures included in the delivery plans of the Corporate Strategy, agreed at the February 2021 Cabinet meeting.

Cabinet was informed that performance is presented across interactive dashboards for each of the priorities which also include a narrative summary of other achievements for the first six months of this financial year, and that whilst the performance measures are not a finite set of measures most have been in place for the last 18 months and therefore are starting to develop a good history of trend data.

Cabinet was further advised that generally, performance is good across the priorities with only four areas that require intervention, and that the detail of these are available as exception reports attached as appendix 2.
The relevant Portfolio Holders for each of the four exception reports addressed the Cabinet informing of the actions in place to meet future targets.

Councillor Hilliard addressed the Cabinet questioning how the residents survey fitted into information gathered.

RESOLVED that: -

(a) Cabinet considered the attached exception reports relating to areas of current adverse performance and supported remedial action; and

(b) Cabinet advise of any amendments, deletions or additions to the performance indicator set that informs corporate performance.

Voting: Unanimous

Portfolio Holder: Leader of the Council

Councillor H Allen declared an interest in this item and remained present.

115. Future of the Stour Valley and Poole Revenues and Benefits Partnership

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 'C' to these Minutes in the Minute Book.

Cabinet was reminded that BCP Council currently works in partnership with Dorset Council to deliver Revenues and Benefit Services for four of the legacy Councils through the Stour Valley and Poole Partnership (SVPP).

In relation to this Cabinet was informed that the Joint Committee for the SVPP had considered the future options for Revenues and Benefits service delivery and have recommended to each Council that they consider expanding the SVPP to provide a Pan-Dorset Partnership.

Cabinet was advised that for BCP Council as the host partner Council for SVPP expanding the Partnership would formally bring together the Revenues and Benefits services and deliver significant efficiencies whilst supporting the Council's transformation objectives

In addition, Cabinet was advised that Dorset Council's preferred direction is to end the SVPP and return its services to an in-house provision which would place a financial burden on BCP Council of stranded costs that cannot be mitigated.

In relation to this Cabinet was further advised that as there is not a consensus between partners an approach needs to be established for the future of BCP Council's Revenue and Benefits services.

RESOLVED that Cabinet: -

(a) Endorse, as BCP Council's preferred option, the recommendation of the SVPP Joint Committee to create a pan-

Dorset partnership between BCP Council and Dorset Council for the delivery of Revenues and Benefits services;

(b) Accepting it is not BCP Councils desired direction of travel, acknowledge that Dorset Council agreed at their 7 December 2021 Cabinet to withdraw their services in respect of East Dorset and North Dorset residents from the SVPP;

(c) Only agree to an amicable dissolution of SVPP if agreement can be reached with Dorset Council around costs associated with the process;

(d) Delegate authority to the Chief Finance Officer in consultation with the Leader, Finance & Transformation Portfolio Holder to negotiate the settlement associated with an amicable dissolution of the SVPP; and

(e) Acknowledge that if an amicable dissolution cannot be agreed that Dorset Council will be required to formally give notice and be responsible for costs in line with the collaboration agreement.

Voting: Unanimous

Portfolio Holder: Leader of the Council

116. Housing and Property Compliance Update (Housing Revenue Account)

The Portfolio Holder for People and Homes 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.

Cabinet was advised that the report provides information on how the council meets its responsibilities in ensuring that all council housing within the Housing Revenue Account is managed in a way that meets compliance with current health and safety legislation, best practice and regulatory standards to ensure the health and safety of residents, and that in addition it sets out issues concerning compliance across the Bournemouth and Poole neighbourhoods and demonstrates how these are being managed.

Cabinet was informed that during quarter three, 2021/22 concerns were identified within the Bournemouth neighbourhood regarding overdue fire risk assessment actions and electrical safety tests and potential non-compliance with the Regulator of Social Housing’s (Regulator) Home Standard, and that a robust action plan is in place and issues continue to be addressed at pace with additional resources. Cabinet was further informed that to ensure full transparency the council has made a self-referral to the Regulator to make them aware of the situation.

Cabinet was further advised that over the coming years there will be increased responsibilities placed on social landlords to manage the health and safety of residents, and that these will be primarily included in the Building Safety Bill which is progressing through Parliament.

In relation to this Cabinet was informed that future changes will also be made to the regulatory regime overseen by the Regulator through the “Charter for Social Housing Residents; a social housing white paper”, and that in preparation for these changes, the council is ensuring that we are taking steps to improve our existing monitoring and recording of compliance work.

Councillor Hadley addressed the Cabinet with regards to water quality and questioned whether it will be possible to monitor the flow and quality of water remotely or using automated means?

In relation to this the Portfolio Holder advised that the council will no longer be using contractors from April of this year and will be doing this inhouse and so there is an opportunity for this possibility to be looked into.

Councillor Hilliard questioned whether it would be possible to integrate PHP and BCP to one housing management model.

In relation to this the Portfolio Holder advised that the different models will be looked at with a view of pulling together the best aspects of each into one model going forwards.

RESOLVED that: -

(a) Cabinet noted the compliance information provided which details how the council is performing against statutory building compliance relating to its council housing; and

(b) A performance report will be made annually to Cabinet in future years.

Voting: Unanimous

Portfolio Holder: People and Homes

Councillor N Brooks and B Dunlop declared interests in this item and remained present.

117. Climate Action Annual Report 2020/21

The Portfolio Holder for Sustainability and Transport presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

In introducing the item Cabinet was advised that a member of the public had submitted a question to the Overview and Scrutiny Committee who had subsequently suggested the question be submitted to the Cabinet. The question was submitted as follows: -

Question from Mrs Zoe Tees

The global overheating tragedy accelerates. Crop failure, starvation, floods, fires, ocean acidification, landslides, tornados; effects are multiplying exponentially. We are all vulnerable.

But Councillor Stribley (Echo report 18.12.21) fails to explain to local motorists the deep urgency of the climate crisis let alone show concern for the schoolchildren of the area on an extremely dangerous road (Tatnam).

Despite financial government support, the approval of officers, the transport portfolio holder, headteachers, councillors and residents the decision is-inconsistently- being reversed, the road kept open to polluting vehicles.

Moreover, BCP still support deadly policies harmful to nature.

How can BCP reassure us we'll be speedily protected?

Response by the Portfolio Holder for Sustainability and Transport

The Portfolio Holder thanked Mrs Tees for her question and referred to the previous Cabinet meeting in respect of the reference to Tatnam Road which he advised had been thoroughly debated by both the Overview and Scrutiny Committee and the Cabinet and which should answer the questions raised.

The Portfolio Holder then went on to introduce the Cabinet report.

Cabinet was advised that as agreed in the 'Response to Climate and Ecological Emergency' report to Council in December 2019, an annual report on climate action was required to monitor and communicate progress towards achieving the declared goals.

In relation to this Cabinet was advised that this report will go to Full Council on 22 February 2022.

Cabinet was informed that BCP Council had declared a Climate and Ecological Emergency on 16 July 2019, and that this report sets out the work the Council has carried out in the second year towards achieving targets to:

- Make BCP Council and its operations carbon neutral by 2030 - **The amount of carbon emissions from Council operations has reduced by over 10%**, from 41,567 tCO_2e to 37,109 tCO_2e.
- Work with the wider community to make the region carbon neutral before the UK target of 2050 – **the amount of area-wide carbon emissions has decreased by 71,748 tonnes CO_2e (3.7%)** between figures released in 2019 and 2020 (energy use data for the years 2017 and 2018 respectively).

Cabinet was advised that 2020/21 had been a transitional and unusual year for Climate Action, sitting as it does between the declaration of national and local Climate and Ecological Emergencies and the COP26 summit, and while we are still in the shadow of the Covid-19 pandemic that continues to dominate news.

In relation to this Cabinet was advised that Covid-19 continues to be a major factor in progressing Climate Action, and it is not yet clear if the effects on carbon reduction will be maintained and trends continued.

Cabinet was informed that at the start of the reporting period, Council funding for Climate Action had been withdrawn as part of the response to financial pressures caused by Covid-19, and that following a change in political control of the Council, the funding was reinstated, but this interruption significantly disrupted the ability to spend the money effectively.

Cabinet was further informed that important additional funding has been secured to grow the Climate Action team and to drive forward the delivery of the Action Plan with a new Climate Action staffing structure created, and that this will ensure that the service provided by the Team meets and exceed stakeholder expectations, and that the portfolio of activities in the Action Plan is optimised to meet our 2030 and 2050 targets as cost effectively and as quickly as is sensible.

In addition, Cabinet was advised that this report also recommends that Cabinet approve exploration of the Council becoming members of the UK100 - a network of highly ambitious local government leaders looking to transition to clean energy, taking the public and business with them.

The Portfolio Holder introduced the new Head of Climate Matt Montgomery who subsequently provided Cabinet with an overview of his previous experience and aims within his role.

The Chairman of the Overview and Scrutiny Board addressed the Cabinet highlighting that their recent meeting had been solely dedicated to discussing this report, with the intention of specifically scrutinising the climate report and then the wider climate inquiry, however the ambition had been too great and they had run out of time and had deferred the last section of the meeting until the next meeting of the Board.

In relation to this the Chairman of the Overview and Scrutiny Board advised that the board had been very encouraged by some aspects of the report and that some actions and suggestions made at the Board had been taken into consideration by the Portfolio Holder and Officers.

The Leader thanked the Overview and Scrutiny Board for their consideration and comments in respect of the report.

Councillor Hadley addressed the Cabinet stressing the importance of looking at this from a strategic level and questioning the small reduction in gas and energy used by the council considering most people were no longer working from the offices due to the requirement to work from home.

RECOMMENDED that: -

(a) Cabinet recommends to Council that it notes this report as an update on activities taken to address the Climate and Ecological Emergency during 2020/21

(b) Cabinet endorses and recommends that Council supports the adoption and ongoing development and delivery of the BCP Climate Action Plan

(c) Cabinet explores joining the UK100 Group of Local Authorities leading the way on Climate Change

Voting: Unanimous

Portfolio Holder: Sustainability and Transport

118. Levelling Up

The Portfolio Holder for Development, Growth and Regeneration and the Leader Member for Levelling Up and Skills presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book.

Cabinet was informed that in May 2021 the Government announced it will publish a landmark Levelling Up White Paper, “articulating how bold new policy interventions will improve opportunity and boost livelihoods across the country as we recover from the pandemic, and that the White Paper - which will be led by the Prime Minister - will focus on challenges including improving living standards, growing the private sector and increasing and spreading opportunity”.

Cabinet was advised that in readiness for this White Paper, this Cabinet report showcases several excellent recent studies that help to explain why Levelling Up is important for Bournemouth, Christchurch and Poole, and how it can support our current and future work, and that these studies also help us to have some early sight on what our Levelling Up needs and aspirations may be.

Further to this Cabinet was informed that the Cabinet report also provides a brief update on the development of the Skills Commission (a key early action to support Levelling Up) and sets out a series of proposed next steps for approval to ensure there is an agreed, evidenced based council-wide approach that is complimentary to and supports the delivery of existing council policies and strategies.

A number of Cabinet and Lead Members spoke in support of the report recognising the challenges but highlighting the tremendous opportunities.

In addition, thanks was expressed to the Officers for pulling together the report particularly as the white paper has not yet been released.

RESOLVED that the proposed approach to Levelling Up be approved.

Voting: Unanimous

Portfolio Holder: Development, Growth and Regeneration

119. Coastal Business Improvement District (BID)

The Portfolio Holder for Development, Growth and Regeneration presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'G' to these Minutes in the Minute Book.

Cabinet was advised that the Bournemouth Coastal Business Improvement District (BID) is preparing to undertake a ballot for its third term from 2 March 2022 – 30 March 2022, and that the result of the ballot will be announced on 31 March 2022.

Further to this Cabinet was informed that if successful, the 5-year BID Term will run from 1 July 2022 to 30 June 2027, and that this report seeks Cabinet approval for the Council to support Coastal Town Centre BID for the third term.

Members praised the work of the BID and stressed the close working relationship.

RESOLVED that Cabinet agree BCP Council’s support of the Coastal Business Improvement District (BID); and agree:

i) To endorse the BID proposal that will be submitted to BCP Council by the BID;

ii) **To authorise the Director of Economic Development to complete the ballot papers on behalf of the Council in favour of the BID proposal; and**

iii) **To authorise the Head of Legal Services to complete any necessary legal agreements required for the operation of the BID Levy, Ballot and service arrangements and any other necessary matters for the proposed BID in consultation with the appropriate officers.**

Voting: Unanimous

Portfolio Holder: Development, Growth and Regeneration

120. Bournemouth Town Centre Business Improvement District (BID)

The Portfolio Holder for Development, Growth and Regeneration presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'H' to these Minutes in the Minute Book.

Cabinet was advised that Bournemouth Town Centre Business Improvement District (BID) is preparing to undertake a renewal ballot for its third term from 2 March 2022 – 30 March 2022, and that the result of the ballot will be announced on 31 March 2022.

Further to this Cabinet was informed that if successful, the 5-year BID Term will run from 1 July 2022 to 30 June 2027, and that this report seeks Cabinet approval for the Council to support Bournemouth Town Centre BID for the third term.

Members praised the work of the BID and stressed the close working relationship.

RESOLVED that Cabinet agree BCP Council's support of the Bournemouth Town Centre Business Improvement District (BID); and agree:

i) **To endorse the BID proposal that will be submitted to BCP Council by the BID;**

ii) **To authorise the Director of Economic Development to complete the ballot papers on behalf of the Council in favour of the BID proposal; and**

iii) **To authorise the Head of Legal Services to complete any necessary legal agreements required for the operation of the BID Levy, Ballot and service arrangements and any other necessary matters for the proposed BID in consultation with the appropriate officers.**

Voting: Unanimous

Portfolio Holder: Development, Growth and Regeneration

121. Urgent Decisions taken by the Chief Executive in accordance with the Constitution

Cabinet was advised that there were no urgent decisions taken by the Chief Executive in accordance with the Constitution to report on this occasion.

122. Cabinet Forward Plan

The Leader advised that the latest Cabinet Forward Plan had been published on the Council's website.

The meeting ended at 11.47 am

CHAIRMAN

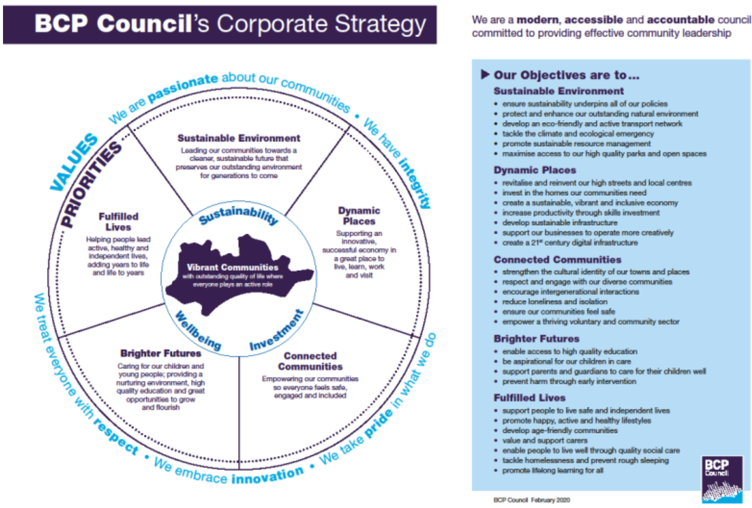
CABINET

Report subject	**Corporate Strategy**
Meeting date	9 February 2022
Status	Public Report
Executive summary	BCP Council's Corporate Strategy was adopted by 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. The council priorities set out in the Corporate Strategy have not changed. The introduction to the strategy has been refreshed to reflect the change in administration, the vision and the five big projects of the Big Plan. The journey so far has been updated to reflect the impact and ongoing response to Covid 19. The Council's corporate priorities continue to be supported by delivery plans. These set out the high-level actions which will help the council achieve its priorities. Delivery plans are reviewed annually.
Recommendations	**It is RECOMMENDED that:** **Cabinet approve the updated Corporate Strategy**
Reason for recommendations	The strategy is part 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. A good corporate strategy is driven by a strong vision and ambitious goals. which are vital for promoting the opportunities an organisation presents for investment and engagement. It will influence the allocation and distribution of resources ensuring that the organisation commits its limited resources in accordance with its stated priorities.

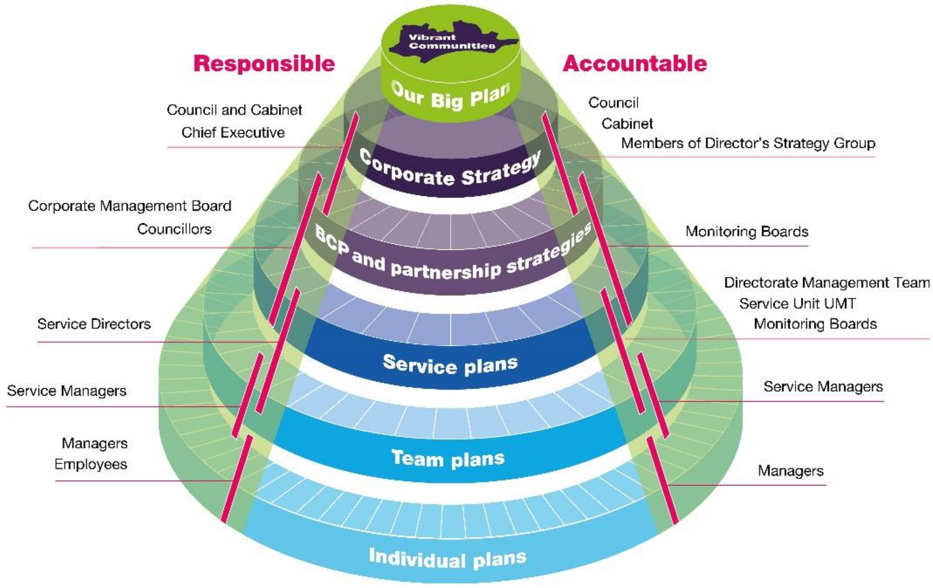
Portfolio Holder(s):	Councillor Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Bridget West, Head of Policy & Performance
Wards	Council-wide
Classification	For Decision

Background

1. Council adopted the Corporate Strategy and corporate priorities in November 2019. It was presented as a plan on a page and the headline priorities and objectives have not changed since the strategy was adopted.



2. Cabinet adopted the draft vision of the Big Plan and the revised delivery plans in February 2021.
3. The introduction to the Corporate Strategy has been revised to reflect the change in administration, the Big Plan and the impact of Covid.
4. The delivery plans have been revised to ensure they align with the ambitions of the Big Plan and the realities of the Medium Term Financial Plan. The outcome of these revisions are presented as Appendix 1.
5. The Big Plan and the Council's Corporate Strategy & delivery plans are the beginning of 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.



6. Delivery plans do not capture all the services the Council provides. They identify some of the key projects and priorities for improvement or development. Other council wide strategies and service plans will capture in more detail the 500 plus services the council provides.
7. The strategy, together with the Big Plan will influence the allocation and distribution of resources, ensuring that the organisation commits its limited resources in accordance with its stated priorities.
8. Progress will be monitored on a quarterly basis against an agreed set of measures and targets which will be set out in the delivery plans.

Summary of financial implications

9. Financial implications for the delivery plan actions, covid response and the Big Plan have been considered as they have been developed and/or occurred and where appropriate identified in the Council's Medium-Term Financial Plan. All may be subject to further Cabinet decisions in due course.

Summary of legal implications

10. 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

11. 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, through the Transformation Programme and where necessary, subject to trade union consultation and collective bargaining.

Summary of sustainability impact

12. 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

13. 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

14. 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.
15. The Corporate Strategy sets out the longer-term priorities, high level objectives and the Council's commitments to equality and diversity.
16. 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.
17. The impact on those with protected characteristics should be positive.

Summary of risk assessment

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

Background papers

Council's Corporate Strategy

Councils Corporate Performance Management Framework

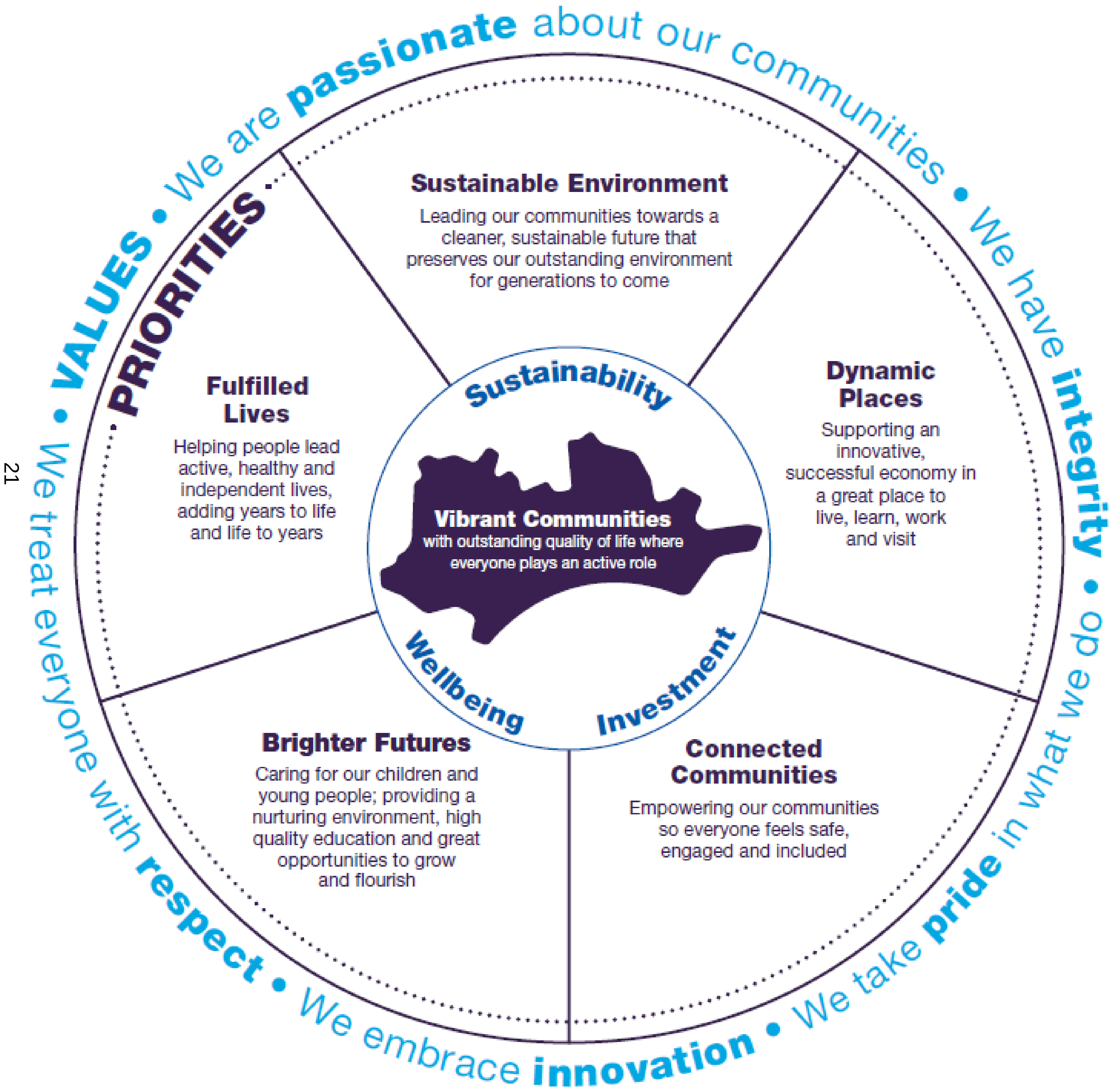
The Big Plan

Appendices

Appendix 1: BCP Council Revised Corporate Strategy

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

BCP Council January 2021

BCP Council

Introduction from the Leader and the Chief Executive

Welcome to this updated Corporate Strategy for BCP Council, which, together with the Big Plan sets out BCP council's vision, mission, ambition and priorities, and the values which underpin the way BCP council develops and delivers its services.

The Councils Big Plan sets out the 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 drivers behind Local Government Reorganisation in 2019.

Covid 19 has undoubtedly had a huge impact on the delivery of our plans, but the aspirations remain constant. The council has made good progress against its priorities and how it responded and will continue to respond to the pandemic.

Delivery plans describe how the council will deliver the priorities of the corporate strategy over the coming months and how we will monitor and measure success. In addition to the delivery plans there are five major concepts that make up the Big Plan, which will deliver major changes across our whole area.

Several of the actions and objectives are shared with our partners in the public, private and third sector and are also included in partnership strategies and plans.

22

This corporate strategy, underpinning the Big Plan form the golden thread linking service, team and personal performance to the council's priorities. They lead the council's approach to personal and performance management and together influence the allocation and distribution of resources, ensuring that the organisation commits its limited resources to support the agreed priorities and objectives.

BCP Council

BCP Council is one of the UK's newest local authorities and the 10th biggest urban authority in England, currently serving a population of approximately 400,000 which is expected to continue to grow. With this comes increased demand for council services against a backdrop of unprecedented challenges that has seen core funding for local services continued to decline, with more resources raised locally, which requires a thriving local economy and engaged communities.

The creation of BCP Council has proven to be the most complex local government reorganisation the country has seen in 45 years. Good progress has been made in harmonising the delivery of services provided by the preceding councils and this council, together with the Strategic Implementation Partners, will continue to deliver the far reaching, transformation programme.

This corporate strategy sets out the extensive range of work that we are undertaking to become a modern accessible and accountable council. Working through a pandemic has shown that we can work differently. We have been able to accelerate some elements of our transformation programme but it remains a hugely ambitious agenda. As part of the programme we will review everything we do and how we do it to ensure that we provide services and facilities efficiently and effectively, in a way that is modern, affordable and sustainable.

As well as delivering efficiencies the transformation programme, which is a key delivery element for both the Big Plan and the corporate strategy, will improve the experience of service users, protect vital frontline services and meet the requirements of BCP Council's Medium Term Financial Plan.

The People and the Place

BCP Council is set in an outstanding natural environment and serves a large and diverse resident population.

The outstanding natural environment is part of what makes Bournemouth, Christchurch and Poole an internationally renowned destination and such an attractive place to live, work and visit, attracting more than 15 million visitors each year. The area has a rich heritage that BCP Council wants to continue to celebrate and preserve.

In July 2019 the Council passed a motion to formally declare a climate and ecological emergency and in December 2019 adopted a draught climate action plan. The public has since been asked to join the climate action conversation and to contribute to an ideas board to agree the priority actions.

The corporate strategy and its supporting performance management framework will align to both the United Nations Sustainable Development Goals (SDG) and the Levelling Up Goals **developed through the Social Mobility Pledge**. The SDG are a universal blueprint for all countries to end poverty, protect the planet and ensure prosperity for all. The Levelling Up Goals take their inspiration from the SDG, but are focused on the UK, providing a framework for organisations to articulate their purpose and the social impact they are seeking to achieve. Both are embedded throughout the delivery plans that make up this corporate strategy

The delivery plans include several actions and activities to address poverty and other deprivations whilst implementing strategies that improve health and education, reduced inequality, and spur economic growth all while tackling climate change and working to preserve our oceans and forests and enhance our local environment.

Overall health and wellbeing across the area is as good as or better than the national average and levels of life satisfaction are also good. However, there are areas of contrast which includes some of the most affluent and deprived areas in the country.

Although unemployment levels across the conurbation have tended to be lower than national levels the BCP area has proportionately more jobs in sectors that were at risk during the covid lockdowns, including accommodation and food services, retail and the arts, entertainment, and recreation.

Local people and businesses still face many challenges including a relatively low wage economy, shortage of affordable housing and the need for high levels of education and skills in some sectors.

The cost of housing has increased significantly over recent years and demand for affordable homes has increased. Homelessness is an issue affecting the whole country and the BCP Council area is no exception.

BCP Council recognises that culture is an integral part of our lives contributing to learning health and well-being, economic and social regeneration, placemaking and community cohesion.

The Council also recognises that the profile of our communities is changing, and we remain committed to connecting and empowering communities so that everyone feels safe, engaged, and included. We have a higher proportion of older residents and a smaller proportion of younger residents compared to the rest of the country and we serve an increasingly diverse population. The council wants to ensure fairness to everyone through the planning and delivery of services. This is demonstrated by the equality and diversity commitments contained through council strategies and plans and in the equalities footprint, adopted by Cabinet in July 2021.

Journey So Far

Sustainable Environment

We have continued to respect and protect the local areas best natural features including the coast, internationally designated environments and green belt. We have balanced the councils commitment to reduce the impact of climate change with the challenge of meeting the identified need for new homes, jobs, infrastructure, amidst a global pandemic where more people were using our beaches and open spaces.

We:

- made active travel improvements to encourage more walking and cycling and provided over 2,000 additional places on our bikeability courses to create a safer environment during the pandemic
- committed to investing over £102M in 78kms of cycling and walking infrastructure and put in additional bus service improvements
- extended the Beryl bike share scheme into Christchurch and launched an e scooter share trial
- provided safer routes to schools with six new crossings
- increased refuse bin provision and collections and manual collections where refuse vehicles struggled with access to help keep our beaches and public spaces clean
- established a sustainable procurement strategy and policy
- integrated the UN Sustainable Development Goals into our corporate performance management framework
- adopted a zero carbon workplace charter
- built four new timber groynes and replenish the beach
- enhanced facilities at Shore Road Beach and stabilised cliffs above Canford Cliffs Beach
- secured £12.5M funding towards the flood defence scheme for Poole town centre
- completed two sites of alternative natural green spaces at Upton Country Park and Canford Park and are about to open up Throop Nature Park
- were awarded 23 green flags for outstanding parks and open spaces and were awarded more blue flags for our beaches than any other UK authority
- received more than £800K to improve the energy efficiency of local homes
- began works on the Durley Environmental Innovation Hub
- developed an event sustainability policy to help event organisers to make their events more sustainable

Dynamic Places

We rose to the challenges presented by COVID and have continued to work towards creating a world class city region, seeking to be one of the best coastal places in the world in which to live, work, invest and play.

We:

- provided support for local businesses throughout the pandemic with grants and information
- increased Covid marshal presence at key travel locations, such as train and bus stations to direct the influx of visitors to less busy open spaces
- introduced a resort management plan to ensure we were ready to welcome back visitors and keep residents safe when government guidance changed
- delivered a Reopening High Street Safely initiative following COVID-19 lockdown with social distancing signage, support for businesses and a Re-Discover High Streets campaign
- established the BCP economic recovery task force: a coalition of businesses and organisations responding to need as places and businesses started to reopen
- issued around £1M in discretionary grant funding to over 260 businesses
- developed a programme of activity to help address unemployment with Job Centre Plus, skills providers, and employers
- launched Festival Coast Live - 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 from the pandemic but aims to be bigger, bolder and better
- delivered the TCF to time with first schemes on site
- approved a new outdoor event space outside the Old Fire Station at Holdenhurst Road
- secured funds to restore the local historic character of Poole High Street
- secured £1M cash injection to create a combined activity and learning hub at Kings Park Bowling Club
- showcased our innovative digital credentials at the global online smart city Expo World Congress
- welcomed the first intake of 12 apprentice aircraft maintenance engineers to a new training programme at Bournemouth Airport
- approved plans to progress three new social housing schemes
- approved a £250M new build housing and acquisition investment strategy for the next 5 years and progressing implementation
- completed a major conservation project to transform historic rooms at the Russell Cotes Art Gallery and Museum and began the installation of a new stained glass conservation study studio at Highcliffe Castle

Connected Communities

We have worked with our diverse communities to keep them safe during lockdown and empowered people from different backgrounds cultures and beliefs to create a vibrant place where communities can connect and thrive.

We:

- established the Together We Can Community Resilience response, providing support to residents during the pandemic, with access to food, volunteer support and financial aid
- recruited over 3,000 volunteers to provide support to vulnerable and self-isolating residents
- worked in partnership with Public Health England to launch a contact tracing service for residents testing positive for COVID-19
- established the BCP Community Champions email group with representation from 300 local community champions
- connected the Clinical Commissioning Group with local community leaders through the community champions network to enable Covid vaccinations to take place at mosques within the BCP area
- worked with Dorset Council to support the development of the Trusted Voices project enabling focused work with specific community groups with issues such as vaccine hesitancy
- provided the Community Action network with an additional £10k to further support the community and voluntary sector during the pandemic
- helped the Community and Voluntary sector to access over £1M of covid-related funding
- agreed a partnership approach through the BCP Health and Wellbeing Board for working with deprived communities to reduce inequality
- established the Access to Food Partnership network, linking community food settings across BCP and developing the community food map to reduce food inequality
- continued to develop our Community Equality Champion network to engage with diverse communities
- established the Equality Action Commission to improve the way the council supports Black, Asian and Minority Ethnic Communities
- adopted a community engagement and consultation strategy
- secured £21.7M of government funding for a Boscombe Town Investment Plan
- expanded the Community Safety Accreditation scheme to better tackle street based anti-social behaviour
- completed the integration of CCTV services, increased monitoring hours, helping crime detection and prevention
- funded community projects for new play equipment, a community fridge, a community hall and mental health support through the Community Infrastructure Levy
- reached isolated residents and families through the home library service doorstep delivery scheme and a programme of online library activities

Brighter Futures

We have worked hard since our council was formed to create a new service for vulnerable children and families, which they could be proud of. Whilst we have a long way to go the building blocks for significant improvement are in place. Our children were a priority during the pandemic and we have taken a number of steps to ensure all children were able to access remote learning, families had access to a range of support to ensure children were fed and that vulnerable children were kept safe. Ofsted visited us in October 2020 and again in December 2021. We are responding to their recommendations. We know we must improve rapidly if our services to local children and families are to meet the standards expected of us.

We:

- worked with schools to ensure the safe return to school for all children with the BCP reintegration team supporting children with covid related anxiety to transition back into education
- supported the transition of children into the next phase of their education by running school transition programmes over the summer
- created a Family Investment Fund to help young people with a Covid recovery strategy, with a focus on mental health
- produced materials to support professionals and families with the transition of local authority pupils back into school following lockdown
- supported families to access activities and nutritious food and education during holiday periods
- worked with local higher education providers and the Southern Universities Network to support children from disadvantaged families to access higher education
- agreed a 15 point action Ofsted plan to improve the lives of children
- agreed a 2021/24 Children and Young People's Partnership Plan, which includes a major programme to reduce inequality and improve the life chances of children and young people at risk of disengagement from education, employment, or training
- agreed plans to increase the number of school places available for children with special educational needs
- created an aspirational SEND and Inclusion Strategy
- improved the level of integration of services at the front door so families receive the right response at the right time
- supported members of the Youth Parliament and the work they've undertaken

Fulfilled Lives

We have worked in partnership to empower residents to lead happy, active and healthy lives as part of vibrant communities and to offer people opportunities to learn and develop new skills throughout their lives and during the pandemic. When young people and adults have additional care and/or support needs we have enabled them to live fulfilled, independent lives with safety and dignity and supported those who care for friends and families .
We continue to be committed to reducing homelessness and rough sleeping and ensuring individuals and families have access to good quality, affordable homes.

We:

- distributed personal protective equipment supplies to over 7,000 organisations during the pandemic
- supported the establishment of testing sites and vaccination centres across the conurbation
- supported many people who were rough sleeping or faced homelessness across the BCP area during the pandemic, using £1.8M
- approved an ambitious multi-agency Homelessness and Rough Sleeping strategy and action plan to prevent and tackle homelessness with multiple projects underway
- developed a local outbreak control plan in partnership with Public health Dorset, local councils and other partners setting out what we will do to identify and control any potential outbreaks across Dorset
- worked with the NHS to develop the Integrated Care System to address the impact of COVID-19
- used our understanding of the impact the pandemic has had on carers to review how we meet their need when developing the carers strategy
- provided over £4M in financial support from major leisure and cultural facilities to help them manage the significant impacts of the pandemic
- completed a refurbishment of the 2RM Leisure Centre in Christchurch
- agreed a Suicide Prevention Action Plan
- agreed with partners a Health and Wellbeing Strategy
- published a Housing Allocations Policy
- opened in new supported living scheme in Southbourne
- set a consistent Adult Social Care charge across the whole of Bournemouth Christchurch and Poole

Modern, Accessible and Accountable Council

We believe every member of our vibrant communities deserves a council that is every bit as accessible, available and easy to use as we expect in our digitally driven 21st century lives and this became incredibly important during the pandemic. We also believe that the way the council makes decisions should be clear and easy for people to engage with.

We:

- supported over 5,000 colleagues across the council to adapt to remote and new ways of working with the speedy roll out of laptops to enable continued service delivery during the pandemic
- supported remote working by launching Microsoft Teams and underpinned this with a Team Champions network of hundreds of upskilled colleagues
- ensured the delivery of vital frontline services in response to the pandemic by re-directing and supporting staff to frontline services
- sought the views of staff across the council through employee engagement surveys, listened to their views on the impact of home working which has informed the smarter ways working programme and supported the ongoing estates and accommodation review
- introduced an Employee Assistance Programme providing confidential support for all staff for personal and professional issues, to promote staff health and general well being
- introduced new decision-making arrangements for the conduct of virtual council meetings, broadcast live via YouTube enabling wider community engagement
- created a cabinet+ approach to decision making and policy development for the council
- adopted an Equality Footprint which will ensure equality and diversity is at the heart of the council and its decision-making processes
- introduced independent Equality Impact Assessment Panels to ensure we pay due regard to the public sector equality duty throughout decision-making processes
- held staff and community equality Q&A sessions led by the lead member for equalities and the chief executive
- accelerated the refurbishment of Bournemouth Town Hall to become the BCP Council Civic Centre and reduce the cost of our property estate
- opened the first BCP Council Hub and library in Christchurch
- developed a staff recognition process called our stars for colleagues demonstrating one or more of our values and behaviours
- awarded the contract for the Strategic Implementation Partner to support the council in delivering our exciting and ambitious Transformation Programme
- brought forward a Smarter Structures project to help create a modern, efficient, and cost- effective council
- hosted a LGA Corporate Peer Challenge to ….
- engaged with over 30,000 people through a range of consultations and surveys, including the first resident satisfaction survey for BCP council

Covid Recovery Summary

The covid 19 pandemic presented **significant and wide-ranging challenges** for BCP Council to support its community and maintain essential services.

Frontline teams such as social care, refuse and street cleansing, parks and sea front, environmental health and enforcement, actively supported measures to **keep individuals and the communities safe**.

Other specific covid initiatives and responses are set out in the preceding pages.

The council was immensely proud of the way its staff responded and continues to respond to the challenges and ongoing impacts of trying **to sustain vital frontline services** during a pandemic. Staff have adapted to different ways of working, they continuously inform, engage with and protect our communities, and carry-on delivering business as usual whilst managing a backlog of business.

Whilst covid has inevitably impacted on business as usual, particularly those dependent on public access such as libraries and museums, the council has **continued to meet its statutory requirements** to a significant degree.

The financial position of the council was significantly affected both through lost income and by additional costs in responding to the pandemic. However tight governance remains in place to manage the budget position through close monitoring and scrutiny.

There have been many unprecedented changes presented by COVID-19 over the last year which have required changes to how we live, learn, work and play. In addition to the health implications of the virus, there have also been other negative impacts, from the measures taken to combat it.

Lockdowns and the associated isolation have had a significant impact on the **mental health** of the population and had an as yet, unmeasured impact on the other illnesses that have not been treated due to the prioritisation of covid patients. There is a risk of the pandemic will permanently increase health and other inequalities due to the disproportionate impact on certain groups.

However not all of the changes are negative and some are likely to be permanent, particularly those that are technology related such as remote working and online shopping. **People's behaviours have changed**. They've become more active, travel differently, there has been an increase in shopping locally and in the awareness of the quality and the provision of parks and open spaces.

The council wants to harness the positive outcomes by improving the High Street offer and continuing with the **Transforming Cities Travel programme** to encourage more active travel and reduce the pollution associated with travel.

The community spirit that has encouraged significant numbers to volunteer and community groups to form to support the covid effort will continue to be used as the councils **Together We Can** initiative will continue.

At the outset of the pandemic it was quickly recognised that certain geographies and certain populations were more at risk. These risks varied from the health risks of the disease itself to the impact on local businesses and the wider economy due to the lockdown restrictions. Those likely to be more vulnerable to the disease include the over 50s, those with underlying health conditions, ethnic minority populations and those working on the frontline in the health and care sector.

The lockdowns and social distancing requirements to keep everybody safe have also had **economic and social impacts**. These include risks to vulnerable children and more widely to children's education, increased risks to those threatened by domestic violence, more people at risk of poor mental health and social isolation, risks to those in the private rental sector and on low incomes, impacts on local businesses and in turn their supply chains and staff, and job insecurity for those who were self-employed, working in the "gig" economy and seasonal workers.

Although the government introduced schemes to mitigate some of the economic risks including the furlough scheme, self employed income support scheme, business rate relief, protection to those in the private rental sector and mortgage holidays, it's inevitable that a global pandemic will require significant work to understand and solve the long term impacts. It is recognised that the huge impact of the pandemic has changed the structure of the economy and will have **a lasting change on the way we live** both locally, nationally, and internationally.

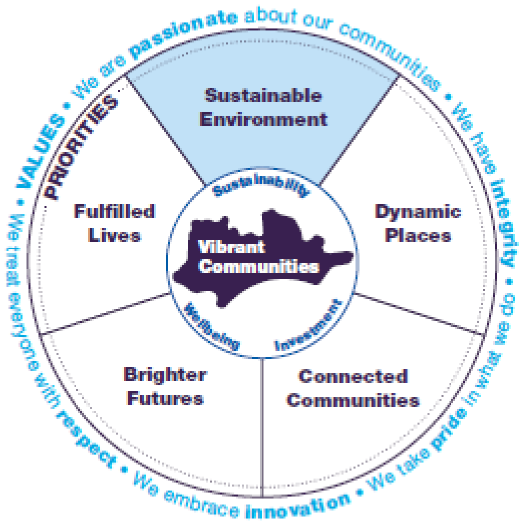
Some positive changes brought about by COVID-19 include technological and medical advances which have helped both in terms of protecting us from the virus and enabled us to carry on working.

The pandemic also encouraged communities **to work together** to support those needing help. Charities and voluntary groups such as food banks have provided a crucial service during the pandemic while charities themselves struggled as many of their fundraising avenues were closed to them.

The Council now needs to capture learning, to build on positives, respond to impacts on community groups, build on **strengthened partnerships** and increased volunteer capacity, address the backlog in services and be vigilant to future outbreaks stop

Future outbreak management plans are in place and the next few pages which include the delivery plans that make up this corporate strategy set out just some of the steps the council will continue to take to **manage the legacy**, learning and ongoing impact of COVID as it develops and delivers its services stop

Sustainable Environment



Leading our communities towards a cleaner, sustainable future that preserves our outstanding environment for generations to come

Ensure sustainability underpins all of our policies and practices

- embed sustainability in BCP Council's new ways of working and corporate asset management planning work to achieve our stretching net zero carbon targets
- bring together our Council Housing assets and agree a Council Housing sustainability strategy and delivery programme by April 2023

Protect and enhance our outstanding environment

- progress the shoreline management plan for Poole Bay and establish a shoreline management plan for Christchurch Bay by end of 2022
- implement the Poole Bay Beach Management Strategy and delivery scheme between 2020-2030
- create a new Seafront Strategy and delivery programme by December 2022
- deliver the Cleaner actions within the Cleaner, Greener Safer programme to improve local environmental quality across the conurbation, by April 2023

Develop an eco-friendly and active transport network

- develop a BCP Walking and Cycling Strategy 2022 -2035 and set out a plan to expand cycle network and storage facilities at major destinations, by the end of 2022
- deliver the Transforming Cities Fund sustainable travel initiatives

Tackle the climate and ecological emergency

- deliver on the targets in our climate and emergency action plan
- deliver the Greener actions within the Cleaner, Greener Safer programme to support climate and ecological action, by April 2023
- define the ecological emergency, and develop an action plan to reverse ecological decline, by April 2023
- procure all council electricity from zero carbon renewable sources by 2022
- install energy saving and renewable energy measures in retained council buildings whenever they are being refurbished or improved.
- investigate the use of developer contributions to fund climate change measures during 2022
- unify household waste, recycling and food waste collections across the area to increase recycling and reduce residual waste, by April 2023
- complete the development of the Durley Chine Innovation Hub during 2022

Promote sustainable resource management

- develop a BCP Council waste strategy in line with the national waste strategy government timelines
- review street cleansing services to noticeably improve the quality and cleanliness of the street scene, by December 2022

Maximise access to our high quality parks and open spaces

- develop a green infrastructure strategy to manage parks, recreation grounds, beaches and open spaces by June 2022
- develop key lessons from the enhanced summer response in 2021 and integrate into mainstream services for 2022 and beyond
- develop a single policy and practice for the management of high-quality publicly accessible toilets across the BCP area October 2022

Dynamic Places

Supporting an innovative, successful economy in a great place to live, learn, work and visit

Revitalise and reinvent our high streets and local centres

- develop and deliver an action plan to improve the attractiveness and vitality of each of our 19 town centres and high streets during 2022
- progress the key Poole investment projects in the Heart of Poole, the Town Centre, the area between the bridges, Poole Quay Carter's Quay
- determine the future of the Winter Gardens scheme and, during 2022, set out a strategy for delivery
- determine the desired outcome from the redevelopment of the Bournemouth International Centre during 2022 and set a strategy to deliver it
- extend the multi-agency seasonal response to an annual provision by April 2022, to ensure our residents and our visitors can enjoy our place

Invest in the homes our communities need

- agree the additional specialist supply of housing required and a delivery plan by April 2023
- progress development sites to delivery additional extra care housing in line with the approved Extra Care Strategy by April 2023
- finalise masterplan and determine phased delivery approach for Holes Bay former power station to provide 830 new homes by end of 2023, including identification of potential meanwhile uses
- bring forwards the pipeline of Council owned new build sites to deliver much needed additional housing with c£233M council investment over 5 years
- deliver the acquisition of an additional 250 existing properties for rent by the council including £45M of council investment over 5 years

Create a sustainable, vibrant and inclusive economy

- work to develop and improve the Council's Planning Service so that it better supports business growth and regeneration during 2022
- build on the success of Festival Coast Live and deliver a vibrant events and festivals programme, engaging across the cultural sector and sustains our core tourism offer

Increase productivity through skills development

- create a Skills Strategy by December 2022 which tackles inequality and supports local businesses in partnership with educational establishments and the market
- deliver the actions in the skills strategy, specifically prioritising those that support the economic recovery from Covid 19 once published
- target care leavers, disadvantaged boys, and young people with the greatest barriers to learning and work to join apprenticeship schemes to maximise their opportunities

Develop sustainable infrastructure

- develop and adopt a new BCP Council Local Plan that drives sustainable development by April 2023
- use the transforming cities fund programme to radically improve sustainable transport options for local communities by 2023
- provide a new Local Transport Plan to further help towards more sustainable travel behaviour by 2024

Support our businesses to operate more creatively

- continue to identify and utilise available funding to support our local business support organisations to deliver events focusing on creativity and innovation

Create a 21st century digital infrastructure

- deploy fibre, 5G and Public WIFI networks through the Boscombe Town Fund Deal Digital connectivity project by March 2024

Connected Communities

Empowering our communities so everyone feels safe, engaged and included

Strengthen the cultural identity of our towns and places

- support the newly formed Cultural Compact to build on the findings of the Cultural Enquiry to develop a Cultural Strategy that supports community arts and culture by December 2022
- establish the destination branding including 'Beyond the Beach', 'Escape the Everyday' and 'Coast with the most' to support the Future Places and Destination strategies
- develop a library strategy which reflects the diversity of local communities and creates neighbourhood hubs, improving resident's access to services by 2022

Respect and engage with our diverse communities

- integrate the Armed Forces Covenant into decision-making processes, supporting the wider delivery of the Covenant Action Plan, by March 2022
- implement the year one actions in the BCP council wide Community Engagement and Consultation Strategy by October 2022
- develop a youth strategy with children, young people and partners by March 2022
- support recovery following the COVID-19 pandemic by taking a strengths based approach to working with communities by June 2022
- agree and implement an enhanced council housing management service in line with national good practice and codesign with resident by April 2023

Encourage intergenerational interactions

- 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

- develop a strategic plan for day opportunities by September 2022, modernising the approach to daytime activity for people with care and support needs, including those who are socially isolated

Ensure our communities feel safe

- deliver the Safer actions within the Cleaner, Greener Safer programme to improve and promote public safety in our towns and places by April 2023
- expand our Community Safety Accreditation Scheme by June 2022 to improve and promote public safety and tackle anti-social behaviour
- 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 March 2022
- work with partners to implement the year 1 actions of the BCP Community Safety Partnership's Preventing Domestic Abuse Strategy by April 2023
- work with partners to deliver an Anti Social Behaviour Strategy to prevent and reduce the impact of ASB in BCP, by September 2022
- develop integrated domestic abuse services for victims and perpetrators by March 2022
- embed the seasonal response enhancements for frontline services by April 2022
- develop a partnership and information sharing protocol with Dorset Police to tackle doorstep crime and fraudulent activity by June 2022

Empower a thriving voluntary and community sector

- Implement the year one actions in the BCP Voluntary and Community Sector Strategy and Volunteering Strategy by October 2022
- Work with community associations to ensure the long-term sustainability of community centres across the BCP area by December 2022

Brighter Futures

Caring for our children and young people; providing a nurturing environment, high quality education and great opportunities to grow and flourish

Enable access to high quality education

- achieve 100% sign up of all providers in BCP to an inclusive education standard by September 2023
- transform SEND provision through the delivery of the Written Statement of Action by July 2023
- create additional special school place capacity, aligned with expanding the SEND capacity of mainstream schools, by September 2023
- reduce attainment gaps for disadvantaged children, especially where exacerbated by Covid, measured annually against the 2021 baseline.
- implement plans to balance the High Needs Block spend against budget by March 2023.
- reduce permanent exclusions to 0.1% or below, and reduce fixed rate exclusions to 5.36% or below, by March 2026 by working with schools to ensure they have the appropriate skills to address behaviours and the support from other relevant agencies to prevent exclusions
- implement measures which ensure that we have no “unknown” NEET’s by March 2023
- reduce local levels of Not in Education, Employment or Training (NEETs) towards the current national average of 11.5% by March 2023

Be aspirational for our children in care

- improve the learning outcomes for children in care, ensuring that their attendance at a ‘Good’ or ‘Outstanding’ school is at least 95%, by March 2024
- increase the percentage of children with permanence plans by their second LAC Review from 92% to 100%, by Sept 2022
- ensure there are sufficient suitable local placements to meet the needs of children in care so they can be close to school, friends and family networks if it meets their needs and be below the national average of out of borough placements of 16% by Sept 2022
- have a high performing Virtual School that champions and shows ambition for children in care and reduces the number that are NEET at or below the national average of 11.5% by March 2024
- ensure that all health and education assessments for children in care are completed on time, from September 2022
- ensure proactive work which secures suitable planned housing options for care experienced young people reaching 18 and increases the pathway by at least 20 additional homes

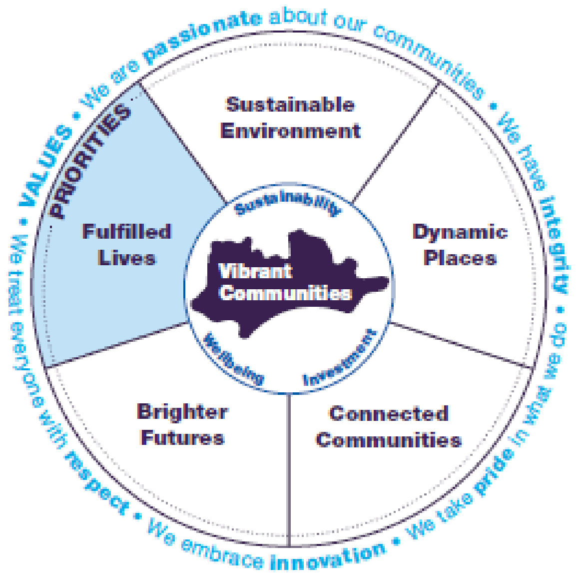
Support parents and guardians to care for their children well

- develop local activities funded by the Holiday Activities and Food Fund grant aimed at children who are eligible for free school meals and other vulnerable children by July 2022
- roll out the £1M BCP Family Investment Fund providing help for children and families to make up lost ground and restore ‘lost childhoods’ to viable schemes by March 2023
- improve the number of good and outstanding assessments for children and families in crisis, showing continuous % improvement through quarterly auditing, by September 2022

Prevent harm through early intervention

- complete the pilot of a ‘whole school approach’ to mental health and wellbeing and determine the way forward by September 2022
- help young people to Prepare for Adulthood by improving the ‘developing independence skills’ learning offer and by strengthening the working relationships between adult and children services by March 2023
- support young people in their readiness to access apprenticeships and future employment in addition to increasing the apprenticeships offer by March 2023
- proactively tackle all forms of child exploitation, including County Lines, early and effectively through preventative initiatives and effective cross council working and collaboration with partner organisations such as the police

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

- 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
- introduce examples of assistive and digital technology for service users and carers to enable independence and enhance people's quality of life during 2022
- work with the care sector to ensure the BCP council has the right number and type of affordable care home places to meet the needs of local residents in the long term
- reduce the reliance on residential care by implementing strategies developed to modernise care sector commissioning and the development of extra care housing during 2022

Promote happy, active and healthy lifestyles

- develop an Active Lives statement by September 2022 to guide a future Leisure centre management model, Built Facilities strategy and Access to leisure and Learning policy
- 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 the proportion of people with dependency successfully accessing alcohol and drug treatment services by March 2023
- work with partners and communities to address food insecurity by March 2023

Develop age-friendly communities

- work with partners to help the BCP area become registered as an Age Friendly Community with the World Health Organisation by 2024

Value and support carers

- 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
- modernise day opportunities so that all residents with care and support needs have opportunities to engage in daytime activity in both day centre and community settings, some of which will offer an important break for carers

Enable people to live well through quality social care

- 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
- support more people who wish to purchase their own care to find the most appropriate and cost-effective care home placements
- help self-funders make informed and good value choices for the best use of their and council resources when purchasing their own care

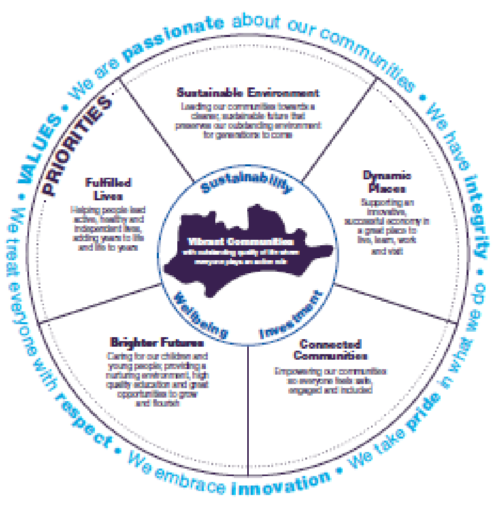
Tackle homelessness and prevent rough sleeping

- increase move on from temporary accommodation and prevent a return to rough sleeping
- deliver the agreed Homelessness and Rough Sleeping strategy through the established multi-agency BCP Homelessness Partnership
- secure additional government funding to maximise homelessness preventative services through 2022
- embed a multi-disciplinary approach to homelessness and health provision during 2022
- deliver a multi-agency homelessness conference to embed the vision and share thinking during 2022

Promote lifelong learning for all

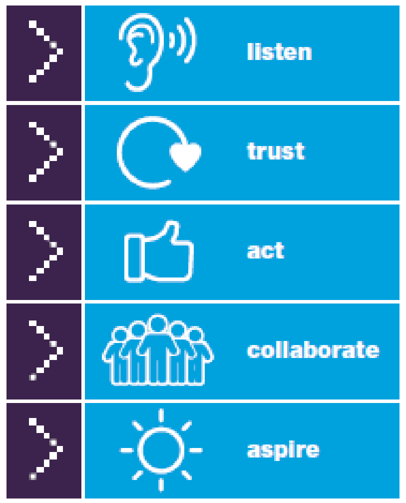
- Deliver a lifelong learning strategy by March 2023, working with partners to promote a broad learning offer for work and well-being, culture and arts and to increase awareness of environmental issues and sustainable living
- Consider a submission to become a UNESCO Learning City in March 2023
- Promote and raise awareness of the adult education offer to the residents of BCP Council area to recover participation levels in adult learning to pre covid levels

Modern, Accessible, Accountable Council



We are a modern, accessible and accountable council committed to providing effective community leadership

Our Behaviours



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Modern council

- complete the review and harmonisation of all our major service strategies and policies by end of 2022
- continue the implementation our new operating model and invest in new technology and ways of working so residents and customers have better services with a target of full implementation by April 2025
- continue to implement our People Strategy to support the development of our values and behaviours and modernise our working practices to enhance service delivery for our residents
- implement the Pay and Reward Strategy and achieve the harmonisation of pay by 2023
- complete the refurbishment of the former Bournemouth Town Hall to become the BCP Council Civic Centre by the end of 2022
- develop and implement the Corporate Asset Management Plan to establish a fit for purpose estate by the end of 2022, capable of supporting the council's ambitions for how we use our buildings to deliver the right service, in the right places with the right facilities for our community and customers

Accessible council

- adopt an inclusive Customer & Digital Strategy that builds on BCP Council's commitment to the Local Digital Declaration and meets “Best in Class” standards for digital service design in 2022, including the continued development of the BCP Council website
- continue to develop and improve technology to allow live streaming and remote participation for all public meetings during 2022
- complete the integration of our corporate customer services function within Christchurch, Poole and Bournemouth libraries through 2022
- promote and proactively work towards enabling a diverse workforce across all levels of the organisation, acting as a role model for Dorset employers
- introduce independent observers, stakeholders and service users to the recruitment of senior officer posts by March 2022

Accountable council

- proactively engage our communities to inform policy and future decision-making via regular residents' satisfaction surveys, utilising digital tools to engage with new audience
- utilise Lead Member roles and Member Champions to engage with identified priority groups
- develop and implement a Corporate Peer Challenge action plan for review by summer 2022
- continue to respond to community needs and covid related issues

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CABINET

Report subject	**Budget and Medium Term Financial Plan (MTFP) 2022/23**
Meeting date	9 February 2022
Status	Public Report
Executive summary	To set out for Cabinet consideration and recommendation to Council the proposed 2022/23 budget and council tax. The budget as presented has been drafted based on; • Delivering a Council Tax freeze via a 0% council tax increase in 2022/23 for the basic annual threshold. • Collecting the full 4% Adult Social Care (ASC) precept in 2022/23. There are several key assumptions underpinning this budget report. • Government will extend, as they have previously indicated, the flexible use of capital receipts regulations to 31 March 2025. • These regulations, when issued, will remain broadly unchanged in allowing the councils transformation expenditure to be legitimately financed from capital receipts. • Cabinet and Council will, sometime after this meeting, approve a proposal to generate a £54m capital receipt from a bold non-traditional approach. If Council do not agree the proposal, then the budget will need to be amended as necessary.
Recommendations	**It is RECOMMENDED that Council:** 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 £272.043m, resulting in a total council tax requirement of £228.964m, is set for 2022/23 based on the draft local government settlement figures published by government in December 2021. This is based upon: i. a council tax freeze for 2022/23 in respect of the basic annual threshold and the collection of the social care precept of 4%. This net increase can be compared to the 5.99% maximum permitted increase for 2022/23 and recognises that the government

	continue to promote council tax increases via the social care precept as a funding mechanism for social care; ii. the key assumptions and provisions made in the budget as proposed and set out in paragraph 40 to 55; 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 109 to 131 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 132 to 158 and Appendix 3 to this report; vi. treasury management strategy (TMS) and prudential indicators as set out in paragraphs 159 to 170 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 172 to 173 and Appendix 7; b) approve the flexible use of capital receipts efficiency statement as set out in paragraphs 56 to 86 including the extension of the transformation programme to £67m and the reprofiling of the associated costs and savings; c) approve the requirement to enhance the reporting of the transformation savings to Cabinet. d) approve the establishment of a £20m Green Futures Fund to support key infrastructure developments as set out in paragraph 114; d) 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 22 February 2022.
Reason 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 2022/23 it is critical that councillors recognise their duty is to balance this budget in a manner which reflects not only their obligation to current taxpayers but also reflects their obligations to future taxpayers.
Portfolio Holder(s):	Cllr Drew Mellor – Leader and Portfolio Holder for Finance and Transformation

Report Authors	Adam Richens Chief Finance Officer and Director of Finance 01202 123027 adam.richens@bcpcouncil.gov.uk Nicola Webb, Assistant Chief Finance Officer Matthew Filmer, Acting Assistant Chief Finance Officer
Wards	Council-wide
Classification	For recommendation

Overview of the proposed 2022/23 budget

1. The 2022/23 budget as presented is one which is bold, creative, and dynamic, as well as being one which.

   a) Delivers a council tax base freeze, accompanied by a 4% adult social care precept. This is made up of 3% by way of the deferred social care precept from 2021/22 and the 1% social care precept for 2022/23. Nothing has been applied from the 1.99% annual basic threshold increase for 2022/23. This means that across the 2-year period since 1 April 2021 the average increase across BCP has been significantly below the 8% increase applied by the majority of authorities. Appendix 1a presents details of how the councils average 1.55% for 2021/22 compared favourably to other authorities.

   b) continues to work to ensure consistent standards of service are delivered across the BCP area.

   c) invests £12.3m extra in the council's highest priority area, children's services (excluding council pay base changes). This takes the gross annual increase in revenue spending on children's services to £20.8m per year over the last two years.

   d) prioritises investment in services to the most vulnerable members of our community with an extra £12.1m allocated for adult services (excluding council pay base changes).

   e) has due regard to the ongoing 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.

   f) creates a £20m Green Futures Fund which will enable the council to continue to support the community response to the impact of the pandemic alongside its commitment to becoming carbon neutral by 2030.

   g) Supports the continuation of £5.271m of gross on-going investments proposed as part of the 2021/22 budget report which was endorsed in February 2021. Most notably this included.

      - £1.750m investment in regeneration.
      - £1.155m gross to improve standards in the highway maintenance network and to address the impact of the inherited under-investment across the Christchurch locality.

- £500k in arts and culture recognising the importance of taking forward the BCP Cultural Compact.
- £453k to improve street cleaning standards across the conurbation including addressing the lack of resources available within the Christchurch locality.
- £300k in Housing Delivery Strategy development costs.
- £250k in support of a cultural bounce back festival.
- £240k being set aside to support the climate change and ecological emergency.
- £240k to improve Community Safety by appointing six extra Community Safety Accreditation Officers.
- £80k investment in 2 Mental Health Worker posts.
- £70k in 2 Officers in communities with a particular focus on embedding Asset-Based Community Development.
- £50k contribution towards 2 Youth Anti-Social Behaviour Officer posts.
- £25k to support the work of the Youth Parliament.

h) Supports the doubling of the previously referenced £240k annual investment in the Climate Change and Ecological Emergency to £480k as per the decision of Cabinet in June 2021.

i) Supports a health hub for homeless people by setting aside £101k to cover the annual operating costs.

j) Invests a further £8.2m in new additional council priorities as a one-off for 2022/23. This expenditure most notably includes.

- £3.1m investment is the Cleaner, Greener, Safer programme as outlined in the report to Cabinet in October 2021
- £1.7m investment is Summer Response initiatives replicating the success of the summer 2021 programme
- £0.6m further increased annual investment in road maintenance including pothole works.

k) Invests £1.5m as a one-off in 2022/23 to improve the council's customer services prior to transformation.

l) is based on the delivery of a further £6.6m in assumed annual service-based and transformation-based savings in addition to the £41.3m delivered to support the 2019/20, 2020/21 and 2021/22 budgets, bringing the total service-based annual savings following local government review (LGR) to £47.9m. These savings have prevented some of the cuts to services being implemented by other local authorities at this time and underpin this Council's ability to invest at scale.

m) 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. This includes increasing the resources being committed to the transformation programme

n) continues to protect and invest in vital frontline services.

Background Detail

2. In considering the development of the 2022/23 budget for BCP Council it will be within the context of a unitary authority which is currently only in its third year of operation, with annual turnover of around £0.8 billion, and an annual net revenue budget which for 2021/22 was £241m per annum. It is also critical that consideration is given to the ambition and purpose of the council as expressed through the Council's Big Plan and the approved Corporate Strategy as well as the ongoing impact on the organisation's financial and non-financial resources of the global Covid-19 public health emergency.

3. Our Big Plan is our vision that the BCP city region will be one of the best coastal places in the world in which to live, work, invest and play. This vision picks up many of the aspirational themes for the place from the original Local Government Reorganisation planning papers.

4. Our Big Plan is supported by five major concepts which have been developed to deliver significant changes across our whole area over the next five to ten years. 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 livelihoods for our families. The five concepts are.

   - **Investing in an iconic place**. Demonstrating our pride through a positive and innovative image recognising the clean and green quality of both our urban and natural environments.
   - **Investing in our seafront**. Enhancing what is already recognised as amongst the cleanest and most beautiful city region coasts in the world.
   - **Rejuvenating 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.
   - **Investing in our physical and digital infrastructure**. Designed 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.
   - **Aim to deliver more than 15,000 new homes.** For all incomes and tenures, through both our own civic investment and by supporting and enabling developers to build homes with a mix of affordable and high-end apartments and houses.

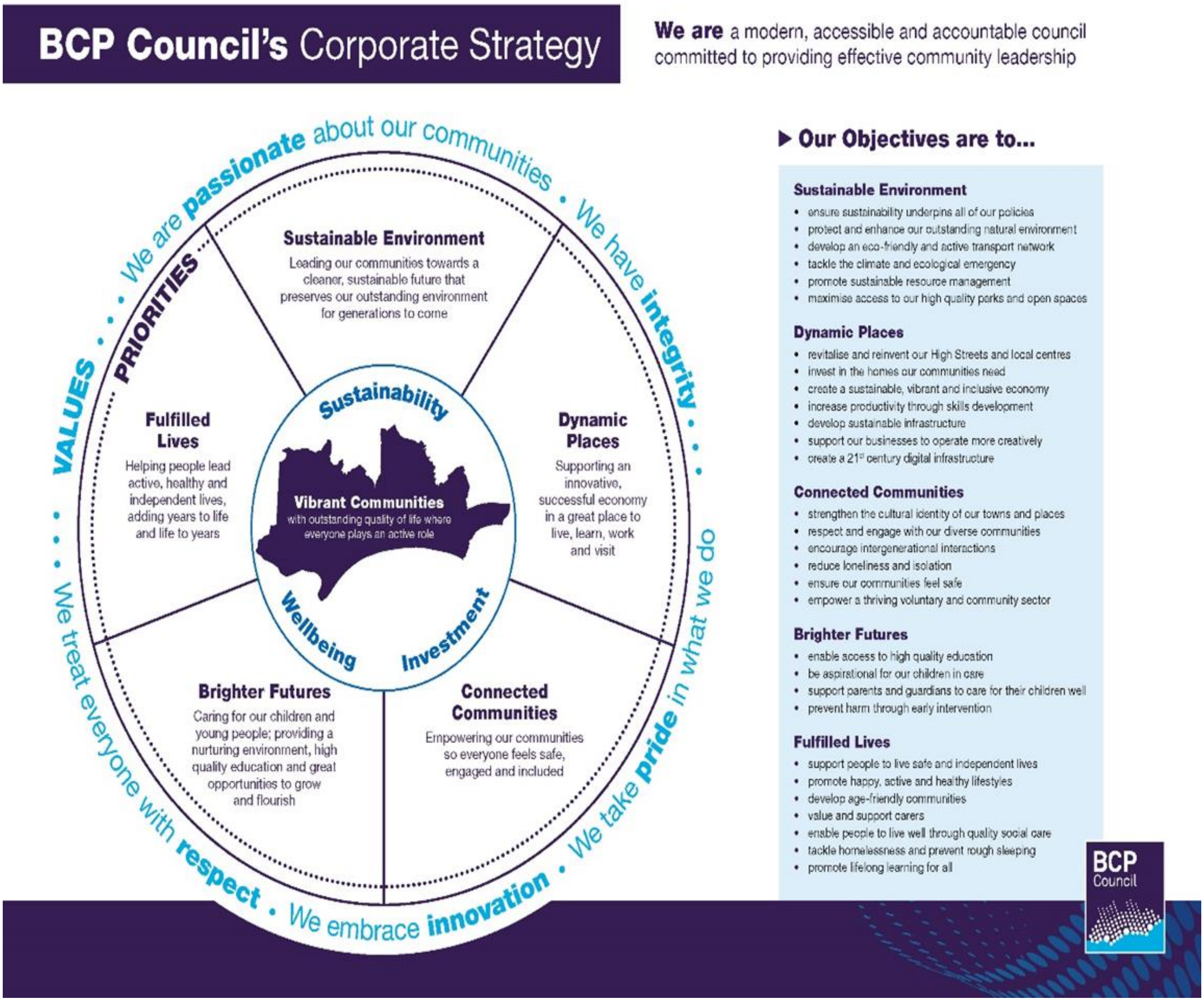
5. These reflect the scale of the council's ambition for the area and enable the articulation of our vision with key regional and sub-regional partners and with government. These projects are underpinned by the work we will do to develop vibrant **communities**, to promote our **culture** and our leisure and entertainment offer, and to ensure the BCP city region becomes one of the best places in which **children** can live, learn, grow up and succeed.

6. The Big Plan is further supported by the BCP Corporate Strategy which was adopted by the Council on 5 November 2020 and is updated in a concurrent report on this agenda. 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. These 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.

Figure 1: BCP Corporate Strategy



7. The Corporate Strategy is supported by an agreed set of core values and delivery plans which set out how the council will achieve the priorities.

8. As with the 2021/22 budget, the budget for 2022/23 needs to take account of the legacy impact of the world's biggest public health emergency for a generation. Since March 2020 the Covid-19 global pandemic has required urgent, ongoing, and decisive action to support our community and maintain the integrity of the council's financial position and future sustainability.

9. In that respect it may be worth an objective look back at the 2020/21 financial year as significantly impacted by Covid-19 and the change in administration.

2020/21 Financial Year Overview

10. The final outturn for the 2020/21 financial year was a £5.1m surplus which was transferred to the council's financial resilience, MTFP mitigation earmarked reserve which is further reflected upon as part of this 2022/23 budget report. This meant that in the first two years of the new council positive financial outturns have been achieved (£0.2m surplus 2019/20).

11. As part of the initial response to the global pandemic in March 2020 the council took steps to defer investments in its priorities alongside other measures to protect its financial position as the implications unfolded. A report to Cabinet in May 2020 set out that despite these measures the forecast for the year was a 2020/21 in-year deficit of just over £53m which was reduced to £31m once an announced £22m government grant was taken into consideration. This deficit reflected both service pressures due to the pandemic and the potential loss of numerous council income streams.

12. A subsequent report to Cabinet in June then set out how this net pressure could be mitigated if the forecast panned out as predicted. It included the potential delay until 2021/22 of member priorities totalling £1.1m. Delayed allocations included those for community engagement, climate change, tackling unauthorised encampments, additional street cleansing and highways maintenance, regeneration, and culture.

13. The new administration came into being on 1 October 2020 and delivered a revised financial strategy, this alongside main announcements that were made in the November Spending Review and in late December via the Local Government Finance Settlement delivered a significantly improved outlook. Many of the themes of the 2020/21 delayed member priorities were incorporated within the £7.2m gross investment in new council's priorities as set out in the 2021/22 budget report agreed by Council in February 2021.

Local Context: Peer Review November 2021

14. In line with the statutory requirement to continually improve the council was reviewed by a team of Local Government Association peers in the week commencing 19 November 2021. The standard scope of such reviews covers local priorities and outcomes; organisational and place leadership; governance; culture and capacity for improvement, plus financial planning, and management.

15. This financial element was led by Duncan Whitfield the Strategic Director of Finance and Governance at Southwark Council and the previous Chair of the Association of Local Authority Treasurers. Initial observations included that BCP had a professional and experienced finance team who had enabled the council to have a solid financial base having successfully navigated the creation of a new unitary authority following the most complicated local government review process since 1974, a global pandemic and the delivery of services with over £100m less in annual Revenue Support Grant from Government compared to 2010. They also reflected that pressures are known and are being managed be that the deficit on the Dedicated Schools Grant (DSG), via the High Needs Recovery Board or the deficit on the Children's Services budget via robust in-

year budget monitoring arrangements. Peers also reflected, that as of 31 March 2021, the council had a reasonable level of reserves.

16. At the time of writing, the council had not received the final report. In respect of areas to consider from a financial planning and management perspective it is expected that the peers will recommend the council:

- continues to support the recovery actions for the children's services and DSG high needs budgets and the need to be able to demonstrate clear evidence of the impact of these groups.
- notes that the accumulated DSG high needs deficit is close to creating an overall negative reserve position.
- continually assess the risks created by the overarching and ambitious programmes of regeneration and transformation and the potential to impact the resources necessary to support statutory and priority services.
- ensures the affordability of new initiatives within the context of the MTFP timeline.
- revisits the assumption of cost neutrality of the pay and grading review.
- recognise that the use of the council's borrowing headroom to fund capital projects should be subject to the requirements of the Prudential Code of Capital Finance and the ability to finance the capital and interest repayments.
- considers increasing unearmarked reserves beyond the current MTFP target to mitigate strategic and operational risks from ambitious programmes.
- continues to take specialist technical accounting advice and external audit advice in assessing new financial vehicles or instruments, especially in the context of the prudential code and recent guidance on capital strategies.
- undertakes a full assessment of the scale and profiling of the investment and assumed annual savings associated with the transformation programme.
- encourage Cabinet Members to take accountability for the budgets in their portfolio.
- ensures the capacity of the Finance Team is at a necessary level especially as the new Enterprise Resource Planning (ERP) system is developed and implemented.

National Context: 2022/23 provisional local government finance settlement

17. Before considering the impact of the 2022/23 provisional LG Finance Settlement it is worth noting that on 7 September 2021 the Prime Minister announced significant plans for the future of adult social care in the form of the Build back better: our plan for health and social care' publication. The centrepiece of the plan is a new UK-wide 1.25 per cent National Insurance Health and Social Care Levy that will be ringfenced to fund a range of proposals, including:

- People will no longer pay more than £86,000 in care costs over their lifetime, from October 2023. This will be implemented via a cap on personal care costs which does not include food and accommodation costs.
- Once people have reached this cap, ongoing personal care costs will be paid by local authorities.
- Those with less than £20,000 in assets (up from the current threshold of £14,250) will not have to pay towards personal care costs from their assets at all. They might have to contribute from their income.

- Those with between £20,000 and £100,000 in assets will get means-tested help towards personal care costs from the council.
- People will only be required to pay for the full cost of their own personal care if their assets are more than £100,000 (up from the current threshold of £23,250) up to the £86,000 cap.
- Self-funders will be able to request that their council arranges their care so they can access it at council-funded rates. The government intention being to end the cross subsidisation where care providers charge higher rates to self-funders compared to local authorities.
- An expectation that councils will use some of the additional funding to pay providers a 'fair price for care'.
- The tax will be raised through a 1.25% increase in both employers and employee's national insurance from April 2022 onwards. A 1.25% increase in employers' national insurance will cost BCP council approximately £1.4m per annum. This ignores the consequential impact on any contract or commissioned costs provided to the council where the contractor directly employees individuals.
- From 2023, the National Insurance increase will become a separate Health and Social Care Levy with National Insurance rates returning to previous levels.
- In addition, there will be a 1.25% tax rate increase in income from share dividends. This may have an impact on the valuation of the Dorset County Local Government Pension Fund.

18. The Levy is expected to raise an additional £12 billion a year, hypothecated for health and care, across the UK. It is proposed that most of the funds raised over the next three years will be spent on catching up on the backlog in the NHS. A smaller proportion, £5.4billion, will go towards implementing and funding the financial consequences from having lower levels of client contributions towards care (due to the changes to the thresholds at which people contribute towards their personal social care costs). Implementing and administering the proposed new cap on care costs will be a significant undertaking for councils. Subsequently as part of the Chancellor's Autumn Budget he announced that £3.6 billion of the £5.4 billion available for reform over the next three years will go directly to local government.

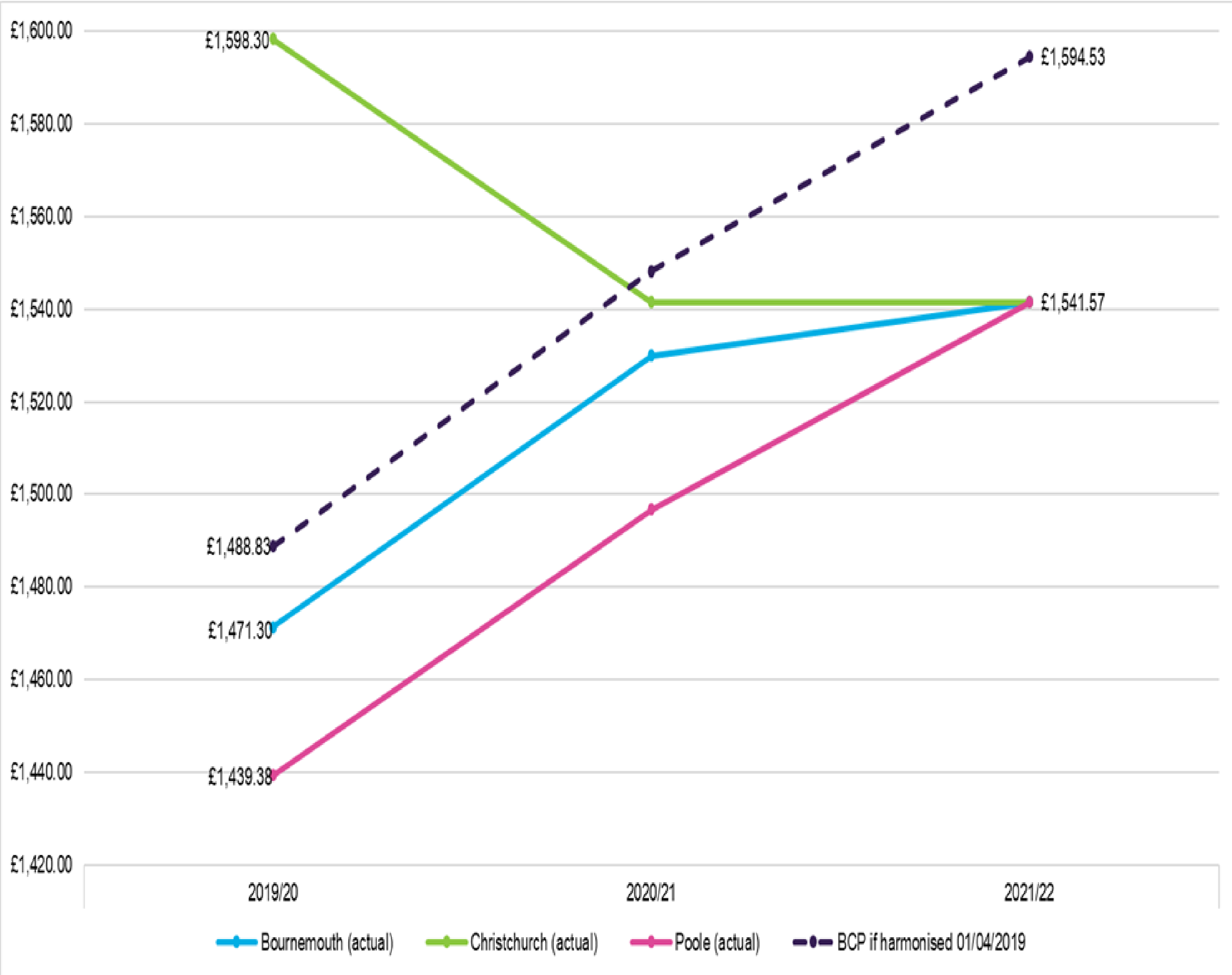
19. In addition, the government's plan made a commitment to working with councils, the social care sector, people with lived experiences and the NHS to develop a new white paper for wider social reforms. This white paper was introduced on the 1 December 2021 when the government set out a ten year vision to improve adult social care paper was published. The white paper included details on providing greater choice, control, and support to help people lead independent lives and referenced funding to transform homes and improve the physical, digital, and technological infrastructure. Government stated that they will ensure councils have access to sustainable funding for core budgets however their expectation is for demographic and unit cost pressures in social care to be funded through council tax, the council tax social care precept, and long-term efficiencies.

20. This statement confirmed that the strategic approach taken by government since its 2015 spending review is that local councils should be increasing council tax as the mechanism for funding cost and demand pressures in local services. For the last 6 years in a row (since 2016/17), this has included the use of the Adult Social Care

council tax precept as a means of asserting national direction on how such resources should be applied. Any lobbying for higher BCP Council funding allocations from government resources are always responded to by references to the amount the government have made provision for the council's "spending power" to be increased annually. The most significant element of this annual spending power increase is the amount the government have made legislative provision for the council to increase its council tax by.

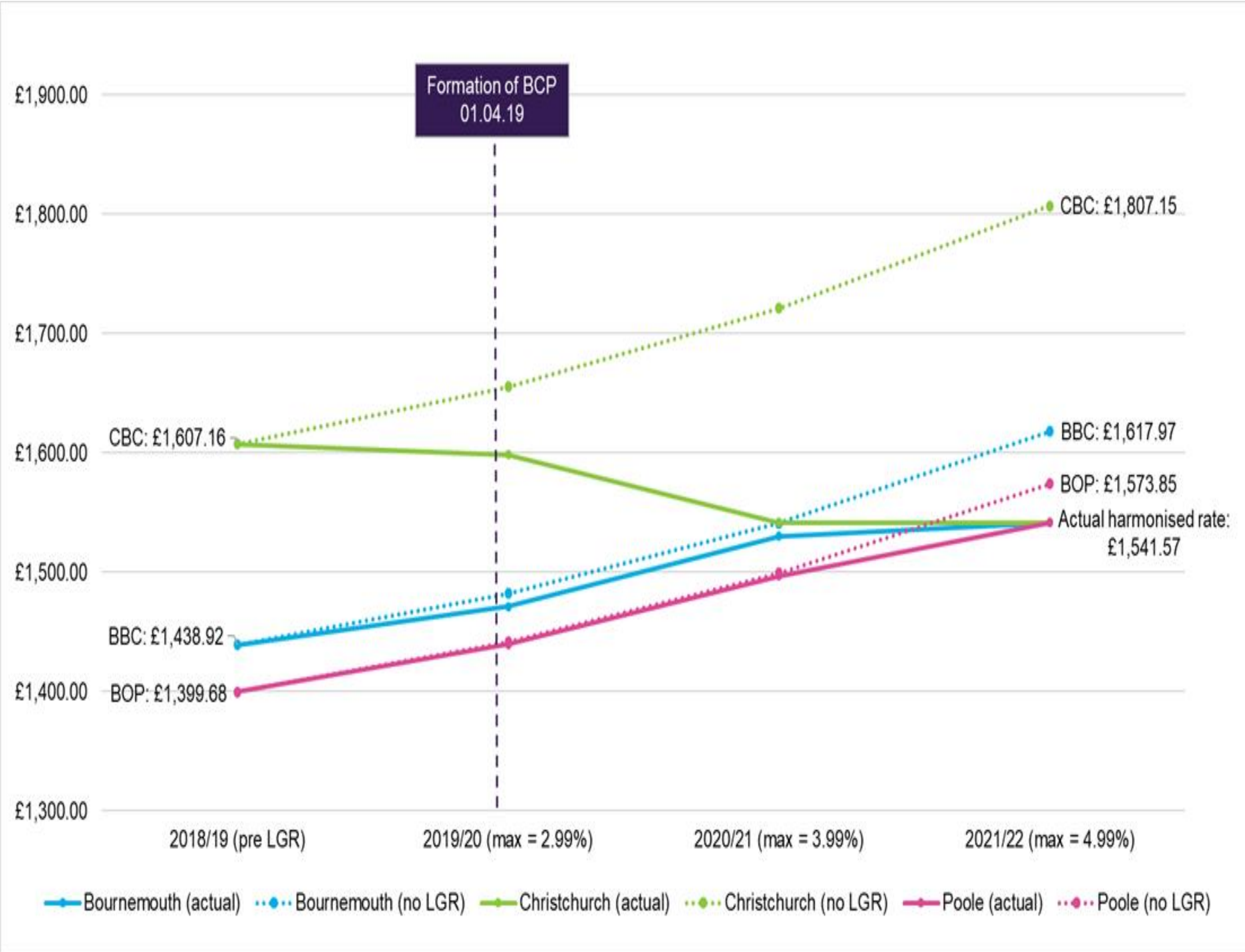
As a reminder the below graph sets out the levels that government legislated for BCP Council to increase its council tax by compared to the actual levels of council tax set. This demonstrates that if the council had followed government guideline maximum increases then our council tax would have been £1,594.53 in 2021/22 which is 3.4% higher than the £1,541.57 actual rate set. The government are therefore clear the council has locally decided not to generate the £7.6m per annum extra that we could have been generating.

Figure 2: BCP actual council tax levels compared to permitted levels.



21. Expanding on this position the graph below (Figure 3) sets out the likely position of the preceding authorities if local government review had not happened and if they had applied the maximum threshold increases (as per other comparator authorities, please see appendix 1a). As an example, this shows that the council tax in Christchurch could have been £265.58 or 17% higher.

Figure 3: Council position of preceding authorities with maximum increases



22. On the 16 December 2021, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, announced the 2022/23 provisional local government finance settlement. It was the fourth consecutive one-year settlement with the emphasis once again on stability through rolling forward key elements of the 2021/22 package alongside a mix of extra grant and the ability to generate extra resources via the social care council tax precept to support major pressure / priority areas. A single year settlement allows government time to assess how it proposes to distribute resources in the future. The Communities Secretary in his statement said, "*In outlining these proposals, my priority is to provide stability in the*

immediate term so I can work closely with local government and other partners on options to update our assessment of local authority needs and resources."

23. Another one-year settlement is unfortunate for the Council as it impedes effective medium term financial planning and makes delivering value for money more challenging.

24. Key elements of the settlement include.

    - Council tax threshold for 2022/23 set at 1.99% basic, plus 1% social care precept. A further 3% social care precept can be applied by those authorities who deferred their 2021/22 increases. DLUHC assumes every authority will increase council tax by the maximum allowed. No allowance was made that any unused social care precepts can be carried forward in future.
    - Confirmation that local government will receive the extra £1.5bn in additional funding announced in the autumn spending review. Only around 40% of this funding has been allocated to social care via an increased Social Care Grant, a smaller share than expected.
    - The remainder of the £1.5bn took the form of a £822m national one-off service grant to help fund services pressures including funding to cover the 1.25% increase in employer national insurance contributions for 2022/23 which will transfer into the Health and Social Care Levy from 2023/24 onwards. The £822m is within the system for 2023/24 onwards however the method of distribution will be fundamental reviewed.
    - Both the social care grant and the one-off service grant take account of the resources local authorities can comparatively generate from council tax increases.
    - An inflationary increase to the Improved Better Care Fund.
    - Lower tier services grant, introduced in 2021/22, will be retained.
    - Further one-off New Homes Bonus payment in addition to the final legacy payment.
    - No adjustments for negative revenue support grant.

25. The provisional settlement also indicates that a more fundamental redistribution of funding, potentially via the Fair Funding Review, could be implemented as early as 2023/24 which will make forecasting difficult.

26. Figure 4 below sets out the impact of the provisional 2022/23 local government finance settlement as it pertains to BCP Council. The table ignores any funding made available in respect of the government's fundamental package of Covid support measures which were available as one-off measures in 2021/22.

Figure 4: BCP provisional LG 2022/23 Finance Settlement (extract)

	2021/22 £m	2022/23 £m	Change £m
Unringfenced Grants			
Revenue Support Grant	3.0	3.1	+0.1
2022/23 Service Grant	0.0	3.8	+3.8
Lower Tier Services Grant	0.4	0.5	+0.1
New Homes Bonus	2.6	1.0	-1.6
Specific Grants			
Social Care Grant	10.9	15.3	+4.4
Improved Better Care Fund	13.0	13.4	+0.4
	29.9	**37.1**	**+7.2**

27. It should be noted that in addition the Council has also been allocated £1.2m from a Market Sustainability and Fair Cost of Care Fund. This funding is specifically to support the announced social care reforms. At this stage it continues to be assumed that this funding will match and be sufficient to cover the additional costs the council will be required to incur including significant preparatory costs.

Local Context: 2021/22 Forecast In-year position

28. A separate item on this Cabinet's agenda is the council's budget monitoring report for the third quarter of the 2021/22 financial year. This forecast for the year is based on the activity between 1 April 2021 and 31 December 2021. The estimate is that services are now predicted to overspend against original budgets by £9.1m. This forecast reflects one-off and ongoing Covid-19 related pressures, alongside non-Covid ongoing service pressures and the position in respect of assumed transformation savings. The ongoing pressures are most notably those within children's services which remains a significant priority area for the council.

29. This position has now formally been mitigated by the application of the council's residual £8.2m Covid-19 Tranche 5 2021/22 government grant.

30. Once several corporate items and the residual contingency for 2021/22 are considered the overall position is that it is now forecast that a surplus of £3.3m will be generated in 2021/22. This report proposes this forecast surplus is transferred to earmarked reserves and used in support of the 2022/23 budget.

Financial Strategy 2022/23

31. The budget for 2022/23 and the MTFP should be seen in the context of a rolling, evolving process structured to enable the ongoing proactive management and prioritisation of the council's resources.

32. As a new council, setting the budgets in the first three years has been a challenge due to the lack of complete historic data and trend information for the council as a single entity. There will also be ongoing uncertainty around any information that is available due to the impact and long-term consequences of Covid-19.

33. The key dates in the 2022/23 budget setting process can be set out as follows.

23 June 2021	Cabinet (MTFP update, financial strategy, 2020/21 financial outturn)
29 September 2021	Cabinet (Quarter 1 2021/22 budget monitoring report)
27 October 2021	Cabinet (MTFP update)
26 November 2021	Budget Café 1 (all councillor presentations)
7 December 2021	Budget Café 2 (all councillor presentation) Transformation
15 December 2021	Cabinet (MTFP update, annual review of earmarked reserves)
15 December 2021	Cabinet (Quarter 2 2021/22 budget monitoring report)
12 January 2022	Cabinet (Council tax – 2022/23 tax-base report)
13 January 2022	Audit & Governance Committee (Treasury Management Strategy 2022/23)
31 January 2022	Overview and Scrutiny Board consideration of February Cabinet agenda
3 February 2022	Presentation to representatives from Commerce and Industry
9 February 2022	Budget to Cabinet
22 February 2022	Budget to Council

34. The council's financial strategy in support of the 2022/23 budget was approved by Cabinet at its meeting on the 23 June 2021. This document sets out the material workstreams and considerations that the council would further explore to enable it to set a balanced budget for 2022/23 and to reduce the medium-term funding gap. As a strategy it outlined the following two key elements.

1) Opportunity to support the council's Big Plan ambitions

Consideration as to how best to support its housing and regeneration ambitions, as expressed through its Big Plan, resulted in a reflection of the opportunity afforded to the council by having relatively low levels of borrowing compared to similar size authorities.

It should always be emphasised that.

- local authorities can only borrow to support capital expenditure.
- any individual decision to borrow would need to be supported by the presentation of a robust business case.
- During 2020/21 and 2021/22 the council has materially refinanced its capital programme from borrowing and in doing so released any revenue resources previously used as the source of financing.

Through the financial strategy Cabinet endorsed the intention to move the self-imposed debt levels to approximately the mid-point of all upper tier authorities as a percentage of net revenue expenditure. Current borrowing levels have shown that the council is in the lower quartile against comparator authorities. Such an approach enabled the council to determine that it had debt headroom of £212 million compared to its 31 March 2024 forecast position. This headroom was additional to the £184m already set aside to support service delivery, housing, and regeneration schemes over the next three years such as those being delivered to increase our housing stock and the schemes being delivered by the Bournemouth Development Company (BDC).

Subsequently the Audit and Governance Committee and then Council approved the necessary adjustments to our treasury management prudential indicators to enable this change in approach to be implemented.

Appendix 5b provides a copy of the relevant benchmarking analysis which supported the June Cabinet Report.

2) Council wide, rather than service or silo based, savings

A shift away from a service-based savings approach and towards delivering savings on a council wide level, as scheduled as part of the council's transformation programme.

35. Associated with these two key elements the financial strategy went on to set out the following programme of activity.

a) Considering the extent to which, within the local government capital accounting framework, it is feasible to capitalise costs the council incurs in supporting its regeneration ambitions.

b) Driving out value from land and building assets, including work led by the council's new Urban Regeneration Company (BCP FuturePlaces).

c) Considering the extent to which additional capital receipts can be generated under the flexible use of capital receipts guidelines, to fund transformation. The council had previously set aside its £14.1m Transformation Mitigation earmarked reserve to provide the necessary funding, over the assumed and delivered levels of capital receipts, to fund its transformation programme commitments.

d) Delivering the previous £25 million annual transformation programme savings target for 2022/23. This was a £17.5m increase on top of the £7.5m budgeted for 2021/22 with a further £17.4m annual increase planned in 2023/24 bringing the previously assumed cumulative annual savings target to £42.4m savings per year from 2023/24 onwards.

e) As part of the transformation programme there is a requirement to deliver the separate £6.6 million transformation estates and accommodation project on time, on budget and contributing the assumed level of savings (which form part of the itemised transformation savings towards the £42.4m target).

f) Considering the £44.53m previously approved expenditure programme associated with the transformation programme and the ability to reprofile, redirect or extend this programme to increase the level of assurance around the currently assumed savings.

g) Establish if the £4m currently budgeted to cover the additional revenue costs associated with the transformation programme is sufficient and if it accords with the latest implementation profile for the programme.

h) Further review, test and challenge by Cabinet, Corporate Management Board, service directors, and budget holders of the amounts included in the refreshed MTFP and the ability to drive down the assumed cost increases.

i) Delivering further non transformation service-based savings and efficiencies and driving down the cost of services and pressures included in the MTFP.

j) Financial monitoring of the 2021/22 approved budget with emphasise on the extent to which sales, fees and charges income streams are recovering as assumed.

k) Delivering the council's pay and grading harmonisation project within a cost neutral framework.

l) Monitoring of national and sector specific announcements including those associated with the Fair Funding Review, 75% business rates retention, future funding of social care and the pay award.

m) Consider the extent to which assistive technology can improve service delivery and reduce the ongoing associated costs for example in adult social care.

n) Develop a deficit recovery plan for the Dedicated Schools Grant (DSG) with specific reference to the high needs budget.

o) Consider the extent to which it is possible and appropriate to further support the 2022/23 budget by the application of financial resilience reserves. By doing so will enable a further period of recovery to prevent adjustments to service delivery standards being made. Any such allocation will need to reflect on the risks and uncertainty in the MTFP over its entire 5-year period.

36. Figure 5 below sets out the budget for 2022/23 and Medium-Term Financial Plan (MTFP) to 2027. 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 2022/23 budget as presented include.

- £12.1m investment in adult social care services (excluding pay, pensions, and national insurance uplifts).
- £12.3m investment in children's services (excluding pay, pensions, and national insurance uplifts).
- £8.2m investment in new additional council priorities as a one-off for 2022/23.
- £1.4m provision for the increase in employer national insurance contributions to fund the national cap on social care.
- 3.1% assumed pay award for 2022/23 based on the published Consumer Price Index (CPI) for September 2021.
- Provision for a 1.75% pay award for 2021/22 which was 0.75% more than that assumed in the budget for the current financial year.
- £1.2m to cover the required capital and interest repayments on the council's additional borrowing. Refinancing of the capital programme, £50m Futures Fund, £10m SEND capital, £20m Green Futures Fund etc.
- Refinance of the council's urban regeneration company away from a guaranteed fee basis towards one based on a professional fee on delivered and approved work.
- Extension of the transformation programme by an estimated £6.7m per annum for the next three years to reflect the inclusion of the costs of employees working on the programme who are therefore not available to support day to day or statutory improvement duties.
- Improving the commercial performance of our assets via moving a significant portion of the council's beach huts assets into a wholly owned Special Purpose Vehicle (SPV) which also delivers a capital receipt to fund transformation.
- £7.8m assumed recovery in sales, fees and charges income following the Covid-19 public health emergency. Government's latest data estimates highlight that economic activity nationally will not now return to pre-Covid levels until 2023. The pandemic led to a 10% fall in economic output over 2020 which is only partially expected to recover in 2021 and 2022

- £6.6m of additional ongoing savings and efficiencies including the assumption of an additional £1.2m from the transformation programme.
- 0% basic increase in council tax for 2022/23. 4% increase in council tax income during 2022/23 by way of the social care precept. The financial planning assumption for future years will be 2.99% per annum in line with the increases being assumed by government.
- Increases in the council's council tax base in reflection of a reduced forecast around the impact of the Local Council Tax Support Scheme (LCTSS) alongside improvements in collection rates.
- Provision for the extra resources for local government announced by government as part of the October 2021 Autumn Budget and set out in the draft local government finance settlement for 2022/23.
- Based on achieving a solid financial base having successfully navigated the creation of a new unitary authority and based on the assumptions as set out in the MTFP the unwinding of the earmarked financial resilience reserves of £20.7m.
- Utilising the £3.3m forecast financial outturn for the year based on the Quarter 3 2021/22 Budget Monitoring report as presented elsewhere on this agenda.
- Unwinding of the Transformation Earmarked Reserve of £12.2m which will be replaced by unapplied capital receipts of £12m subject to the delivery of the proposal around beach huts.
- Investment into unearmarked reserves of £0.7m as part of the stated drive to move this Council to the median point nationally and to support long term financial sustainability.

Figure 5: 5-year Medium Term Financial Plan 2022 to 2027

Additional Investment into Services	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Adult social care inc public health (*)	12.1	6.4	6.0	5.0	4.8	**34.3**
Children's services (*)	12.3	3.1	2.4	2.5	2.6	**22.9**
Operations and Development	7.6	(2.0)	3.4	2.4	1.9	**13.3**
Resource services	2.2	(1.7)	(0.0)	0.1	0.0	**0.6**
Transformation - ongoing revenue costs	(0.1)	1.1	0.0	0.0	0.0	**1.0**
Income impacted by COVID-19	(7.8)	(1.9)	(1.4)	0.0	0.0	**(11.1)**
Pay Award 2022/23 onwards	5.5	3.5	3.6	3.6	3.6	**19.8**
Pay Award additional 0.75% 21/22	1.3	0.0	0.0	0.0	0.0	**1.3**
Pay and Grading Project - net revenue impact	0.0	0.0	9.1	(4.5)	0.0	**4.6**
Pension fund – tri-annual revaluation impact	0.7	0.2	0.2	0.2	0.2	**1.6**
Increase in employers NICs to fund cap on social care	1.4	0.0	0.0	0.0	0.0	**1.4**
Contingency - reduced to reflect lower Covid related uncertainty	(1.3)	0.2	0.1	0.0	0.0	**(1.0)**
Debt - Additional Capital (MRP & interest repayments)	1.2	1.0	1.5	0.8	0.4	**4.9**
Carters Quay Housing and Regeneration Scheme	0.1	0.1	(0.1)	(0.3)	(0.1)	**(0.2)**
Securitisation of a net income stream to the Council	3.7	0.0	0.0	0.0	0.0	**3.7**
Total Additional Investment into Services	**39.0**	**10.2**	**24.7**	**9.8**	**13.6**	**97.2**
Cumulative Investment into Services	**39.0**	**49.1**	**74.0**	**83.6**	**97.2**	

Additional Resources	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Council tax – revenue	(8.6)	(6.8)	(7.1)	(7.4)	(7.7)	**(37.7)**
Council tax - taxbase	(5.8)	(3.0)	(2.6)	(1.3)	(1.3)	**(14.0)**
Business rates income	(0.5)	0.0	0.0	0.0	0.0	**(0.5)**
Collection fund – (surplus) / deficit distribution net of S31 grant	(4.1)	4.8	(3.5)	0.0	0.0	**(2.8)**
Use of reserves - inc 75% loss draw down	(35.4)	36.1	1.0	0.0	0.0	**1.7**
Core government funding changes	(2.4)	3.3	0.0	0.0	0.0	**0.9**
Specific / ringfenced government funding changes	(5.2)	(0.4)	(0.4)	(0.4)	(0.4)	**(6.7)**
Local council tax support scheme grant 2021/22	3.8	0.0	0.0	0.0	0.0	**3.8**
Sales, fees and charges compensation 2021/22	1.6	0.0	0.0	0.0	0.0	**1.6**
Top slice covid pressures grant 2021/22	1.0	0.0	0.0	0.0	0.0	**1.0**
Investment income	0.0	(0.6)	(0.1)	(0.1)	0.0	**(0.7)**
Refinancing of capital programme	25.1	0.0	0.0	0.0	0.0	**25.1**
Review of inherited resources	4.7	0.0	0.0	0.0	0.0	**4.7**
Transformation savings	(1.2)	(10.0)	(25.2)	0.0	0.0	**(36.4)**
Proposed transfer of revenue costs to transformation	(6.7)	0.0	0.0	6.7	0.0	**0.0**
Service based savings	(5.4)	(5.5)	(6.2)	(2.8)	(2.6)	**(22.4)**
Following transformation, further net FTE reductions	0.0	0.0	0.0	(7.2)	0.0	**(7.2)**
Total annual extra resource & savings	**(39.0)**	**18.0**	**(44.1)**	**(12.5)**	**(11.9)**	**(89.5)**
Cumulative extra resources & savings	**(39.0)**	**(21.0)**	**(65.0)**	**(77.5)**	**(89.5)**	

Annual – Net Funding Gap	**0.0**	**28.2**	**(19.4)**	**(2.7)**	**1.6**	**7.7**
Cumulative MTFP – Net Funding Gap	**0.0**	**28.2**	**8.8**	**6.1**	**7.7**	

(*) Please see section 38ii. Below.

37. Regarding the 2022/23 budget the key changes from the position as set out in the 15 December MTFP Update report to Cabinet can be articulated as follows.

    a) Implications of the provisional 2022/23 local government finance settlement.

    b) Refinement of several detailed items with the latest available information and the ongoing assessment to confirm the robustness of the budget.

    c) Assumption the council will commercialise a portion of its beach hut estate and generate a capital receipt.

    d) Assumption that the transformation investment programme will be increased to cover the estimated £6.7m per annum, in each of the next 3 years', of the cost of employees working on the programme who are not available to support day to day or statutory improvement duties.

    e) Revised timeline for the delivery of the transformation savings.

    f) Utilisation of £20.7m MTFP mitigation reserve, £12.2m transformation mitigation earmarked reserve and £3.3m forecast surplus for 2021/22.

    g) £8.2m investment in new council priorities during 2022/23.

38. Based on the assumptions within the MTFP, the Council will need to identify a further £28.2m of ongoing revenue savings to balance the 2023/24 budget. This is in addition to delivering.

    i. £18.7m of annual savings from the transformation programme now being assumed from that financial year onwards

    ii. £7.8m of specific savings and efficiencies in Adults and Children's Services. As highlighted by the (*) in the above table and as a matter of policy the growth in both these services areas has been restricted to 2.99% ignoring any contribution towards the already assumed transformation savings. This restriction applies from 2023/24 onwards. The restriction is being applied as the council recognises that above inflationary increases in Adults and Children's Services are unstainable.

        This restriction should be seen alongside the potential extension of the transformation programme. Council will therefore be asked to proactively consider using some of the potential excess capital receipts from the beach hut proposal on specific transformation workstreams in Adults and Children's Services to support the delivery of the changes needed to deliver these savings.

        As part of this approach Portfolio Holders and officers will need to deliver a range of proposals for consideration in advance of the formal budget setting for 2023/24 and annually thereafter.

    iii. As a matter of policy, an increase on all local fees and charges in line with inflation

39. Besides the policy decisions around the restriction of growth in Adults and Children's Services, and the application of an inflationary increase to all local fees and charges from 2023/24 onwards, the MTFP also assumes that a further level of FTE savings in 2025/26 following transformation to reflection the overall level of investment being made.

Additional investment into services

40. Adult Social Care - £12.1m 2022/23 – 10.5% gross increase

The MTFP makes provision for an additional gross £34.3m investment in adult social care services over the 5-year period to March 2027. This pressure, which ignores the impact of pay, pension and national insurance changes, which are funded elsewhere, is a combination of.

1) 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.
2) Demographic growth within the learning disability and mental health client group.
3) 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.
4) Loss of rental income from a care home closure.
5) 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 will be increased by 6.6% from £8.91 per hour to £9.50 per hour from April 2022 for individuals aged over 23.

The NMW remains a key driver for the cost of care services and has been factored into the cost pressures increasing 5% per year to reach £10.50 by 2024 then 2% per year for subsequent years.

Costs associated with the Home First (Discharge to Assess) programme are assumed to be fully funded by the NHS for both care and administrative burdens.

In the 2021 spending review, the Chancellor announced that additional funding will be made available for social care reform (£3.6bn over 3 years to implement "the cap on personal costs and changes to the means test"). £162m is being made available to local authorities in the form of a Market Sustainability and Fair Cost of Care Fund in 2022/23 with BCP being allocated £1.2m. This fund is intended to support local authorities as they prepare their markets for reform by carrying out activities such as conduct a cost of care exercise, engage with local providers and market management.

A further £1.7bn will be allocated over 3 years "to improve the wider social care system" and £500m will be made available to "improve" the social care workforce. BCP await confirmation of the detailed allocation and eventual funding conditions.

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 continues to be that the council does not need to provide for or fund such costs.

While there have been specific NHS funding schemes, extended to March 2022, to cover the costs of care following hospital discharge, there is a longer-term cost burden to BCP Council beyond the initial 4-week post-discharge period funded by the schemes. The average cost of care home placements commissioned since the beginning of the pandemic under emergency hospital discharge arrangements have increased significantly during 2020/21 and 2021/22. The increases in average costs are because of market conditions and the increased intensity of needs of many people who are being placed in residential and nursing care. Home care packages are estimated at 34% higher after the 4-week hospital discharge funded period compared to pre-covid requirements, because not all clients can fully recover independence after leaving hospital.

Although the hospital discharge scheme is due to end on 31 March 2022, it is likely that higher market costs and higher hospital discharge demand will continue because of Covid infections and the enduring impact of the pandemic on the health and social care system.

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) expected to commence sometime in 2022. These arrangements describe the procedures necessary to deprive people of their liberty because of lack of capacity to consent to their care arrangements. The council will commit spending on this activity up to any amount funded by the government.

This service is being supported by taking the full ASC precept which delivers increased income to the Council of circa £8.6m in 2022/23. The investment in Adult Social Care delivered in this budget of £12.1m is significantly in excess of the revenue generated by the ASC precept so this Council is going significantly above the flexibility of the ASC precept to prioritise spend on People services. Taken with the £12.3m investment in Children's services that is detailed below, the combined investment in Adults and Children is £24.4m which if just funded via Council Tax would equate to a 11.4% Council Tax rise. This Council is going above and beyond to look after our most vulnerable.

41. **Children's Services - £12.3m 2022/23 – 18.1% gross increase**

The MTFP makes provision for an additional gross £22.9m investment in children's services over the 5-year period to March 2027. This pressure, which ignores the impact of pay, pension and national insurance changes, which are funded elsewhere, can be broken down into 3 main categories:

Cost of care:

a) rebasing of the budget to allow for the increased numbers of young people requiring higher cost residential settings seen during the beginning of the calendar year 2021 and continuing into financial year 2021/22.

b) growth to fulfil the Staying Put legislation. This is where fostered young people have the right to stay with their foster families when they reach 18 (up until the age of 21).

c) growth to allow for cases in addition to the current children in care numbers, split between various care type settings (residential/in-house fostering/independent fostering agency).

Staffing:

a) allowance of £3m for agency staff, £2m of which represents agency cost for 20 team managers out of 36 full time equivalent (FTE) establishedment posts and 40 social workers out of an establishment of 140 FTE established posts. Over and above this position the additional £1m is to cover the current higher than average use of agency in social care whilst the service continues along its improvement journey.

b) an additional front door team is required (2022/23 only) to continue to manage the significant increase in referrals and assessments following the pandemic.

c) there is a required adjustment of £1m to offset historic pressures in various teams within children's services (specifically business support and the team managing the care recording system pending migration to one system following LGR).

Transport:

a) cost of Special Educational Needs and Disability SEND transport is directly linked with the increasing number of Education Health and Care Plans (EHCP) and the pressure that continues in the high needs block of the Dedicated Schools Grant (DSG). SEND transport is however not funded by the DSG and instead the responsibility falls to the general fund. The service is reviewing how this service is delivered.

Following confirmation from DfE the MTFP reflects improvement funding to offset an element of agreed staffing within the base establishment. This has been awarded for 2021/22 & 2022/23 only.

There is also an increase in budget for SEND (agreed by Cabinet) to develop the service following the local area inspection of SEND and the required written statement of action.

42. **Operations and Development - £7.6m increase in 2022/23.**

The MTFP makes provision for an additional gross £13.3m investment in place operations over the 5-year period to March 2027, excluding the recovery of income due to the pandemic. This pressure ignores the impact of pay, pension and national insurance changes.

Recent issues with the national supply chain and the shortage of qualified staff have resulted in a need to increase salary budgets by an estimated £0.57m to retain and recruit into business-critical roles.

The council's waste contracts require an additional £0.78m to cover inflation pressures. The increasing cost of electricity and gas will have a significant impact on place operations, and across the service there is an estimated £0.43m pressure. Fuel inflation has resulted in a pressure of £0.24m in relation to the council's fleet. There is also an additional item in relation to the switch from diesel to hydrotreated vegetable oil (HVO) for the council's fleet which will increase costs by £0.05m.

As part of last year's budget setting process a provision of £0.28m was made in 2022/23 for re-tendering contracts for the disposal of organic and residual waste. These contracts have now been completed and this provision is no longer needed. The final agreed tender has resulted in an estimated cost saving against current budget of £0.26m.

The May 2021 Cabinet approved the establishment of a multi-disciplinary team and a health hub for homeless people, the annual revenue running costs of this are £0.1m. This project is dependent on the acquisition of suitable premises from which to deliver the service.

BCP Council has historically funded annually more than £1m of emergency accommodation spend (accommodation, security, and unrecoverable housing benefit) from a housing government grant reserve. This reserve is currently expected to be fully utilised during 2023/24 therefore an ongoing annual funding pressure is assumed within the MTFP from that point in time onwards. This position will continue to be reviewed on an ongoing basis. It will also be impacted by the level of future grant income BCP Council is awarded from DLUHC (Department for Levelling Up, Housing and Communities).

Due to the anticipated reduced number of eligible journeys the budget for concessionary fares is being reduced by £0.35m.

There are various other smaller service pressures totalling £0.14m across place operations services. Net additional rental income (after repayment of additional prudential borrowing and allowances for voids, programme delays, repairs and maintenance and additional tenancy management resource) of £0.47 million is assumed in 2022/23 from the acquisition of new street properties for rent under the Council Newbuild & Housing Acquisition Strategy (CNHAS). A number of small, assumed service savings or increases in income have resulted in a reduced budget requirement of £0.55m.

In addition, in setting the budget for 2021/22 many services across the whole of place operations were allocated one-off reductions in income targets or increases in expenditure. In 2022/23 these one-off allocations are being removed. In some cases, the return to pre-pandemic budgets is being re-profiled as recovery is expected to take more than one financial year. Overall, the re-profiling or removal of Covid related provisions will reduce the net budget requirement of place operations by £8.02m, with a significant element of this total relating to car park income.

The budget as proposed makes provision for a £8.2m one-off investment in service priorities. The most notable of these are.

- £3.1m investment in the Cleaner, Greener, Safer programme as outlined in the report to Cabinet in October 2021. The investment covers projects to refresh the conurbation's town centres, which includes increasing the presence of CSAS officers, clean and repair the road network signage, increase, and maintain the area's tree population, and add resource to the ground's maintenance function.

- £1.7m investment in Summer Response initiatives replicating the success of the summer 2021 programme to cover litter management, increased cleansing of tourist facilities, additional resource for recycling centres, traffic management, extended park and ride and clearance of sand from the seafront.

- £0.6m increased annual investment in road maintenance including pothole works as revenue investment in the service to allow for prompt responses to road defects that do not qualify for inclusion in the council's capital programme.

Other smaller investment allocations include investment in preparation for the national Waste Strategy implementation, cultural investment, seafront strategy feasibility funding and the continuation of 2021/22 one-off corporate priority funding. A full schedule is attached as appendix 2c (2021/22) appendix 2d (2022/23).

43. Contain Outbreak Management Fund (COMF)

Government have allocated the council £13.483m in Contain Outbreak Management Fund resources over the two financial years 2020/21 and 2021/22. These resources have been provided to help reduce the spread of the coronavirus and to support public health. Allocations from the fund have been approved by the director of public health as supported by the council's governance arrangements where appropriate. They include measures to encourage social distancing, local contract tracing, and measures to support homelessness. Because of the demands created on the system due to the latest omicron variant the government will now allow any unspent resources to be carried forward into 2022/23. Locally any allocations from the fund covering the period to 31 March 2022 which are not spent will be considered for reallocation. As it stands currently the council has £2.211m unallocated of which £1.176m has been earmarked as a public health contingency. The residual £1.035m will be applied in 2022/23 to continue to encourage social distancing measures associated with the summer response planning and therefore reducing the place operations service investments shown above.

44. 2022/23 - One-off investment in service priorities.

The 2022/23 budget as proposed includes a significant level of additional investment in services. Elements of this investment are detailed in the place operations section of this report. Also included in this reference is a £1.5m investment to improve the council's customer services prior to transformation.

It should be emphasised that the MTFP has been prepared on the basis that these investments are for 2022/23 only and is therefore one-off in nature. Any costs incurred will be structured to ensure no commitment is made beyond 31 March 2023 and to ensure no exit costs materialise associated with this expenditure.

45. Revised approach to the funding of the council's urban regeneration company (BCP FuturePlaces).

The 2021/22 budget previously assumed BCP FuturePlaces would provide development advice funded via an ongoing contractual agreement, with regular revenue payments to them. Following a review of similar practice elsewhere, an alternative mechanism is being proposed whereby payment is based on the successful outcomes of the development advice received. This new approach from 1 April 2022, means BCP FuturePlaces require a working capital loan from the council in the first instance to cashflow their activity prior to presenting a revised Business Plan and individual business cases to Cabinet, and potentially Council, for approval. The working capital loan facility will allow funds to be borrowed up to a maximum of £8m. Upon successful approval of these business cases by the council, BCP FuturePlaces will be entitled to invoice the council for their professional development advice and consequently receive payment. This inflow of income will enable BCP FuturePlaces to repay its debt if appropriate. Where the council is purchasing professional advice directly linked to a specific asset it will be able to capitalise the cost.

In line with good accounting practice, the council will be required to regularly review the performance of BCP FuturePlaces to determine if there is any need for a provision for potential loss. No provision for potential loss is being made at this point.

46. 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 2021/22 made no provision for a pay increase in 2021/22 which reflected the position at the turn of the year which saw big falls in wages amid lower pay for furloughed employees, reduced bonus in the wider economy and the likely impact of rising unemployment in a recessionary economy.

The 2021/22 base revenue budget contingency considered 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 Chancellor's announcement. Therefore, the contingency provided the equivalent of a 1% pay award.

The latest position is that the employers have confirmed an offer of 1.75% which the trade unions have responded to by balloting their members around industrial action.

The separate 2021/22 budget monitoring report for the period to the 31 December 2021 reflects on the potential consequences of the requirement to make a further provision for 2021/22 of 0.75%. This extra amount is included as a base budget pressure for 2022/23 onwards.

Assumed pay awards for future years are based on the inflation rate estimate for the preceding September. The Consumer Price Index for September 2021 was 3.1% and will therefore be used for 2022/23. Future year estimates are based on the 2% inflationary target set for the Monetary Policy Committee (MPC) by the government.

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 cost of the service. Services are expected to manage the impact of any incremental drift in their pay base.

47. Harmonised Pay and Grading Structure.

A key requirement following the creation of BCP Council was to create a single pay and grading structure, with a working assumption that the new arrangements would be cost neutral. In response to the challenge based on the initial observations of the peer review to revisit this assumption, the proposed budget reflects a potential for the uplift in the pay bill of the authority from 1 April 2024 onwards.

48. Pension Fund

BCP Council is a member of the Dorset Local Government Pension Scheme administered by Dorset Council. The fund's 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 £86.6m 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 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.

As demonstrated above changes to the valuation of the assets and liabilities held by the fund can have a material impact on the council's contribution rates and therefore its budget position. During 2022 the pension fund actuary will be considering the previous and potential future performance of the fund, the impact of the pandemic, inflation, and mortality amongst a myriad of other factors to determine the fund's current funding level. This will lead into the next formal tri-annual revaluation which will take place on 1 April 2022 with the impact on contribution rates being implemented from 2023/24 onwards. Stability in contributions is a principle of the fund therefore and changes can be expected to be phased over the three-year period 2023/24 to 2025/26.

49. Exit payment cap and redundancy costs

The Restriction of Public Exit Payments Regulations 2020 came into force on 4 November 2020. This limited 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, in February 2021, HM Treasury published a Treasury direction which disapplied these regulations and issued guidance on how exit payments which were capped during the period when it was in force should be handled.

In a renewed commitment to meet the original policy objective fairly and effectively the Government requested details all redundancy payments, pension strain costs and other special payments made because of the termination of employment or loss of office from 2014/15. They then arranged for this information to be published which is additional to its inclusion in the Council's Annual Statement of Accounts.

The council's average redundancy cost (including pension strain costs), per full time equivalent since its inception is £54,520. The figure in 2021/22 is £33,894.

The transformation programme budget has made provision for £12.9 million in redundancy costs in reflection of the anticipated reduction in the staffing establishment over the next few years.

The government is still committed to implementing the exit payment cap with a consultation document still being referenced for 2022.

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 of September 2021, which is applied or factored into several contractual uplifts, was 3.1% as measured by the (CPI) Consumer Price Index.

The November CPI figure was 5.1%. The government inflation target is 2% on an annual basis.

Additional resources, savings, and efficiencies

51. Council tax

In proposing a council tax for 2022/23 the council has reflected on the government policy to fund cost pressures in local government principally through the ability to raise council tax, including the social care precept. Recognition has also been made of the significant inflationary pressures faced by both the council and its community at this time

The proposal is to freeze council tax in 2022/23 and apply the full 4% ASC precept. This is to be broken down into a 0% increase in relation to general inflationary pressures with the 4% purely relating to the social care precept. 3% of this social care precept is the amount deferred from 2021/22 and 1% relates to the amount specific to 2022/23.

In making this decision it is worth reflecting that the current rate of inflation is 5.1% as measured by the December 2021 consumer price index with pay growth being a particular salient factor.

The financial planning assumption for 2023/24 onwards is that council tax will increase annually by the 2.99% annual threshold being made up of a 1.99% basic increase, plus a 1% social care precept.

The council is committed to investing in high quality services while delivering a low council tax rise year on year.

52. Alternative council tax strategies considered and rejected

As set out in the provisional 2022/23 local government finance section of this report, as an authority that deferred the 3% social care precept from 2021/22 BCP Council retains the ability to increase council tax by up to 5.99% in 2022/23. Taking up the opportunity associated with this threshold framework, of an additional 1.99% increase, would generate an extra £4.4m annually in resources from 2022/23 onwards and improve the ongoing financial health of the authority but would increase the average Band D tax charge by £30.68 a year.

53. 2022/23 Local Council Tax Support Scheme (LCTSS)

Cabinet in December 2021 agreed there would be no changes to the local council tax support scheme between 2021/22 and 2022/23. During in year monitoring of 2021/22 the cost of the support has reduced as more claimants have come off the scheme as the country reopens after Covid restrictions. However, it remains higher than pre pandemic levels.

54. Business rates

Our current financial planning assumption is that the council will retain £56.8m in business rates for 2022/23, excluding the impact of prior year surplus and deficits. This is a slightly improved position compared to the 2021/22 budgeted amount as historic appeals from 2010 revaluation have been cleared quicker than compared to previous years. 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 is £110m compared to £134.9m for 2021/22. The reason for the decline is the 2021/22 net collectable business rate figure does not include additional support given to retail and hospitality businesses of £47.8m which was funded through additional section 31 grant. The 2022/23 figure includes a reduced scheme for retail and hospitality businesses which again will be fully reimbursed through section 31 grants but a like for like comparison is difficult.

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

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 fully and we move into the recovery stage of the global pandemic.

A risk that was outstanding in the previous budget report is that on 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 the potential for a 25 per cent reduction in rateable value for premises such as offices. It has now been confirmed in legislation that no claim of material change on the basis of Covid will be accepted.

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 again because the government is focusing its resources on other more pressing priorities. It is now expected that in 2023/24 there will be Business Rates reset alongside a business rate revaluation from April 2023.

In respect of business rates, on the 16 December the DLUHC published guidance of an additional business rates relief, now called the Covid19 Additional Relief Fund (CARF), which government originally referred to in March 2021. The fund is aimed to support businesses affected by the pandemic but are ineligible for existing support linked to business rates and will be made available as a reduced chargeable amount in respect of the 2021/22 financial year. BCP Council has a cap of £8.1m. Councils will only be funded for amounts awarded however any allocation over the cap would fall to the local authority to fund.

55. Assumed savings and efficiencies

Figure 8 below identifies that £6.6m in additional savings and efficiencies have been identified in establishing the budget for 2022/23 and these include a further £1.2m in assumed savings from the council wide transformation programme. These figures do not reflect several proposals to mitigate cost pressures or the assumed £7.8m further recovery of sales, fees, and charges income from the impact of Covid-19.

Across the first four years of BCP Council the savings have generally flowed from reduced staffing, reduced operational costs, or from creating common and consistent charging policies. 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.

It should be highlighted that from 1 April 2023 onwards the MTFP assumes as a matter of policy that locally set fees and charges will increase with inflation.

Figure 7 below sets out an analysis of the £48m savings and efficiencies for 2019/20 (£11.2m), 2020/21 (£9.4m), 2021/22 (£20.7m) and 2022/23 (£6.6m).

Figure 8: Analysis of service-based savings (shown on an incremental basis)

	Budgeted 2019/20 £m	Budgeted 2020/21 £m	Budgeted 2021/22 £m	Estimate 2022/23 £m	Total £m
Staffing and organisation	(5.3)	(2.9)	(1.8)		**(10.0)**
Transformation Programme			(7.5)	(1.2)	**(8.7)**
Transformation General		(1.0)	(0.3)		**(1.3)**
Democratic Representation	(0.5)				**(0.5)**
External Audit	(0.2)				**(0.2)**
Service Efficiencies					
Adult Social Care	(2.0)	(2.0)	(5.8)	(2.1)	**(11.9)**
Children's Services	(0.2)	(0.1)	(0.7)	(2.2)	**(3.2)**
Operations	(0.7)	(0.7)	(1.7)	(0.8)	**(3.9)**
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)	(0.3)	**(5.4)**
Total	**(11.2)**	**(9.4)**	**(20.7)**	**(6.6)**	**(47.9)**

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 forecast to be £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.

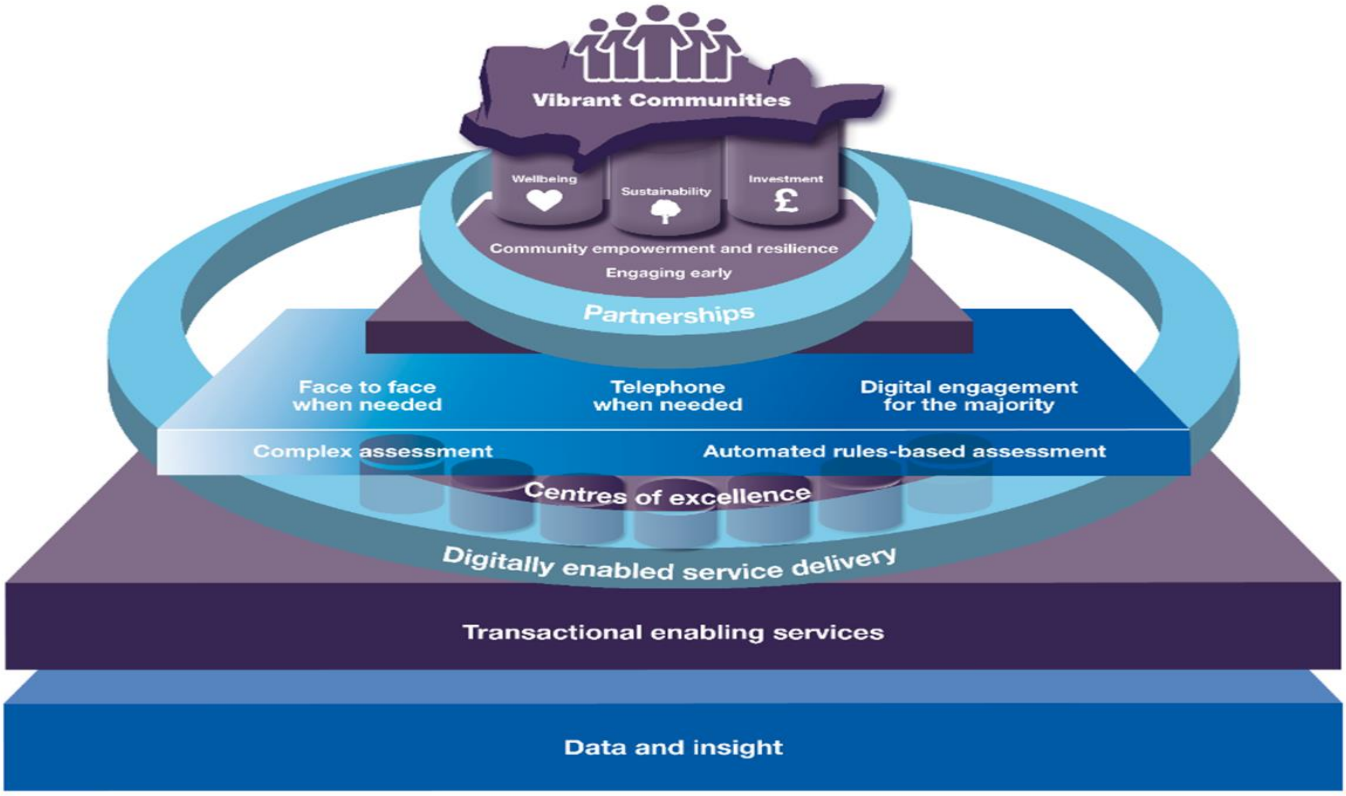
Transformation funding strategy - Flexible use of capital receipts – efficiency statement

56. As might be expected the council has inherited a range of legacy staffing arrangements, processes and systems from the previous arrangements and therefore has an opportunity to remove duplication, remove inefficiencies, and to leverage economies of scale whilst improving governance. Much of this formed the foundation of the argument for establishing the new council alongside the opportunity to fundamentally transform public services. Achievement of these benefits will be delivered by the adoption of a radically different operational model and specifically via.

- Investment in technology.
- Investment in data and insight.
- Investment in new ways of working.
- Engaging and empowering our communities.
- Leveraging our partnerships.
- Creating equity in pay & conditions.
- Investing and rationalising the civic estate.

Investment in three core technologies, along with the rationalisation and effective integration of our core service technologies, will enable the council to become the leading digital and insight driven local authority in the UK. Specifically, these are the investment in the Customer Relationship Management (CRM) system, investment in the Enterprise Resource Planning (ERP) systems (Finance and Human Resources), alongside establishing an appropriate data platform.

57. **Figure 9:** Our new Operating Model



58. In line with the advice from the LGA Peer Review as set out earlier within this report the council has taken the opportunity to undertake a full assessment of the scale and profile of the investment and the assumed £44m in annual savings associated with this programme.

59. 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 £43.9m of gross annual savings by year 4 based on an investment of £29.5m. The profile of these savings was assumed to accumulate as £7.8m in year 1 growing to £16.5m in year 2, £36.9m in year 3 and £43.9m in year 4. It should be highlighted that these savings will impact on the whole council including both General Fund and Housing Revenue Account (HRA) services.

60. Council on 7 July 2020 agreed to the extension of the project to a £38m programme referencing the accelerated leap forward in different ways of working because 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 strategic partner, approved oversight of the programme by a Cabinet Working Group as part of the governance arrangements and set out that the £43.9m must now be adopted

as our minimum expectation of savings and efficiencies. As part of the 2021/22 Budget report and efficiency statement the programme was extended to £45m to recognise additional potential redundancy costs.

61. The proposal as set out in this budget report is that is that the investment programme is now extended to £67.9m to cover.

    a) The inclusion of the costs of employees working on the programme who are therefore not available to support day to day or statutory improvement duties.

    b) Investment in the data and insight capability.

    c) Increase in the programme contingency.

    In respect of the first of these changes the council has engaged with both CIPFA Consultancy and the External Auditor to provide assurance that they accord with the current regulations which determine expenditure that can be legitimately financed by the flexible use of capital receipts. Key to these requirements is that any costs associated with programme can be directly related to the savings workstreams and staff need to ensure evidence is available to justify any charges so made.

62. The current profile of expenditure within the transformation programme and the associated funding strategy are set in figure 10 below. This excludes the £4.5 million additional annual revenue operating cost associated with this investment (operating systems and their licensing costs etc.), and the borrowing costs following the financing of the capital elements of the programme.

Figure 10: Transformation spend profile and funding strategy

	Transformation Programme	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	£m
Capital Spend	Expenditure						
	Capital expenditure	1.19	1.06	2.50	0.00	0.00	4.75
		1.19	1.06	2.50	0.00	0.00	**4.75**
	Funding						
	Prudential Borrowing (funded from General Fund MRP)	0.00	0.00	(2.30)	0.00	0.00	(2.30)
	Prudential Borrowing (funded from HRA land tfr)	(1.19)	(1.06)	(0.20)	0.00	0.00	(2.45)
		(1.19)	(1.06)	(2.50)	0.00	0.00	**(4.75)**
Revenue Spend	Expenditure						
	One-off costs	0.31	8.97	11.47	1.62	0.87	23.24
	Redundancy costs	0.00	1.30	3.87	7.73	0.00	12.90
	Contingency	0.00	0.00	2.25	2.20	0.68	5.13
	Staff costs apportioned to Transformation	0.00	0.00	6.70	6.70	6.70	20.09
	Data & insight Capability	0.00	0.00	1.40	0.35	0.00	1.75
		0.310	10.266	25.688	18.598	8.248	**63.110**
	Funding						
	Assumed fundable by Capital Receipts	(0.31)	(8.27)	(25.69)	(18.60)	(8.25)	(61.11)
	Contributions from outside of the General Fund	0.00	(2.00)	0.00	0.00	0.00	(2.00)
		(0.31)	(10.27)	(25.69)	(18.60)	(8.25)	**(63.11)**
Total	**Total expenditure**	**1.50**	**11.33**	**28.19**	**18.60**	**8.25**	67.86
	Total funding	**(1.50)**	**(11.33)**	**(28.19)**	**(18.60)**	**(8.25)**	(67.86)

63. As highlighted the council is now required to finance a £67.9m transformation investment programme over the 5-years 2020 to 2025. The intention is that the £4.75m of qualifying capital expenditure will be financed by borrowing and paid for over the life of the underlying asset (5 years). In respect of the residual £63.11m of expenditure, which is deemed to be of a revenue nature, the intention is that £2m is funded from contributions from other accounts leaving £61.1m to be funded from capital receipts and the application of the flexible use of capital receipts government guidance. This assumed £61.1m of capital receipts breaks down into three component parts.

a) £5.5m of capital receipts already achieved as of 30 November 2021.

b) £13.4m of estimated but not yet delivered capital receipts assumed to be realisable before the 31 March 2025. 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
   - Former private car park, Upper Terrace Road
   - Bargates site (corner of Barrack Road and Fairmile)
   - Thistle Hotel head lease restructure
   - BCP Council's share of Dorset County Council assets held for sale

c) This leaves a balance of £42.2m in net capital receipts from the securitisation of a future income stream assumed to be realisable in 2022/23. This will ensure that the programme can be fully funded without the Council having to explore aggressive asset sales. It is the position of this council to deliver net increases in its asset base through support of the regeneration programme. This would not be possible if property disposal had continued to be the main source of funding for the Transformation programme.

64. As part of this programme, a key risk to the council is any expenditure which it intends to incur before the actual capital receipts required to fund it are delivered. Before 31 March 2023 the council intends to spend £34.3m of transformation expenditure which it plans to finance from capital receipts. On the basis that £5.5m has already been delivered (a), the council therefore needs to deliver £28.8m in either this financial year (2021/22) or next (2022/23) to ensure it can meet it spending plans as set out. It estimates that £11.8m will be delivered over this period from traditional asset sales (b) leaving **£17m** as a target to be delivered from the securitisation of a future income stream in 2022/23 whilst the excess capital receipts generated will be available as set out in section 80 below.

65. The assumed timing of the potential capital receipts enables the council to release the residual earmarked reserve it had in place to cover / mitigate any transformation expenditure incurred before the capital receipt was received. Therefore the 2022/23 budget as proposed assumes the release of the residual £12.2m from the Transformation Mitigation Earmarked Reserve to be used in support of the 2022/23 revenue budget.

66. Council will need to monitor the achievement of the assumed level of capital receipts very carefully. Should the council fail then it will not be as easy as reprofiling the expenditure to match. The current expenditure profile is key to delivering the £8.7m of

annual transformation savings now being assumed for 2022/23 and the accumulated savings profile of £18.7m for 2023/24 onwards. On the basis this budget further erodes the previous flexibility in the council's financial management arrangements then such a situation is likely to lead to in-year service reductions to ensure the council can manage within the parameters of its budget.

Flexible Use of Capital Receipts (FUCR)

67. As part of 2015 Spending Review (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 it 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.

68. In February 2021 the government then set out its intention to further extend the deadline for the FUCR by another 3 years to 31 March 2025. However as of January 2022 the regulations to permit this extension have not been formally laid. From discussion with government, they continue to provide assurance that the extension will be enacted however they also suggest that there will be some unspecified changes to the guidance. This 2022/23 budget has been prepared on the basis that these regulations will be laid before and agreed by parliament and that they will be materially consistent with the current regulations. Council may need to formally review the 2022/23 budget to confirm it remains deliverable once the regulations that allow the further extension of the FUCR are published.

69. The current guidance makes it clear that local authorities cannot borrow to finance the revenue costs of service reforms or improvements. 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. Costs associated with business-as-usual activity and the council's statutory duty to improve cannot be classified as qualifying expenditure. The ongoing revenue costs of any new processes or arrangements can also not 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

Securitisation of a future income stream assumed to be realisable in 2022/23

70. A key approach to the management of the ongoing financial challenges faced by the council is driving out value by improving the commercial performance of our assets. One area of particular focus is the councils beach hut estate. The council currently has

3,605 beach huts along Poole and Christchurch Bays with a variety of different styles and ownership models inherited from the preceding authorities.

71. Council therefore clearly needs to review the inherited arrangements, creating policy consistency whilst exploring any commercial opportunities associated with the strong demand for the assets and positive market drivers.

72. To support this approach, it is proposed to create a Special Purpose Vehicle (SPV) wholly or majority owned by the council. The SPV will then purchase the assets at market value. The purchase will be financed mostly by third-party debt but with an additional shareholder loan from the council.

73. It is proposed that the extent to which the SPV pays the purchase price in cash is recognised as a capital receipt by the council. The 2022/23 proposed budget assumes the value of this capital receipt could be £54m and will be the level of third-party debt less any amount used to fund transaction costs and cash reserves required by the SPV.

74. The council may provide a partial guarantee of the income stream to the SPV and where it does it is envisaged that a guarantee fee will be charged at a market rate to compensate for the risk taken. The chances of the guarantee being called will need to be sufficiently remote to ensure a "true sale" of the underlying assets to the SPV.

75. The SPV will apply annual income generated from the assets towards operating and maintenance costs, corporation tax, guarantee fee and debt servicing. The debt servicing will be both the third-party debt and the shareholder loan from the council. Any surplus after meeting these annual obligations will be paid to the council as a dividend and / or retained by the SPV consistent with the commercialisation agenda.

76. As the SPV is owned by the council, and once the senior debt has been repaid, this means that at the end of the 20-year period the council could collapse the entity and return the assets to council control or could choose to refinance the assets again.

77. As set out this approach would enable the council to generate a capital receipt (estimated at £54m) to enable the council to finance the revenue costs associated with transformation investment programme under the FUCR regulations. Consequentially the council will forego £5.1m the current annual net income of £6.1m per annum. In partial mitigation it is assumed the council will receive £0.7m due to the loan payment it will receive from the SPV and £0.7m by way of a guarantee fee, giving a net reduction of £3.7m per year included in the 2022/23 budget.

78. Council has been supported in this matter by KPMG. The model has been referred to CIPFA Consultancy and the External Auditor for their consideration. A separate formal report will be brought forward for Council approval in the first quarter of the 2022/23 financial year following further due diligence including a value for money assessment. Early without prejudice feedback recognise the reasonableness of the financial accounting aspects of the proposal.

79. Councillors need to recognise that the approach being proposed is a bold, non-traditional approach to the financing of local government and therefore it is not without inherent risk that this approach has been assumed to underpin the proposed 2022/23 budget. As set out previously, the budget as proposed will need to be redrawn if the model is not implemented for any reason including the absence of member endorsement.

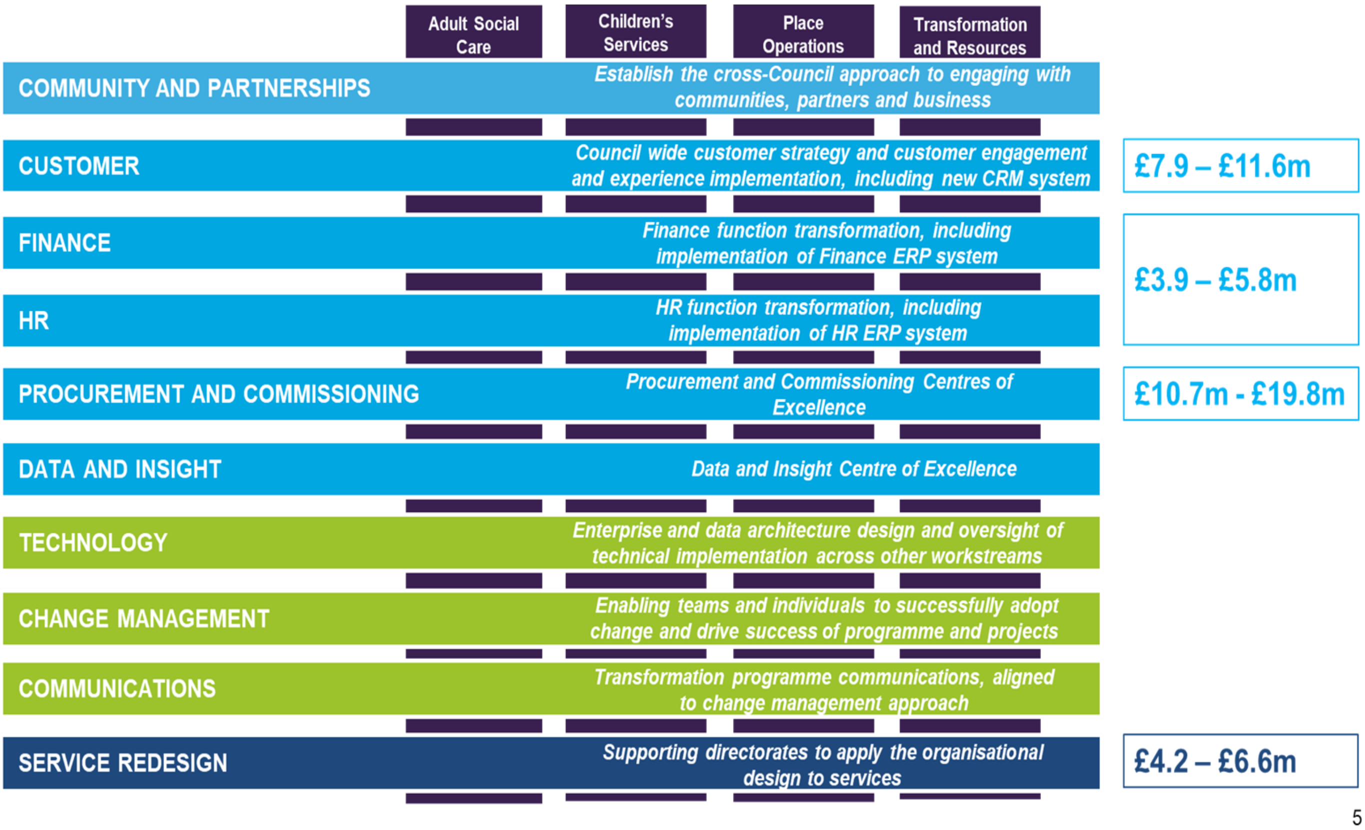
80. Based on the approach as currently proposed it is likely that the securitisation will generate approximately £12m of capital receipts over and above needed to fund the currently approved transformation programme (£54m less £42.2m). The proposed

approach is that a proportion of this amount will be used to specific transformation workstreams in Adults and Children's Services to deliver changes needed by the approach of restricting the annual growth in these areas to 2.9% from April 2023 onward. Any drawdown on these funds will be subject to the successful delivery of the capital receipt and the presentation of a business case to Cabinet/Council as necessary demonstrating the expenditure accords with the statutory definition of transformation as per the regulations and a clear link to the savings that will be delivered.

Transformation Savings

81. The savings from the programme can be broken down into 10 separate workstreams with the total estimate being in the range £26.7m to £43.8m. Due to the increasing level of investment in the programme, the higher end of the range continues to be adopted as the basis of the council's financial planning as it has since 2019. These workstreams, and the savings they are assumed to deliver, can be articulated as follows.

Figure 11: Transformation savings workstreams.



82. This 2022/23 budget report updates the delivery profile associated with these savings with £8.7m in annual savings from transformation now underpinning the budget for the 2022/23 which is £1.2m more than the £7.5m included in the baseline for 2021/22 and represents a significant delaying of the forecast benefits of the programme. In respect of future years additional annual savings of £10m will now be assumed to be delivered for 2023/24 and further annual savings of £25.2m in 2024/25. Overall, the total ongoing annual savings assumption continues to be £44m which represents an 18-month payback period.

83. The cumulative 2022/23 savings from the transformation programme are specifically associated with.

- 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 for our residents. This includes 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 Council's estate and accommodation project.

84. In respect of the £8.7m accumulated annual saving for 2022/23, £2.1m has already been delivered with the necessary adjustments to the budget made. A further £2.6m has been itemised as the necessary budget adjustments are capable of being processed subject to certain key milestones and events. This leaves £4m still to be itemised on a line-by-line basis. However, it is a key priority work stream for the council with significant activity providing reassurance that the total £8.7m saving for 2022/23 is achievable. Direct assurance has also been received from the corporate management team on the validity of this assumption including the presentation from the Corporate Director for Transformation to the Transformation Programme Board of a revised business case at its January 2022 meeting.

85. The current FUCR guidance requires the efficiency statement to be approved by Council and that the Department of Levelling Up, Housing, and Communities are duly notified so they can keep track of the planned use of this flexibility for national purposes.

86. The proposal in this report is to enhance the regular reporting of transformation savings to Cabinet.

Schools Forum

87. 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.

88. 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 one in early January 2022, with recommendations and decisions made for the BCP Council budget regarding school funding through the ring-fenced DSG.

Dedicated Schools Grant (DSG)

89. The gross DSG of £315m 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).

90. 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.

91. The council brought forward a DSG accumulated deficit of £7.8m in April 2021 due to the now recognised national underfunding of the high needs budget. The deficit was budgeted to grow by £9.7m during the current 2021/22 financial 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. As reported to Cabinet a £3.2m overspend is projected for 2021/22 with the accumulated deficit in March 2022, therefore, an estimated £20.7m.

92. The council is not currently allowed 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 2022/23 is £16.7m and without any mitigation the cumulative deficit will grow to £37.4m by 31 March 2023. Meetings will continue to be held at six weekly intervals to monitor actions underway and explore new ways to recover the deficit, including how to make best use of the capital funding available.

93. The DSG accumulated deficit, under accounting rules introduced for the three financial years 2020 to March 2023 only at this stage, 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 as of March 2022

	£m
Accumulated deficit 1 April 2021	**7.8**
Budgeted high needs shortfall 2021/22	9.7
Projected overspend in the High Needs Block 2021/22	3.1
In-year overspending on other blocks (net) 2021/22	0.1
Projected deficit 31 March 2022	**20.7**
Projected high needs funding shortfall 2022/23	16.7
Projected deficit 31 March 2023	**37.4**

Early years block - £21 million

94. 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 less than 2% was applicable for all local authorities in 2020/21 and 2021/22. The increase for 2022/23 is slightly

improved at 4% but a greater proportion of funding needs to be set aside for the SEND inclusion fund paid to providers to support the rising number of children identified as needing additional support within settings. The increase affordable for the formula base rates paid to providers is again only 2%.

95. A consultation took place with all providers in December / early January regarding how the formula is to be updated for the new funding level when it became known in November. The outcome of this was considered by the school's forum in January 2022. Schools' forum has recommended that the increase in the SEND inclusion fund should not reduce the funding available for the formula base rate and has indicated that the surplus in the school's block could potentially be used instead. A separate paper on the meeting agenda for a council decision includes the recommendations from this meeting.

96. The level of funding retained for central budgets relating to the free entitlements has been agreed by the schools forum. The amount centrally retained is less than the 5% maximum allowed.

School's block - £238 million

97. The national funding formula (NFF) for mainstream schools funding provided a £5.4m (2.4%) increase for 2022/23 due to uplifted formula values and revised local school data. A further £3.4m (1.5%) has been provided in final allocations through growing pupil numbers from the October 2021 school census.

98. Consultation was undertaken with all schools in November / December regarding the mainstream school formula and level of funding transfer to high needs in 2022/23. 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.

99. A supplementary grant to the DSG in 2022/23 of £7m is being allocated to schools by the DfE to reflect unforeseen additional cost pressures that have emerged since the DSG funding announcements in July 2021. This funding will be allocated using some of the same factors as within the schools NFF and will be subsumed into the DSG in 2023/24. The DSG increase and supplementary grant together provide and increase to mainstream schools of 7%.

100. Also included in the school's block is funding for pupil growth in mainstream schools from September 2022. These allocations are made to schools where growth meets specific national criteria. The DSG allocation has increased by £0.4m compared with last year.

High needs block - £54 million

101. 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 (circa £4 million) in both 2020/21 and the current year and a further 13.6% (£6.5 million) for 2022/23. 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 Council 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 included the creation of 200 lower

cost places in our local schools which have been delivered. Plans are being developed to create a further 17 places by September 2022, but many more places are needed to limit budget growth.

102. The DSG regulations continue to allow schools forum to approve a transfer of mainstream school funding of up to 0.5% in 2022/23. A higher level requires the approval of the DfE. A transfer to high needs of £0.7m (0.3%) was approved by the school's forum in January 2022 as the maximum available school's block surplus remaining after all mainstream schools have been allocated their full NFF allocations but with it to be allocated to support the mainstream school banding review or the early years inclusion fund as noted above, rather than being applied to reduce the deficit. A separate report on the meeting agenda recommends this transfer is made according to the decision made by school's forum.

103. A request to the DfE for a greater level of transfer is considered unlikely to succeed as it was declined for 2020/21 despite funding being available after all schools had received their NFF allocations. Any significant increase beyond the 0.3% 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.

Central school services block - £2 million

104. The funding is provided largely through a national formula for on-going functions with the per pupil rate reducing annually 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 being funded at the announced 20% planned reduction with an application to the DfE to have funding restored to previous levels in progress. 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

105. As last year, no schools have converted to Academy status during 2021/22 but one primary school has started the process to convert in 2022/23. BCP will, therefore, continue to have 16 schools plus the Christchurch learning centre to maintain as of April 2022. 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 £0.2m 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. A separate de-delegation of funding to continue school improvement functions for maintained schools previously funded by DfE grant has been agreed for 2022/23. New approvals for these statutory services need to be sought each year.

Academies

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

Education & Skills Funding Agency (ESFA)

107. 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

108. 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 with funding rates uplifted by 3% for 2022/23.

Capital strategy

109. 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 9,586 council homes (through the Housing Revenue Account).

110. 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.

Capital Strategy: Overview and core principles

111. 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 the council's 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 Council's 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 - overview

112. BCP Council's 5-year Capital Investment Programme (CIP) consists of £154.1m capital budget in 2022/23 and a further £214.6m capital budget in the following four years, a total 5-year programme of £368.7m spend on assets and infrastructure across the conurbation. The programme includes capital projects commissioned through BCP FuturePlaces on behalf of the council, but excludes projects undertaken by the Bournemouth Development Company (BDC). The latter are approved, monitored, and reported outside of the council's general fund capital investment programme.

113. The council's HRA capital budgets are also reported separately to the general fund capital investment programme.

114. In line with the bold vision to support our community respond to the impact of the pandemic and to enable the council to deliver against its commitment to be carbon neutral by 2030 the proposal is to establish a £20m Green Futures Fund as part of this 2022/23 budget. The assumption in the MTFP is that this fund will be drawn down in tranches of £4m per year over five years starting in 2022/23 in support of investment in local green infrastructure projects. It will be funded through borrowing with capital and interest repayments which will reach £0.7m per year by year five (assuming a 50-year life) factored into the budget and as a priority investment adding to the annual funding gaps for 2023/24 onwards.

115. The governance for the Green Futures Fund will be subsumed as part of the Future Infrastructure Programme Board established following the Cabinet meeting in April 2021 which considered the arrangements for dealing with the £50m Future Fund established as part of the 2021/22 budget.

116. Utilisation of this capital funding (£50m Future Fund, £10m SEND investment fund and £20m Green Futures Fund), will only be reflected in the capital programme as and when the funding is approved for new capital schemes.

117. 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 other local employers.

Capital – planned expenditure

118. Over the next five years, £368.7m capital investment is approved / planned across all service directorates. The investment is broad and ranges from investment in adult social care to major transformation programmes. A full listing of capital projects is provided in Appendix 4a. Further detail on the planned investment by directorate is also provided in Appendix 4b.

119. Figure 13 presents a high-level summary of planned capital spend over the next 5 years. Of this £154.1m is planned in 2022/23. Around 40% of planned 2022/23 spend is on investment in highways and coastal protection across the conurbation (including the Transforming Cities Fund (TCF) Programme). Significant investment (30% of 2022/23 spend) is also planned on Housing and Major Projects. This includes the Council Housing Newbuild & Acquisition Strategy (CHNAS) and major place-shaping developments delivered in partnership with BCP FuturePlaces and BDC including Winter Gardens and Carter's Quay. Ongoing investment in fleet operations, seafront development, Smart Places Gigabit Fibre and organisational design is also planned for 2022/23 (around 30% of planned expenditure).

Figure 13: Capital Investment Programme to March 2027

Capital Investment Programme 2022/23 to 2026/27

General Fund	Planned Programme 2022/23 £'000	Planned Programme 2023/24 £'000	Planned Programme 2024/25 £'000	Planned Programme 2025/26 £'000	Planned Programme 2026/27 £'000	Total 2022 to 2027 £'000
Adult Social Care (Integrated Community Equipment)	1,970	1,545	1,545	1,545	1,545	8,148
Children's Services	2,878	845	775	375	325	5,198
Transport & Engineering - Highways (inc indicative Pothole Grant and Local Transport Plan Grant)	10,611	6,388	7,888	7,888	7,888	40,663
Transport & Engineering - Transforming Cities Fund	39,661	16,500	0	0	0	56,161
Transport & Engineering - other	545	0	0	0	0	545
Transport & Engineering - coastal protection	10,340	15,893	1,935	7,347	1,862	37,376
Economic Regeneration	3,188	336	0	0	0	3,524
Major Development Projects	16,647	65,514	6,758	0	0	88,919
Destination & Culture (inc seafront development)	17,234	2,339	0	0	0	19,573
Housing & Communities (inc major housing development)	29,685	19,488	16,538	12,529	1,974	80,213
Hard Facilities Management (corporate estates)	1,352	518	518	518	518	3,424
Environment (waste, fleet, parks & open spaces)	13,784	4,900	0	0	0	18,684
Resources (ICT investment including Organisational Design)	6,233	0	0	0	0	6,233
Capital Investment Planned	**154,128**	**134,265**	**35,956**	**30,201**	**14,111**	**368,660**

120. The capital investment programme (CIP) consists of capital schemes that have either already been approved or that seek approval in accordance with the council's financial regulations and governance framework. It excludes potential new projects that have not yet progressed to a stage where they have been fully costed.

121. The CIP is underpinned by separate capital strategies / reports including:

- CIP individual project listing (Appendix 4a of this paper)
- CIP narrative by directorate (Appendix 4b of this paper)
- Children's Services Capital Strategy (Appendix 4c of this paper)
- Council Newbuild Housing & Acquisition Strategy (CNHAS) (Appendix 4d of this paper)
- Local Transport Plan (separate report to be considered by Council March 2022)
- Seafront Development Strategy (separate drafted and planned to be approved by Council in March 2022)

122. The 2022/23 budget for the capital investment programme (CIP) will change over the course of the year. Unspent approved capital budget from 2021/22 will be added to the current budget 2022/23 CIP, new capital projects will be approved and others potentially revised. In-year government grant allocations will be finalised, and the CIP adjusted where indicative grant allocations have been used.

Capital – planned funding profile

123. The CIP continues to be funded from a combination of government grant and other external funding sources (s106 contributions, community infrastructure levy (CIL) and third-party contributions) and prudential borrowing (including approved use of the Futures Fund). As a result of extensive capital programme refinancing in the previous year, the use of capital reserves and capital receipts to fund capital spend is now comparatively small and is restricted to legacy authority allocations of ringfenced reserves and receipts.

Figure 14: Capital Investment Programme funding profile

General Fund	Planned Programme 2022/23 £'000	Planned Programme 2023/24 £'000	Planned Programme 2024/25 £'000	Planned Programme 2025/26 £'000	Planned Programme 2026/27 £'000	Total 2022 to 2027 £'000
Government Grant	76,836	44,462	14,140	16,846	11,835	164,120
Third Party Receipts	1,097	1,069	0	0	0	2,166
s106	1,485	168	0	0	0	1,653
CIL	941	50	0	0	0	991
External Funding Contributions	80,360	45,749	14,140	16,846	11,835	
Corporate Revenue Funding for Capital (in year)	518	518	518	518	518	2,590
Capital Fund (historic Revenue Funding for Capital)	81	24	0	0	0	105
Capital Receipts	93	0	0	0	0	93
Capital - Earmarked Reserves	315	165	0	0	0	480
Revenue - Earmarked Reserves	382	0	0	0	0	382
PRU Borrowing - funded from Futures Fund	1,990	1,890	1,890	0	0	5,770
PRU Borrowing - funded from HRA land transfers	974	70	0	0	0	1,044
PRU Borrowing - funded from MTFP revenue budget	69,414	85,849	19,408	12,837	1,758	189,266
BCP Funding Requirement	73,767	88,516	21,816	13,355	2,276	
Capital Investment Funding	**154,128**	**134,265**	**35,956**	**30,201**	**14,111**	**368,660**

124. Annual prudential borrowing repayments associated with the CIP have been factored into the Medium-Term Financial Plan (MTFP).

Capital – financial risks

125. The main financial risks associated with the CIP planned spend reflect market pressures arising from Covid 19 and Brexit, which impact on both planned spend and the deliverability of projects.

126. Some capital projects in the CIP have already had additional capital budget approved in late 2021 in response to inflationary price increases (for example Skills & Learning service relocation, new civic centre space). Further capital budget increases are likely to be requested in early 2022 on other existing capital projects as the full impact of market conditions is better understood. Examples potentially include the Fleet Replacement Plan (vehicle acquisition costs and lead-in times are likely to be higher than originally assumed) and seafront development projects. In the absence of alternative funding sources, additional capital budget requests would likely be funded from additional prudential borrowing.

127. The council continues to monitor its 'borrowing headroom' (the difference between its self-imposed borrowing limit of £855m and its forecast borrowing levels) closely. This borrowing headroom is reduced every time additional borrowing is approved.

128. There is also funding risk associated with grant funding assumed within the CIP. This includes indicative in-year allocations (including Local Transport Plan and Disabled Facilities Grant) that are estimated based on previous in-year government grant allocations but will not be confirmed until later in the financial year. Where required budgeted capital spend in the CIP will be adjusted as indicative grant funding is confirmed. There is further risk in relation to specific grant funding that is confirmed but is 'time limited'. Examples include Salix decarbonisation grant funding, which the CIP assumes will be available to support 2022/23 spend but is awaiting government confirmation. Should grant funding not be available, the council would have to utilise / secure alternative funding sources (for example additional prudential borrowing).

129. The Transforming Cities Fund (TCF) grant funding was awarded on the assumption that £11.5m of third-party contributions from bus companies would form part of the local contribution requirement. This consisted of complementary bus operator investment in new vehicles, engine upgrades and investments in new routes that is not captured within the CIP but would need to be evidenced by third parties. Discussions are ongoing with bus operators to confirm the ongoing availability of this funding. The council is considering what alternative local contributions could be attributed to the TCF Programme to mitigate the potential impact. This risk has been raised with the DfT and, at this stage, they have not indicated that it would impact the overall grant award.

130. Hillbourne School. There is some risk around the timing of the surplus school playing fields expected to be transferred to the Housing Revenue Account for housing development. In total a land transfer of £4.65m is assumed to fund prudential borrowing associated with the £9.5m new school build project (this includes spend in 2021/22). If the land transfer is not facilitated by 31 March 2022, the council would have to seek to use alternative eligible funding sources to finance 2021/22 Hillbourne School spend. This alternative funding would be temporary until such time as the permanent land transfer takes place.

131. The CIP has historically assumed the use of strategic Community Infrastructure Levy (CIL) to fund specific capital projects. CIL is recognised on a 'cash receipt' basis. As CIL continues to be utilised to fund capital schemes, there is financial risk that residual unallocated CIL balances are insufficient to meet new community infrastructure needs – for example those arising from new CNHAS housing developments.

Reserves

132. 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 **annual 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.

133. 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 where the council is the accountable body, 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.

134. 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 particularly smooth out the impact that the Covid-19 pandemic has had on the council including its impact on sales, fees, and charges income. In considering the adequacy of the reserves to support the 2022/23 budget and the robustness of the budget there are number of particularly salient issues.

    1) Overall level of reserves.
    2) Accumulating deficit on the Dedicated Schools Grant (£21m 31/3/2022, £37m 31/3/2023 etc.)
    3) Assumption that £61m of capital receipts will be generated to fund the councils £67.5m transformation investment programme.
    4) Assumption that Government will formally extend the flexible use of capital receipts regulations and that they will be materially consistent with the current regulations
    5) Sensitivity analysis.

Overall level of reserves

135. As part of the financial strategy supporting the development of the 2022/23 budget the council agreed, as a matter of prudence, to improve the level of its unearmarked reserves. The agreed strategy is to increase these unearmarked reserves from their current level of 5.4% of the council's net revenue expenditure to 6.1% over the five

years of the MTFP. This will position these reserves at the mid-point when compared to all upper tier authorities including unitary, county, and metropolitan authorities at £18.8m. This approach was coterminous with the council taking the opportunity to increase borrowing to support the Big Plan ambitions afforded by low levels of borrowing compared to similar sized local authorities.

136. Figure 14 below provides a summary of the council's reserve position through to 31 March 2027. In relation to the earmarked reserves position.

a) The 31 March 2021 balance includes both £59m of covid related grants, and £30m created from the refinancing of the capital programme from borrowing which was specifically set aside to support the 2021/22 Budget.

b) Recognition is made in the 31 March 2022 balance that £24m is being set aside to be used in 2022/23 to finance the delivery of the budget as proposed via the release of the remaining financial resilience earmarked reserve balance including the additional £3.3m that it is forecast that will be generated in 2021/22 based on the quarter 3 position.

c) In addition to (b) the proposed 2022/23 revenue budget is also being financed by the release of the £12.2m transformation mitigation earmarked reserve.

Figure 14: Profile of estimated movements in reserves

	Balance 31/3/21 £m	Balance 31/3/22 £m	Balance 31/3/23 £m	Balance 31/3/24 £m	Balance 31/3/25 £m	Balance 31/3/26 £m	Balance 31/3/27 £m
Un-earmarked Reserves	15.3	15.3	16.0	16.7	17.4	18.1	18.8
Earmarked Reserves	153.8	57.3	15.3	12.1	10.1	10.2	10.4
Total General Fund Reserves	**169.1**	**72.6**	**31.3**	**28.8**	**27.5**	**28.3**	**29.2**
Dedicated Schools Grant (1)	(7.8)	(20.7)	(37.4)	(62.6)	(99.9)	(150.3)	(216.1)
Dedicated Schools Grant (2)	**(7.8)**	**(20.7)**	**(37.4)**	**(58.0)**	**(80.6)**	**(102.7)**	**(122.1)**

Total General Fund Reserves excludes the accumulating deficit (negative reserve) on the dedicated school's grant.

Line (1) represents how it would grow based on the current pattern of provision and growth, with no new state funded places being created beyond the 17 planned for September 2022 and further 60 from September 2023, and no actions to educate a greater proportion of pupils in mainstream schools.

Line (2) assumes that an additional 56 special school and resource-based places will be created in each of the 3 years following, starting from September 2024, that the growth in EHCPs will reduce from 10% per annum in 2021/22 to 5% from 2026/27, and the proportion of the growth in pupils educated in mainstream schools will increase from the current 10% to 50% in 5 years.

In both lines the same predictions for DSG funding growth have been used with the DfE providing the assumptions of 5% in 2023/24 and 3% for each year thereafter.

137. As set out the intention is to increase the level of unearmarked reserves available to cover the day-to-day operational risks faced by the council. However, it is crucial to recognise that

£36.2m of earmarked reserves are being used to support the 2022/23 budget and this will reduce the future financial resilience of the council.

Accumulating deficit on the Dedicated Schools Grant.

138. This is a critical issue for the Council. In the private sector an organisation which has negative reserves, is likely to fail the “going concern” accounting concept. In local government a material uncertainty related to “going concern” is unlikely to exist as the financial reporting framework assumes the council’s services, at least its statutory services, will continue to be delivered in all scenarios. In local government the most likely scenario is the councils Section 151 Officer is likely to have to contact DLUHC to advise them of their financial concerns and possibility of issuing what is referred to as a s114 report. A section 114 notice would result in an immediate and severe curtailing of activity to the provision of non-statutory services. Even statutory services may be subject to a reduction in frequency or quality.

139. As demonstrated in figure 14 above the council is forecast to move into this position in the 2022/23 financial year.

140. To mitigate this situation the council and its partners, particularly the DfE and local schools, need to demonstrate leadership and decisive action in the recovery of the High Needs Budget position. This leadership is being led by a council High Needs Recovery Board which is chaired by the Chief Executive and includes, amongst others, the Leader, relevant Portfolio Holders, and the chair of the Schools Forum.

141. Part of this leadership is focused on conversations with government, supported by the Local Government Association and other local authorities, around the possibility of an extension to a current DfE statutory instrument which became law at the end of November 2020. These regulations currently mean the council cannot contribute to the deficit, cannot hold a reserve to act as a counterweight and has been 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 is required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit.

142. The statutory instrument, which comes to an end on the 31 March 2023, reads as follows.

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.

143. Through the various conversations with civil servants and ministers, they continue to acknowledge the impact of the growing DSG deficit will have on BCP and many other local authorities. However as at the time of authoring this report (January 2022) no specific indication has been received that the statutory instrument will be extended.

Assumption that £61m of capital receipts will be generated to fund the councils £67.9m transformation investment programme.

144. Another critical issue underpinning the budget and MTFP is the assumption that the council will generate £61.1m in capital receipts to finance its £67.9m transformation programme.

145. The specific risk to the council is in respect of any expenditure which it intends to incur before the actual capital receipts required to fund it are delivered. The budget is premised on the basis that £34.3m of this £61m will need to be spent by the 31 March 2023. As £5.5m has already been delivered, and £11.8m is predicted to be delivered in this period from traditional asset sales, leaving £17m as a target to be delivered from the securitisation of a future income stream in 2022/23. Our work with KPMG suggests that the timelines in relation to the securitisation of an income stream are well within those required to mitigate this risk.

146. Normal working practice in a position where funding slips would be to defer the expenditure to match. However, this will not be possible in this situation as the expenditure is essential to delivering the £8.7m of annual transformation savings now being assumed for 2022/23 and the accumulated savings profile of £18.7m for 2023/24 onwards.

147. Any failure to deliver the capital receipts as planned will lead to a formal assessment as to whether the council can continue to balance its budget for the year and the likelihood, failing any alternatives, of in-year service reductions to ensure the council can manage within the parameters of its financial resources.

Flexible Use of Capital Receipts Regulations

148. As set out earlier in this report financing revenue transformation expenditure from capital receipts is only permissible via the governments Flexible Use of Capital Receipts (FUCR) regulations. The current regulations cease on the 31 March 2022, however, in February 2021 the government set out their intention to extend these regulations to 31 March 2025. The 2022/23 budget has been prepared on the basis that these regulations will be extended and that they will be materially consistent with the current regulations. If the government were not to extend these regulations, we would have to reassess the budget alongside numerous other councils.

Sensitivity analysis

149. This reflects how quickly the demands 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 16 below.

Figure 16: Council sensitivity to potential changes in assumptions

	Impact on level of net expenditure or council tax requirement £000's
Looked after child (average high cost - residential) – per child	427
Looked after child (average cost of top 10 independent fostering) –per child	83
Intensive homecare package for a disabled person	195
Vulnerable adults (learning disability – residential < 65)	185
Older person's supported residential care	41 *average* 104 *higher end*
Increase in adults' cost of care for every 1p increase in the hourly national Living Wage rate	97
Increase in the £8.2m cost of the concessionary fare scheme to the council	£80k per 1% increase in journey numbers

150. In being mindful of these key sensitivities it should be established that the cost of a looked after child or vulnerable adult can exceed £1m per year for a single case 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 15 above, once it has negotiated a contribution from the Clinical Commissioning Group on behalf of the National Health Service. 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 63 homes (band D equivalents).

151. Also, of relevance to the sensitivity of the budget is the robustness of the estimates made to underpin that budget. Officers will have factored into their estimate's assumptions based on numerous matters such as government announcements, economic forecasts, trend analysis and professional judgement. Of particular relevance will be any new programmes, initiatives or approaches being adopted for the first time which inevitably carry a greater level of risk than business as usual activity.

152. The budget as proposed is also premised on the assumption that any changes between the provisional 2022/23 Local Government Finance settlement, issued in December 2021, and the final settlement due in early February 2022, will be addressed as a movement either to or from the base revenue contingency.

153. In proposing the reserves report as set out in Appendix 3, the Chief Financial Officer has been mindful of the need to balance the requirement to safeguard the

organisation against the risk of future financial exposure whilst also ensuring resources are not held unnecessarily in reserves.

S25 Report – Chief Finance Officer Summary conclusion

154. In respect of 2022/23 budget, the annual budget is balanced, and the CFO considers that there is sufficient evidence to support the estimates being used to prepare the budget and that they provide a reasonable and robust basis upon which to derive such forecasts. That said councillors need to fully acknowledge that the future financial sustainability of the council is dependent upon delivering the recurring savings through the transformation programme as it is currently living beyond its means (expenditure greater than the permanent sources of income). Councillors should also acknowledge the following risks being taken in drawing a budget based on the assumptions.

a) Council will deliver at least a £43m capital receipt in 2022/23 from the securitisation of an income stream which will need to obtain subsequent Council approval.

b) Council will agree to the refinancing of its Urban Regeneration Company (BCP FuturePlaces) and a £8m working capital loan facility within the context of a new Business Plan.

c) Council will deliver at least a £3.3m surplus in the 2021/22 financial year.

d) Council will deliver the £4m in unitemised transformation savings in 2022/23.

e) Council will be able to generate significant additional revenue receipts from new commercial models to avoid the service cuts that would otherwise be needed for 2023/24 and to avoid the need for the council to establish new or reprioritise current earmarked reserves to facilitate this process.

f) Council will be able to deliver the government's announced social care reforms within the resources they have announced as available

g) The pay and grading project can be delivered within a cost neutral framework in respect of the project's delivery before 1 April 2024. Provision for increases in cost have only been recognised from 1 April 2024 onwards. No specific provision is made for any associated claims.

h) Government will formally confirm the extension of the flexible use of capital receipts regulations, as they have previously indicated, and that they will remain materially the same as the current regulations.

155. By way of mitigation, the approach of increasing the level of unearmarked reserves over the lifetime of the MTFP by £3.5m to cover the increasing day-to-day operational risks faced by the council is commendable. As is the holding of a base revenue budget contingency of £2.2m. It should be noted that £0.2m of this contingency is held subject to due diligence in respect of a proposal around Giant Gallery.

156. It does not though require any professional judgement from the Chief Financial Officer to assess that the council's reserves cannot be considered adequate based on the potential crystallization of the DSG accumulating deficit. However, as legislation prevents the council from making provision to offset the deficit in 2022/23 it appears there is no other option than to accept the position. Councillors do need to recognise that this legislation will not, as it stands, be applicable for the financial year 2023/24 and in the absence of movement by government the council will have reached a tipping point and severe and drastic action will be required to manage the council's financial position.

157. The Chief Finance Officer in his statutory s151 officer role, and as set in Appendix 3, would also request that councillors carefully reflect that.

a) the transformation of the council and the savings being assumed from its delivery must happen if the council is going to have a financially sustainable future. The inherent risk must be acknowledged in using one off resources to support the proposed budget for 2022/23. £30m of one-off resources were used to support the 2021/22 budget, principally created from refinancing of the capital programme and from a review of inherited resources. £36.2m of one-off resources are being used to support the 2022/23 proposed budget. Reserves can only be used once therefore note should be taken that over the last two years the council will have materially reduced its earmarked reserves. The use of reserves will reduce the future financial flexibility and resilience of the council.

b) the current £28.2m funding gap that is forecast for 2023/24 (excluding the impact of the 2.99% restriction on the proposed growth Adults and Children's services) and assure themselves before investing further in services in 2022/23 even if they are deemed one-off in nature.

c) acknowledging the administrations confidence in new commercial models, give serious consideration as to whether increasing Council Tax by the full 5.99% permissible, not investing further in services at this time, and only committing to further borrowing if it is self-financing, would better preserve statutory services into the future. Any proposals to use complex capital transaction as a mechanism for balancing the 2023/24 budget needs to be treated with a high degree of caution.

158. Continual careful and diligent management of the council's financial resources will be required to ensure the council is not required to undertake the severe forms of actions that an increasing number of councils are having to resort to in order to balance their budgets.

Treasury Management Strategy (TMS)

159. The council's Treasury Management Strategy is subject to regular review and was last reported to the Audit & Governance Committee for monitoring and update purposes in January 2022. 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 2022/23 are set out in Appendix 5 for approval by Council.

160. 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.

161. 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 is taken out by reference to the relevant pool although it should be noted that there is still flexibility to transfer debt between the two if required.

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

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

163. In preparing the Statement of Accounts, the Section 151 Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently. In January 2022, the Audit & Governance committee approved the inclusion of capitalisation interest for Investment and Acquisition Strategy Developments. The policy will only capitalise the interest payable during the construction phase of assets over £10m that take more than two years to get to ready for its intended use.

164. A key change in the strategy was implemented for the 2021/22 budget which was the work to refinance capital schemes with the sole intention of releasing resources which were used to support the general fund revenue budget. The approach being to borrow to finance 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 was clearly different from the conventional approach previously adopted by the council however it enabled the council to match the cost of investment in capital infrastructure with its benefits.

165. In adopting this change in approach, the council satisfied itself that higher levels of debt were appropriate to the size of the authority, were affordable, and were financially sustainable over the period over which the borrowing will be repaid.

166. In addition, as part of the 2022/23 financial strategy council further considered how best to support its housing and regeneration ambitions as expressed through its Big Plan. A reflection on the opportunity afforded to the council by having relatively low levels of borrowing compared to similar size authorities subsequently led to the decision to move our self-imposed debt thresholds to the mid-point of all upper tier authorities as a percentage of net revenue expenditure.

167. Appendix 5b provides a summary of how the council's proposed budgeted and committed position compares to the self-imposed debt threshold. It demonstrates that

our borrowing of £457m as of 31 March 2021 is currently significantly below the £855m mid-point average we are looking to move towards. It also demonstrates that via the Futures Fund £50m, Carters Quay £46m, Green Futures Fund £20m, £10m SEND Capital, and the multi-year investments in the Council New Build and Housing Acquisition Strategy the council has current plans to utilise all but £18.5m of the allotted headroom by March 2027. Recognising that the borrowing level for every council will constantly fluctuate, that the size of councils as expressed via their net revenue expenditure will change on an annual basis, and that the BCP Council will continually need to reflect on progress towards delivery of its Big Plan, the proposal is to review the self-imposed debt thresholds for BCP Council as part of the financial strategy supporting the 2023/24 budget. This review will be especially important if the council were to consider directly investing in any BCP FuturePlaces Ltd led projects or any extra care housing schemes.

168. As part of the process of considering funding options for future infrastructure projects the council will also 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.

169. The December MTFP update report to Cabinet set out that CIPFA will be issuing a revision to the Treasury Management and Prudential Code of Practice. The amendments follow the recommendations from the Public Accounts Committee. One of the notable changes is that borrowing to fund solely for yield generating investments, from whatever funding sources, is not permissible under the code as they represent an unnecessary risk to public expenditure. Borrowing to support service-based proposals, regeneration and housing will continue to be permitted under the code. In these instances, authorities are advised to consider carefully whether they can demonstrate value for money and whether they can ensure the security of such funds. It should be noted that whilst some parts of a regeneration project may generate income this income should be recycled within the project or applied to related regeneration projects, rather than applied to wider services.

170. DLUHC have made it clear that local authorities taking on excessive risk and any noncompliance with the framework will see increased interventions from government potentially leading to caps on borrowing. DLUHC also plan to better constrain the risks associated with complex capital transactions. This includes credit arrangements, such as PFI deals or income strips, and financial derivatives. These types of arrangement can carry more risk than traditional forms of financing and require the right expertise to support effective decisions and risk management.

Housing Revenue Account (HRA)

171. 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 2022/23.

Chief Officers' Pay Policy Statement

172. 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.

173. 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

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

175. Council on the 24 November 2020 agreed a scheme of members' allowances for 2020/21 which included the principle that there would be no increase in the basic allowance for 2021/22 (frozen at £12,844) and future increases (from 2022/23 onwards) would be linked to the local government national pay award. The budget as proposed assumes this increase will be 3.1% in line with the September 2021 CPI.

176. Subject to approval by Council, there may be the need for an additional Chairman's special responsibility allowance of £7,706 in respect of a possible new Place/Environment Scrutiny Committee.

177. As part of the proposed budget, provision has been made for a total cost of £1.454m in 2022/23.

Consultation

178. 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 2022 on the budget for 2022/23 and Medium-Term Financial Plan from the BCP Council Leader, Chief Executive and the Chief Financial Officer.

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

180. Consideration is being given to running a budget simulator public engagement exercise in support of the 2023/24 budget process. This is an approach undertaken by at least one of the predecessor councils.

Options Appraisal

181. Section 52 of this report includes consideration of alternative Council Tax strategies that have been considered and rejected. There will however be numerous potential permutations.

182. Only a decision to increase council tax by the maximum 5.99% can be considered consistent with government policy for the funding of local government services both now and in the future and for better preserving current service delivery levels into the future.

Summary of financial implications

183. In considering how appropriate the 2022/23 budget as proposed is at supporting the financial sustainability of BCP Council the councillors are advised to reflect on the following key issues.

a) Current level of uncertainty in the estimates used to produce the budget due to the legacy of both the global public health emergency and the country's transition from the European Union.

b) Affordability of the investments into services bearing in mind approximately £36.2m of one-off funding is being used in support of the 2022/23 budget.

c) Ongoing affordability of current service levels bearing in mind the £28.2m annual funding gap for 2023/24.

d) A revised approach to the financing of capital expenditure with a complete shift away from resources and reserves being set aside upfront, towards reliance on prudential borrowing, especially where the expenditure cannot be funded by government grants or other third-party contributions. The revenue and interest repayments of this borrowing is either included in the 2022/23 budget or forms part of the annual service pressures the council will face in future years which in turn forms part of the funding gap for those financial years. By way of examples the £50m Futures Fund investment will be a cost of £1.435m per annum by year five and the £10m capital investment in SEND will be a £287,000 annual cost (both assuming a 50-year life of the underlying asset).

e) Deliverability of the assumed transformation programme savings. The 2022/23 budget is put forward based on the assumption that the council will be able to deliver accumulated savings from its transformation programme to the value of £8.7m. In considering this issue Councillors may wish to reflect on the adequacy of 2022/23 base revenue budget contingency and unearmarked reserves bearing in mind, as set out in the quarter three budget monitoring report to Cabinet, that only £2.4m of the £7.5m transformation savings target for 2021/22, is current forecast to be deliverable.

f) The advice of the Chief Finance Officer as to the adequacy of the councils reserves to cover the level of risk it is currently facing. This advice is set out at paragraph 151 to 156 of this report. Particularly pertinent to this advice is that without an extension to the regulations that prevent the council having to take account of the accumulated deficit on the Dedicated Schools Grant the council is forecasting to have a negative reserve position from 2023/24 onwards.

Summary of legal implications

184. The council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides.

185. 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.

186. As a billing authority, failure to set a legal budget by 11 March may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999. It should however be noted that the deadline is, in reality, the 1 March to allow sufficient time for the council tax direct debit process to be adhered to.

Summary of human resources implications

187. There are no direct human resource implications of this report. However, the MTFP and budget 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.

188. This report acknowledges that the transformation programme and the actions necessary to manage future years funding gaps are likely to have an impact on future staffing levels.

Summary of sustainability impact

189. Consideration has been given as part of this budget for 2022/23 of ways in which BCP Council could contribute to environmental improvements / targets and by example encourage this approach in those with whom it deals.

190. This budget proposes a £480,000 annual commitment in support of climate change and the climate and ecological emergency activity. In addition, the proposal is to create a £20m Green Futures Fund to invest in local green infrastructure projects and support delivery against the commitment to be carbon neutral by 2030.

191. The accommodation and business transformation programmes underlying the MTFP will make the council more environmentally friendly through a reduced estate and different ways of working, including the continued ability for staff to work effectively from home. This will reduce energy consumption and pollution levels as well as produce savings to protect services.

192. In addition to the environmental and social impacts of climate change, there is a risk to BCP Council of significant financial consequences if it fails to meet its declared climate targets. Council has pledged to become carbon neutral by 2030 as an organisation and lead the area to become net zero carbon ahead of the 2050 national target. Based on forecasts from the London School of Economics the council would have to incur costs of over £3m per annum to purchase the necessary offsetting carbon credits to meet the carbon neutral pledge in 2030. Clearly this cost will act as an incentive to the council to prioritise the activity and investment necessary to meet this priority.

Summary of public health implications

193. The budget as proposed aims to assist the council and its community address the legacy consequences of the global Covid-19 public health emergency.

194. Council continues to seek to maintain appropriate services for vulnerable residents as well as improve the sustainability of services important for the wellbeing of all residents.

195. Allowance continues to be made in the budget for personal protective equipment to protect staff and residents to ensure compliance with all guidance to be issued by Public Health England over time.

Summary of equality implications

196. BCP Council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides. In this budget the council has

sought to maintain appropriate services for the most vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

197. The impacts of the council budget for 2022/23 have been assessed considering the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and the locally observed characteristics (low socio-economic groups, members of the armed forces, carers). The Equality and Human Rights Commission's six selected domains of equality measurement have also been considered, identified as the areas of life that are important to people and that enable them to flourish. These are: Education, Work, Living standards, Health, Justice and personal security, and Participation.

198. A number of positive impacts on protected groups have been identified throughout this EIA as investments are being made in key areas to improve services for our most vulnerable residents including the elderly and disabled, children with special educational needs and disabilities and people from low socio-economic groups including those who are homeless or rough sleeping.

199. As part of the budget, council tax is being raised to support increased service provision, which will have a positive impact on many residents. Mitigating actions have been identified to support those who may be negatively affected by this, for example by utilising schemes for residents on lower incomes.

200. Additional investment in regeneration will help to reduce the difference between the least and most deprived areas whilst financial support for the youth parliament will ensure young people are involved in the design and delivery of services that they use enabling better participation in public life.

201. Individual equality impact assessments should support some of the decisions noted in this EIA, for example with service-based savings and efficiencies and this has been noted under mitigating actions where relevant.

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

Summary of risk assessment

203. 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.

204. 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.

205. Uncertainty caused by the ongoing legacy of the global Covid-19 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 and the latest variant. This risk is compounded by currently high levels of inflation at least based on comparators over the last few years.

206. Throughout this report, especially within the reserves section, reference has been made to several key risks the council is currently exposed to including.

- 2021/22 financial performance and delivering the surplus required to ensure the £3.3m contribution to the 2022/23 can be made.

- The significant application of one-off resources to balance the 2021/22 budget (£30m) and the 2022/23 proposed budget (£36.2m).
- In respect of the 2023/24, recognition that the council has a £28.2m funding gap excluding the impact of the 2.99% future restriction on their service growth in Adults and Children's services.
- Sensitivity to ongoing changes in demand for services
- Sensitivity to cost pressures with a particular vulnerability around assumptions on utility, fuel, and energy costs.
- Deficit on the Dedicated Schools Grant as pertaining to the High Needs Budget.
- Assumption that the council will generate £61.1m in capital receipts to fund the £67.9m transformation investment programme. This includes at least £43m which needs to be generated from the securitisation of a future income stream.
- Assumption that £6.7m of the cost of employees can be charged to the transformation programme for the 3-years commencing 2022/23.
- Government will extend the flexible use of capital receipts regulations and that they will not be materially changed as to the framework of eligible transformation expenditure.
- £4m of unitemised transformation savings will be delivered in 2022/23.
- Delivery of the government social care reforms within the resources they have and will make available.
- Onus on the council to recover any contributions from the NHS or self-funders where they are responsible for costs posts the initial 4-week Discharge to Access (D2A) period. Secondly, that the local health and social care system may look for this arrangement to continue from April 2022 without making available the contribution to cover the cost of the first four weeks of care following hospital discharge.
- Delivery of the pay and grading harmonisation project with no net cost increase until April 2024.
- Significant new models of funding and commercialisation for local government which could be implemented over the MTFP time horizon.
- Financial consequences of failure to meet the council's climate targets.

207. Additionally, the council has operational risks not previously referenced including.

Companies. BCP operates several companies and third-party arrangements with these organisations exposed to their own set of financial and operational risks. As such the council would only provide for its share of such risks in circumstances were the risk is likely to materialise.

208. It may also be worth reiterating that good practice suggests that in considering its budget local authorities should ask itself the following question "can the council balance its books without taking significant risks with taxpayers' money". If the answer is no, then the council should rethink its budget and what is affordable and sustainable service levels.

Background papers

February 2021 Budget report to Council

http://ced-pri-cms-02.ced.local/mgAi.aspx?ID=3925&LO=1#mgDocuments

June 2021 Medium Term Financial Plan (MTFP) Update report to Cabinet

http://cedpricms02.ced.local/ieListDocuments.aspx?CId=285&MId=4684&Ver=4&LO=1

October 2021: Medium Term Financial Plan (MTFP) Update report to Cabinet

https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=4837&Ver=4

December 2021: Medium Term Financial Plan (MTFP) Update report to Cabinet

https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=4839&Ver=4

All these reports were subject to the 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 26 November 2021.

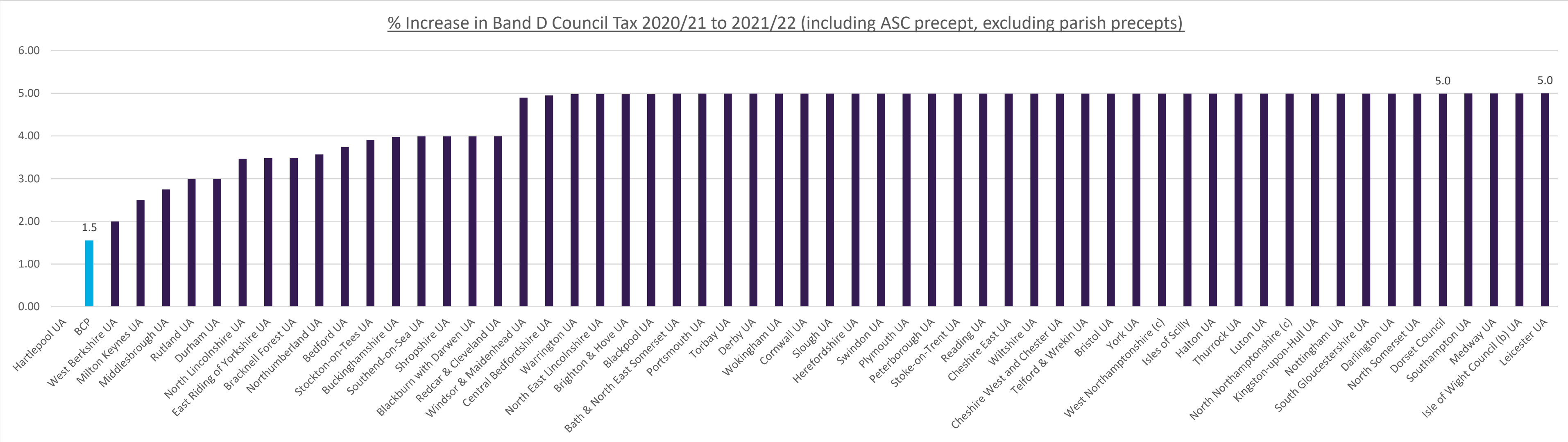
Appendices

Appendix 1a Comparison of council tax increases in 2021/22
Appendix 1b Schedule of Council Tax by area (to be updated when all precepts have been received by the 31 January 2022 deadline)
Appendix 2a Budget summaries
Appendix 2b Schedule of savings and efficiencies
Appendix 2c Services Investments 2021/22
Appendix 2d Service Investments 2022/23
Appendix 3 Reserves Strategy
Appendix 3a June 2020 Unearmarked Reserves Benchmarking
Appendix 3b 2020 CIPFA Financial Resilience Index
Appendix 3c Reserves Risk Assessment
Appendix 3d Reserves Risk Assessment Scoring Matrix
Appendix 4a CIP individual project listing
Appendix 4b CIP narrative by directorate
Appendix 4c Children's Services Capital Strategy
Appendix 4d CONFIDENTIAL Council Newbuild Housing & Acquisition Strategy (CNHAS)
Appendix 5 Treasury Management Strategy
Appendix 5a June 2020 CFR Debt Benchmarking
Appendix 5b Summary of Proposed CFR Debt
Appendix 5c Treasury Management Policy and Practices
Appendix 6 Equalities Impact Needs Assessment (EINA)
Appendix 7 Chief Officers' Pay Policy Statement

COUNCIL TAX RATES 2021/22

Indicator of Financial Stress

Higher Risk → Lower Risk



Appendix 1a

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BCP Schedule of Council Tax Charges 2022/23

	Actual Council Tax 2021/22 £	Change 22/23 %	Proposed Council Tax 2022/23 £
Christchurch			
Christchurch Town Council			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Christchurch Town Council***	£43.06		TBC
Total Christchurch Town	**£1,584.63**		**£1,603.23**
Burton & Winkton Parish			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Burton & Winkton Parish Precept***	£14.09		TBC
Total Burton Parish	**£1,555.66**		**£1,603.23**
Hurn Parish			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Hurn Parish Precept***	£29.30		TBC
Total Hurn Parish	**£1,570.87**		**£1,603.23**
Highcliffe and Walkford			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Highcliffe and Walkford Neighbourhood Council	£25.99	-4.65%	£24.78
Total Highcliffe and Walkford	**£1,567.56**		**£1,628.01**
Christchurch Unparished			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Total Christchurch Unparished	**£1,541.57**		**£1,603.23**
Bournemouth			
Bournemouth (exc Throop and Holdenhurst)			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Bournemouth Chartered Trustee***	£2.39		TBC
Bournemouth Total	**£1,543.96**		**£1,603.23**
Bournemouth (Throop and Holdenhurst)			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Throop and Holdenhurst	£34.93	-3.43%	£33.73
Bournemouth Total	**£1,576.50**		**£1,636.96**
Poole			
BCP Unitary Charge	£1,541.57	4.00%	£1,603.23
Poole Chartered Trustee***	£2.14		TBC
Poole Total	**£1,543.71**		**£1,603.23**

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

APPENDIX 1B

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DRAFT GENERAL FUND BUDGET SUMMARY 2022/23

Provisional estimates. Final detail will be provided as part of the BCP Council Budget Book 2022/23

	Net Budget 2022/23 £000
Adult Social Care	120,117
Public Health	(500)
Children's Services	79,521
Operations & Development	71,225
Resources	36,705
Transformation Revenue Implications	3,400
Net cost of services	**310,468**
Pensions	5,880
Contingency	2,221
Pay award (0.75% 2021/22 and 3.1% 2022/23 currently unapplied)	8,594
Increase in Employers National Insurance to fund cap on social care	1,418
Levies	
Environment Agency	524
Fisheries	91
Corporate income and expenditure	
Interest on borrowings	3,199
Interest on cash investments and dividends	(145)
Securitisation of an income stream to the Council	3,700
Investment property income	(3,800)
Revenue expenditure on surplus assets	266
Income from HRA	(1,234)
Admin Charged to Grant Income	(504)
Apprentice Levy	622
Net Operating Expenditure	**331,299**
Other financial items impacting on the general fund	
Provision for repayment (MRP)	13,122
Movements to and (from) reserves	(34,744)
Movement from reserves - S31 NNDR Grant	(23,446)
Movement from reserves - Council Tax / NNDR Losses Grant	(1,021)
Transformation Programme - revenue costs transferred to programme	(6,700)
Transformation Saving Target 2021/22	(6,589)
Carters Quay Housing and Regeneration Scheme	122
	(59,256)
Net Budget Requirement	**272,043**
Other funding before Council Tax Requirement	
New Homes Bonus Grant	(1,038)
Lower Tier Service Grant 2022/23	(469)
Services Grant 2022/23	(3,785)
Collection Fund Surplus Distribution (Council Tax)	(357)
Collection Fund Deficit Distribution (NNDR)	22,534
Net Income from Business Rates - inc S31 Grant	(56,842)
Revenue support grant	(3,122)
	(43,079)
Total Council Tax Requirement	**228,964**

APPENDIX 2A

Medium Term Financial Plan 2022/27 (based on absolute budget)

	Adjusted Net Budget 2021/22 £m	MTFP 2022/23 £m	Permanent Virements 2022/23 £m	Net Budget 2022/23 £m	MTFP 2023/24 £m	Net Budget 2023/24 £m	MTFP 2024/25 £m	Net Budget 2024/25 £m	MTFP 2025/26 £m	Net Budget 2025/26 £m	MTFP 2026/27 £m	Net Budget 2026/27 £m
Adult Social Care *(Including Public Health)*	**116.5**	4.812	(1.732)	**119.6**	3.6	**123.2**	3.7	**126.8**	3.8	**130.6**	3.9	**134.5**
Children's Services	**69.7**	9.8	0.1	**79.5**	2.4	**81.9**	2.4	**84.3**	2.5	**86.8**	2.6	**89.4**
Operations & Development	**73.9**	(0.9)	(1.8)	**71.2**	(6.1)	**65.1**	(2.3)	**62.8**	0.4	**63.2**	(0.0)	**63.2**
Resources	**33.8**	2.2	0.5	**36.6**	(1.7)	**34.8**	(0.0)	**34.8**	0.1	**34.9**	0.0	**34.9**
Transformation Revenue Implications	**3.5**	(0.1)	0.0	**3.4**	1.1	**4.5**	0.0	**4.5**	0.0	**4.5**	0.0	**4.5**
Net cost of services	**297.5**	**15.7**	**(2.9)**	**310.3**	**(0.8)**	**309.5**	**3.7**	**313.2**	**6.8**	**320.0**	**6.5**	**326.5**
Provision for repayment borrowing (MRP)	**11.940**	1.1	0.1	**13.1**	0.7	**13.8**	1.3	**15.2**	0.7	**16.0**	0.3	**16.3**
Interest on borrowing	**3.181**	0.0	0.0	**3.2**	0.3	**3.5**	0.1	**3.7**	0.1	**3.8**	0.1	**3.9**
Securitisation of a net income stream to the council	**0.000**	3.7	0.0	**3.7**	0.0	**3.7**	0.0	**3.8**	0.0	**3.9**	0.0	**3.9**
Carters Quay Housing and Regeneration Scheme	**0.000**	0.1	0.0	**0.1**	0.1	**0.3**	(0.1)	**0.3**	(0.3)	**0.1**	(0.1)	**(0.0)**
Pensions	**5.539**	0.7	(0.4)	**5.9**	0.2	**6.1**	0.2	**6.3**	0.2	**6.5**	0.2	**6.8**
Pay & grading project - net revenue impact	**0.000**	0.0	0.0	**0.0**	0.0	**0.0**	9.1	**9.1**	(4.5)	**4.6**	0.0	**4.6**
Following transformation, further net FTE reductions	**0.000**	0.0	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	(7.2)	**(7.2)**	0.0	**(7.2)**
Contingency	**3.594**	(1.3)	(0.0)	**2.2**	0.2	**2.5**	0.1	**2.6**	0.0	**2.6**	0.0	**2.6**
Pay award 2022/23 3.1%	**1.772**	5.5	0.0	**7.3**	3.5	**10.8**	3.6	**14.4**	3.6	**18.0**	3.6	**21.6**
Pay award 2021/22 0.75% additional		1.3	0.0	**1.3**	0.0	**1.3**	0.0	**1.3**	0.0	**1.3**	0.0	**1.3**
Increase in employers NICs to fund cap on social care	**0.000**	1.4	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**
Admin Charged to Grant Income	**(0.351)**	0.0	(0.2)	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**
Use of Reserves - NNDR Section 31 Grant	**(39.512)**	16.1	0.0	**(23.4)**	23.4	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Use of Reserves - NNDR 75% Loss Grant	**(0.591)**	0.0	0.0	**(0.6)**	0.0	**(0.6)**	0.6	**0.0**	0.0	**0.0**	0.0	**0.0**
Use of Reserves - Ctax 75% Loss Grant	**(0.430)**	0.0	0.0	**(0.4)**	0.0	**(0.4)**	0.4	**0.0**	0.0	**0.0**	0.0	**0.0**
Contribution to unearmarked reserves	**0.688**	0.7	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**	0.0	**1.4**
Use of Reserves	**0.000**	(36.1)	0.0	**(36.1)**	36.1	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Levies (Environment Agency / Fisheries)	**0.599**	0.0	0.0	**0.6**	0.0	**0.6**	0.0	**0.6**	0.0	**0.7**	0.0	**0.7**
Apprentice Levy	**0.565**	0.1	0.0	**0.6**	0.0	**0.6**	0.0	**0.6**	0.0	**0.6**	0.0	**0.6**
Housing Benefits	**0.149**	0.0	0.0	**0.1**	0.0	**0.1**	0.0	**0.1**	0.0	**0.1**	0.0	**0.1**
Investment property income	**(5.013)**	0.0	1.2	**(3.8)**	0.0	**(3.8)**	0.0	**(3.8)**	0.0	**(3.8)**	0.0	**(3.8)**
Revenue expenditure on surplus assets	**0.171**	0.0	0.1	**0.3**	0.0	**0.3**	0.0	**0.3**	0.0	**0.3**	0.0	**0.3**
Income from HRA	**(1.234)**	0.0	0.0	**(1.2)**	0.0	**(1.2)**	0.0	**(1.2)**	0.0	**(1.2)**	0.0	**(1.2)**
Interest receivable and dividend income	**(0.145)**	0.0	0.0	**(0.1)**	(0.6)	**(0.7)**	(0.1)	**(0.8)**	(0.1)	**(0.9)**	0.0	**(0.9)**
Transformation Saving Target	**(7.500)**	(1.2)	2.1	**(6.6)**	(10.0)	**(16.6)**	(25.2)	**(41.8)**	0.0	**(41.8)**	0.0	**(41.8)**
Transfer of revenue costs to transformation	**0.000**	(6.7)	0.0	**(6.7)**	0.0	**(6.7)**	0.0	**(6.7)**	6.7	**0.0**	0.0	**0.0**
Refinancing of Capital Programme	**(25.078)**	25.1	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Review of inherited resources	**(4.738)**	4.7	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Net Budget	**241.1**	**30.9**	**0.0**	**272.0**	**53.4**	**325.4**	**(6.1)**	**319.6**	**6.0**	**325.9**	**10.6**	**336.5**
Council Tax income	**(214.5)**	(14.4)	0.0	**(229.0)**	(9.8)	**(238.8)**	(9.7)	**(248.5)**	(8.7)	**(257.2)**	(9.0)	**(266.3)**
Net income from Business Rates	**(56.4)**	(0.5)	0.0	**(56.8)**	0.0	**(56.8)**	0.0	**(56.8)**	0.0	**(56.8)**	0.0	**(56.8)**
Revenue Support Grant	**(3.0)**	(0.1)	0.0	**(3.1)**	0.0	**(3.1)**	0.0	**(3.1)**	0.0	**(3.1)**	0.0	**(3.1)**
New Homes Bonus Grant	**(2.6)**	1.5	0.0	**(1.0)**	1.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
LCTS Grant 2021/22	**(3.8)**	3.8	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Lower Tier Service Grant 2021/22	**(0.4)**	(0.0)	0.0	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**	0.0	**(0.5)**
LG Services Grant (settlement 2022/23)	**0.0**	(3.8)	0.0	**(3.8)**	2.3	**(1.5)**	0.0	**(1.5)**	0.0	**(1.5)**	0.0	**(1.5)**
Sales, fees and charges compensation 2021/22	**(1.6)**	1.6	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Top Slice Covid Pressures Grant 2021/22	**(1.0)**	1.0	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**
Collection Fund (Surplus) / Deficit Distribution NNDR	**40.3**	(17.8)	0.0	**22.5**	(21.7)	**0.9**	(0.9)	**0.0**	0.0	**0.0**	0.0	**0.0**
Collection Fund (Surplus) / Deficit Distribution Council Tax	**2.0**	(2.4)	0.0	**(0.4)**	3.0	**2.7**	(2.7)	**0.0**	0.0	**0.0**	0.0	**0.0**
Total Funding	**(241.1)**	**(30.9)**	**0.0**	**(272.0)**	**(25.2)**	**(297.2)**	**(13.3)**	**(310.5)**	**(8.7)**	**(319.2)**	**(9.0)**	**(328.2)**
Annual – Net Funding Gap	**0.001**	**(0.0)**	**0.0**	**(0.0)**	**28.2**	**28.2**	**(19.4)**	**(19.4)**	**(2.7)**	**(2.7)**	**1.6**	**1.6**
Cumulative MTFP – Net Funding Gap				**(0.0)**		**28.2**		**8.8**		**6.1**		**7.7**

Medium Term Financial Plan 2022/27 - Assumed Savings Schedule

RAG Rating Key

Completed - Saving delivered	Blue
Progressing Well - Member / officer decision(s) needed to enable the delivery of the saving have been made. However due to the risk around assumed activity levels the saving, efficiency or additional resources may not be delivered in full.	Green
In Progress - Actions to deliver the required saving have actively started but have not been concluded.	Amber
Saving unlikely as serious risk to delivery	Red
Saving identified - But work to deliver the saving yet to start.	White

Ref:	Description	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total to 2027 £000	RAG Rating
Adults Social Care (Including Public Health)								
A01	Additional income - client contributions (inflation)	(683)	(532)	(471)	(475)	(484)	**(2,645)**	Green
A02	Enhance support to Self Funders to make decisions about their care	(50)	(50)	(50)	(50)	(50)	**(250)**	Green
A03	Review of care arrangements for people with Learning Disabilities and Mental health	(234)	(391)	(407)	-	-	**(1,032)**	Amber
A04	Expand Shared Lives	(60)	(60)	-	-	-	**(120)**	Amber
A05	Extra Care Housing	-	(250)	(250)	(250)	-	**(750)**	Amber
A06	Tricuro service reconfigurations	(320)	-	-	-	-	**(320)**	Green
A07	Improve debt management	(20)	-	-	-	-	**(20)**	Green
A08	Investigate telephone/online options to speed up financial assessments	(5)	-	-	-	-	**(5)**	Green
A09	Review of discretionary managing other people money services ensuring full cost recovery	(10)	-	-	-	-	**(10)**	Green
A10	Reassessment of all cases and implementing Strength based culture	(500)	(500)	-	-	-	**(1,000)**	Amber
A11	Day opportunity strategy implementation	(200)	(600)	(700)	-	-	**(1,500)**	Amber
A12	Catering services reconfiguration	(50)	(50)	(50)	(50)	(50)	**(250)**	Green
	Total Adult Social Care	**(2,132)**	**(2,433)**	**(1,928)**	**(825)**	**(584)**	**(7,902)**	
Children's Services								
C01	CSC Health Contributions	(1,483)	(494)	-	-	-	**(1,977)**	Red
C02	SEND Transport savings	(750)	(250)	-	-	-	**(1,000)**	Red
	Total Children's Services	**(2,233)**	**(744)**	**-**	**-**	**-**	**(2,977)**	
Environment & Community								
EC01	Housing - Housing Development Strategy	(100)	(50)	-	-	-	**(150)**	Green
EC02	Housing - Telecare	(310)	(10)	(10)	(10)	(10)	**(350)**	Green
EC03	Housing - Garages	(147)	(13)	(14)	(15)	(15)	**(204)**	Green
EC04	Housing - Council New Build Housing & Acquisition Strategy (CNHAS)	(469)	(399)	278	(26)	16	**(600)**	Amber
	Total Environment & Community	**(1,026)**	**(472)**	**254**	**(51)**	**(9)**	**(1,304)**	
Regeneration & Economy								
RE01	Reprofiled provision of new beach huts	85	(93)	-	-	-	**(8)**	Amber
RE02	Adult Learning - Skills & Learning - Internally Funding Pay award / Pension / Increments	(28)	(27)	-	-	-	**(55)**	Green
RE03	Destination and Culture - Leisure Centres - 2RM	-	(100)	(100)	-	-	**(200)**	Amber
RE04	R&E - Beach Huts licence fees - VAT	261	261	-	-	-	**522**	Amber
RE05	BDC Winter Gardens - Car Parking Net	-	-	(650)	-	-	**(650)**	Amber
RE06	BDC Winter Gardens - PRS Net	-	-	(1,312)	-	-	**(1,312)**	Amber
RE07	BDC Cotlands Development - Car Park	-	-	(576)	-	-	**(576)**	Amber
RE08	Destination & Culture - Seafront - Catering	(100)	-	-	-	-	**(100)**	Green
RE09	Destination & Culture - Beach hut prices	(217)	(200)	(206)	(212)	(219)	**(1,054)**	Green
RE10	Place Operations Directorate - assumed inflationary fees & charges growth from 2023/24	-	(1,090)	(1,112)	(1,134)	(1,157)	**(4,493)**	Amber
RE11	Development Directorate - assumed inflationary fees & charges growth from 2023/24	-	(552)	(563)	(574)	(586)	**(2,275)**	Amber
	Total Regeneration & Economy	**1**	**(1,801)**	**(4,519)**	**(1,920)**	**(1,962)**	**(10,201)**	
TOTAL ASSUMED SAVINGS		**(5,390)**	**(5,450)**	**(6,193)**	**(2,796)**	**(2,555)**	**(22,384)**	

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Service Investments 2021/22

Ref:	Description	2021/22 £000	2022/23 £000	Change 2021/22 - 2022/23 £000
CP21-01	Regeneration	1,750	1,750	-
CP21-02	Economic Development help recovery of local community	250	-	(250)
CP21-03	Culture - Previous UA Budget	500	500	-
CP21-04	Culture - Bounceback	250	250	-
CP21-05	Highway Maintenance	1,155	1,155	-
CP21-06	Street Cleansing	453	453	-
CP21-07	Housing Delivery Strategy pre development feasibility costs	300	300	-
CP21-08	Community Safety Accreditation Officers (6)	240	240	-
CP21-09	Poole Park Railway reinstate	7	7	-
CP21-10	Youth Anti Social Behaviour Officers (2 posts 50% contribution from the police)SB	50	50	-
CP21-11	Beach Cleansing - additional tractor via prudential borrowing, driver, fuel, and maintenance	61	61	-
CP21-12	Health Hub	20	20	-
CP21-13	Mental Health Workers (2 Officers)	80	80	-
CP21-14	Youth Parliament	25	25	-
CP21-15	Community Engagement Strategy (use for ABCD)	50	-	(50)
CP21-16	Climate Change	240	480	240
CP21-17	Unauthorised Encampments	50	-	(50)
CP21-18	Planning	250	-	(250)
CP21-19	BBF Bus	45	-	(45)
CP21-20	ABCD / Communities	70	70	-
CP21-21	Community Match Funding	100	-	(100)
CP21-22	Regional Growth Fund	35	-	(35)
CP21-23	Lake Pier Toilets	20	20	-
CP21-24	Officers (Bid Writing & Data)	50	50	-
CP21-25	XCH Feasibility Study	50	-	(50)
CP21-26	Assistive Technology	60	-	(60)
CP21-27	Beach Widening Feasibility	25	-	(25)
CP21-28	Education catch up	1,000	-	(1,000)
	Total service investments 2021/22	**7,186**	**5,511**	**(1,675)**
	Contribution from the Additional Restrictions Support Grant to fund Economic Development	(250)		**250**
	Contribution from the Pothole grant towards highways maintenance	(700)	(700)	**-**
	Revised contract payment arangements with the URC		(900)	**(900)**
	Total funding supporting service investments 2021/22	**(950)**	**(1,600)**	**(650)**
NET COST OF 2021/22 SERVICE INVESTMENTS		**6,236**	**3,911**	**(2,325)**

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Service Investments 2022/23

Ref:	Description	2022/23 £000
CP22-01	Cleaner, Greener, Safer	3,053
CP22-02	Voluntary & Community & Volunteering Strategy	30
CP22-03	Community Engagement and Consultation Strategy	35
CP22-04	Community Engagement / ABCD Staff Resources	48
CP22-05	Dementia Friendly Communities	28
CP22-06	Community Safety	100
CP22-07	Waste Strategy Management Costs	260
CP22-08	Commercial Waste costs	176
CP22-09	LG Changing Places	50
CP22-10	Unauthorised encampments	100
CP22-11	Telecare - staffing - lone working	20
CP22-12	Telecare - staffing - children's Services	50
CP22-13	Housing delivery staffing	21
CP22-14	Smart Places - Investment in Core Team	209
CP22-15	Smart Places - Investment in setting up 4 key work packages	68
CP22-16	Summer Response Strategy	1,690
CP22-17	Festival Coast Live programme	221
CP22-18	Cultural growth - Arts by the Sea Festival / FCL	80
CP22-19	Cultural growth - NPO match funding	-
CP22-20	Queens Jubilee Programme	30
CP22-21	Drowning prevention across BCP	30
CP22-22	Transport and Engineering capacity to support URC	36
CP22-23	Highways / roads maintenance and pot holes	600
CP22-24	Planning - Resources and staffing to support URC	90
CP22-25	Planning continuation of 2021/22 one-off corporate priority	250
CP22-26	Planning net gain - ecologists	90
CP22-27	Communications - Additional audio-visual production capacity	35
CP22-28	Transport & Engineering - Painting lamppost columns	80
CP22-29	Housing - Empty Homes Officer	50
CP22-30	Employers for Carers Membership	5
CP22-31	Poole in Bloom	5
CP22-32	BMX Championship Hosting	30
CP22-33	Equalities	14
CP22-34	Defibrillator Maintenance	5
CP22-35	Culture - Plus Poole Maritime Y1	200
CP22-36	Culture - Fringe Festival - seed funding	150
CP22-37	Culture - New Festival	150
CP22-38	Culture - Community cultural development	100
CP22-39	Levelling Up	20
	Total Service Investments	**8,209**
	Use of Contain Outbreak Management Funding to support service investments	(1,035)
	Total funding supporting service investments 2021/22	**(1,035)**
NET COST OF 2022/23 SERVICE INVESTMENTS		**7,174**

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BCP Council

9 February 2022

RESERVES (s25 Report)

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 **annual 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 the 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 ongoing uncertainty caused by the global public health emergency, long-term government funding reductions since 2010, the uncertainty caused by the lack of a three-year government spending review, and service delivery problems within its Children's Directorate. 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

Of relevance to this annual report will be the bold and ambitious agenda which underpins both the councils Big Plan and the proposals set out in the 2022/23 budget. Increasing levels of risk with reducing levels of overall reserves will be a key subject for reflection as will be the adoption of several non-traditional approaches to the balancing that proposed budget.

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, Slough Borough Council, and Nottingham City Council demonstrates.

Types of Reserves

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 where the council is the accountable body, 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.

Comparative information

The Chartered Institute of Public Finance and Accountancy (CIPFA) have previously 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 (NRE) = £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 all upper tier authorities including unitary, county, and metropolitan authorities. This demonstrates that at a level of £15.3m the councils unearmarked reserves would be on the lower side of the median when presented as a proportion of NRE (5.4%).

CIPFA Financial Resilience Index

In 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) first published what they refer to as the CIPFA Financial Resilience Index. Its aim is to promote good standards of governance and financial management across the sector. The index shows the council's position on a range of measures associated with financial risk. It is a comparative analytical tool which builds a picture of the council's financial resilience by comparing one financial year with another and by comparing BCP Council with similar and other unitary councils.

The index uses a combination of financial outturn and budget data for the specific financial years in question. As year-on-year data is only now beginning to emerge for BCP Council the index usefulness is only now beginning to emerge.

That said, the approach of using benchmarking information to influence and shape the financial strategy and medium-term financial plan is fundamental to the council's budget process. This was demonstrated by the approach set out in the June 2021 MTFP Update report to Cabinet which proposed adjustments to the Councils self-imposed levels of debt as set out by the Capital Financing Requirement (CFR) and the year on year increases to the level of unearmarked reserves to recognise the higher level of risk associated with a higher debt position. The Council has also undertaken taken two separate pieces of work with the Local Government Association around Adult Social Care and Children's Services which included a review of the robustness of the council financial planning and monitoring processes and benchmarking to confirm if the base budget levels are appropriate to the size of the authority and suggest ways of reducing the councils cost base.

For information and transparency Appendix 3b provides a summary of the latest published CIPFA Financial Resilience Index. The key matters highlighted by this document include.

a) Comparative information is currently only available for 2019/20.

b) BCP Council has submitted its data for 2020/21 which is still subject to DLUHC data validation processes.

c) Comparative benchmarking information with other unitary councils will not be available until later in the financial year. Nevertheless our 2020/21 data has been shown on the appendix along with a direction of travel.

d) Benchmarking information for 2020/21 is likely to be significantly caveated due to the impact of covid19 and the government's response. A good example will be the level of reserves with BCP having, as just one example, to hold £40.4m of Government compensation for the reliefs given to business in 2020/21, in our reserves on 31 March 2021 on the basis that the cash transaction is processed within 2021/22.

Local Government Peer Review

In line with the statutory requirement to continually improve the council was reviewed by a team of Local Government Association peers in the week commencing the 19th November 2021. The standard scope of such reviews besides, local priorities and outcomes, organisational and place leadership, governance and culture, and capacity for improvement includes financial planning and management.

This financial element was led by Duncan Whitfield the Strategic Director of Finance and Governance at Southwark Council. Early observations included that BCP had a professional and experienced finance team who had enabled the council to have a solid financial base having successfully navigated the creation of a new unitary authority following the most complicated local government review process since 1974, a global pandemic and the delivery of services with over £100m less in annual Revenue Support Grant from Government compared to 2010. They also reflected that the council had a reasonable level of reserves. The council has not received the final report but in respect of areas to consider relevant to this report, it is expected they will recommend that council.

- notes that the accumulated DSG high needs deficit is close to creating an overall negative reserve position.
- continually assess the risks created by the overarching and ambitious programmes of regeneration and transformation and the potential to impact the resources necessary to support statutory and priority services.
- Ensures the affordability of new initiatives within the context of the MTFP timeline.
- Considers increasing unearmarked reserves beyond the current MTFP target to mitigate strategic and operational risks from ambitious programmes.

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 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 an ongoing global public health emergency and its legacy impact.

Summary Reserves Position

	Balance 31/3/21 £m	Balance 31/3/22 £m	Balance 31/3/23 £m	Balance 31/3/24 £m	Balance 31/3/25 £m	Balance 31/3/26 £m	Balance 31/3/27 £m
Un-earmarked Reserves	15.3	15.3	16.0	16.7	17.4	18.1	18.8
Earmarked Reserves	153.8	57.3	15.3	12.1	10.1	10.2	10.4
Total General Fund Reserves	**169.1**	**72.6**	**31.3**	**28.8**	**27.5**	**28.3**	**29.2**
Dedicated Schools Grant (1)	(7.8)	(20.7)	(37.4)	(62.6)	(99.9)	(150.3)	(216.1)
Dedicated Schools Grant (2)	**(7.8)**	**(20.7)**	**(37.4)**	**(58.0)**	**(80.6)**	**(102.7)**	**(122.1)**

The position as set out above recognises.

(a) **Unearmarked Reserves**. As a matter of prudence, the agreed strategy is to increase the level of unearmarked reserves from their current level of 5.4% of the council's net revenue expenditure to 6.1% over the five years of the MTFP. At £18.8m this will position these reserves at the mid-point when compared to all upper tier authorities including unitary, county, and metropolitan authorities. This approach is coterminous with the council taking the opportunity to support its big plan ambitions afforded by low levels of borrowing compared to similar size local authorities.

(b) **Earmarked Reserves.** Balance as at the 31 March 2021 includes both £59m of covid related government grants, and £30m of capital financing which was specifically set aside to support the 2021/22 revenue budget.

(c) **Earmarked Reserves**. Balance as at the 31 March 2022 includes.
- £20.7m being set aside to be used in 2022/23 to support the delivery of the revenue budget as proposed via the release of the remaining financial resilience earmarked reserve balance.
- £3.3m being the forecast 2021/22 financial outturn which will be set aside in earmarked reserves and released to support the 2022/23 budget.
- £12.2m being set aside to be used in 2022/23 to support the delivery of the revenue budget as proposed via the release of the transformation mitigation earmarked reserve.

The total General Fund Reserves balance excludes the accumulating deficit (negative reserve) on the **dedicated school's grant**.

(d) Line (1) represents how it would grow based on the current pattern of provision and growth, with no new state funded places being created beyond the 17 planned for September 2022 and further 60 from September 2023, and no actions to educate a greater proportion of pupils in mainstream schools

(e) Line (2) assumes that an additional 56 special school and resource-based places will be created in each of the 3 years following, starting from September 2024, that the growth in EHCPs will reduce from 10% per annum in 2021/22 to 5% from 2026/27, and the proportion of the growth in pupils educated in mainstream schools will increase from the current 10% to 50% in 5 years.

In both lines the same predictions for DSG funding growth have been used with the DfE providing the assumptions of 5% in 2023/24 and 3% for each year thereafter.

Robustness of the Budget - Assumption that £61m of capital receipts will be generated to fund the council's £67.9m transformation investment programme.

In the context of the council's overall financial position and its financial sustainability, a critical issue is the assumption that the council will generate £61.1m in capital receipts to finance its £67.9m transformation programme over the period to 31 March 2025. As indicated the council is proposing to redirect, to finance the 2022/23 proposed revenue budget, the residual £12.2m transformation mitigation earmarked reserve which would have supported any timing, by financial year, differences between when the transformation investment expenditure is planned to be incurred and when the actual capital receipts to fund it by, are received.

The assumed £61.1m in capital receipts break down into three component parts.

a) £5.5m of capital receipts already achieved as of 30 November 2021.

b) £13.4m of estimated but not yet delivered capital receipts assumed to be realisable before the 31 March 2025 from longstanding traditional asset sales.

c) This leaves a balance of £42.2m in net capital receipt from the securitisation of a future income stream assumed to be realisable in 2022/23.

The key risk to the council is in respect of any expenditure which it intends to incur before the actual capital receipts required to fund it are delivered. Before 31 March 2023 the council intends to spend £34.3m of transformation expenditure which it plans to finance from capital receipts. On the basis that £5.5m of receipts have already been received (a), the council therefore needs to deliver £28.8m in either this financial year (2021/22) or next (2022/23) to ensure it can meet it spending plans as set out. It estimates that £11.8m will be delivered from traditional asset sales over this period leaving **£17m** as a target to be delivered from the securitisation of a future income stream in 2022/23. Our work with KPMG suggests that the timelines in relation to the securitisation of an income stream are well within those required to mitigate this risk.

Council will need to monitor the achievement of capital receipts very carefully. Should the council fail to deliver the assumed amounts then it will not be easy to reprofile the expenditure to match. The current expenditure profile is key to delivering the £8.7m of annual transformation savings now being assumed for 2022/23 and the accumulated savings profile of £18.7m for 2023/24 onwards. Such a situation would lead to a formal assessment as to whether the council can continue to balance its budget for the year and the likelihood, failing any alternatives, of in-year service reductions to ensure the council can manage within the parameters of its financial resources.

Robustness of the Budget – Revenue expenditure transferred to Transformation.

In establishing a transformation investment programme at £67.9m, the budget as proposed increases the scale of the commitment to transformation related expenditure by £22.9m. This increase reflects.

a) The inclusion of £6.7m per year for 3 years of the costs of employees working on the programme who are not available to support day to day or statutory improvement duties. To be clear this is a transfer of £6.7m of annual costs, currently charged to the day-to-day revenue budget, to the transformation investment programme which is separately funded by the application of capital receipts.

b) Investment in the data and insight capability.

c) Increase in the programme contingency.

In respect of the first of these changes the council has engaged with both CIPFA Consultancy and the External Auditor to provide assurance that they accord with the current regulations which determine expenditure that can be legitimately financed by the flexible use of capital receipts. Key to these requirements is that any costs associated with the programme can be directly related to the savings workstreams and staff need to ensure evidence is available to justify any charges so made.

Robustness of the Budget – Flexible Use of Capital Receipts Regulations Extension

An associated risk to the ability to fund revenue transformation expenditure from the application of capital receipts is that it is only permissible via the governments Flexible Use of Capital Receipts (FUCR) regulations. These regulations are scheduled to cease on 31 March 2022 however in February 2021 the government set out their intention to extend these regulations to 31 March 2025. From discussion with government, they continue to provide assurance that the extension will be enacted however they also suggest that there will be some changes to the guidance. The 2022/23 budget has been prepared on the basis that these regulations will be laid before and agreed by parliament and that they will be materially consistent with the current regulations. Again, council will potentially need to formally review the 2022/23 budget to confirm it is still deliverable once the regulations that permit the extension of the FUCR regulations are published.

Robustness of the Budget – Unitemised Transformation Savings

From a good financial management perspective having unitemised savings in a budget are considered a sign of weakness. Both Northamptonshire and Croydon were criticised for having budgets built on this basis.

The BCP Council budget for 2022/23 as proposed includes £4m of unitemised savings associated with the transformation programme. However, it is a key priority work stream for the council with significant activity providing reassurance that the saving for 2022/23 is achievable. This includes work with the councils Strategic Implementation Partner and a revised business case presented by the Corporate Director for Transformation to the Transformation Programme Board at its January 2022 meeting.

Robustness of the Budget – Refinancing of Regeneration Expenditure

Council have had an ongoing programme of considering the extent to which costs charged to the revenue account can instead be transferred to capital where they can be considered part of the cost in creating an asset and financed as per the specific project. This means that where the project is being financed by borrowing over the life of the asset council taxpayers benefitting from the investment will be the ones paying for it.

In this regard the council has been reflecting on its 2021/22 budget which decided to fund our Urban Regeneration Company (URC) (BCP FuturePlaces) via ongoing contractual payments allowed for as part of the revenue account. Following a review of similar practice elsewhere, an alternative mechanism is being proposed whereby payment to the URC is based on the successful outcomes of the development advice received. This new approach from 1 April 2022, means BCP FuturePlaces would require a working capital loan from the council in the first instance to cashflow their activity prior to presenting successful business cases to Cabinet, and potentially Council, which include provision for an appropriate professional fee.

The approach will increase the operational risk to the URC which will need to ensure that both the cost of their day business activity and costs incurred in bringing projects forward are covered by the professional fee on these projects and any other income they are able to achieve. Ultimately this risk is retained by the council to the extent to which it is providing an £8m working capital loan facility to the company.

This proposal requires council to formally approve a revised business plan and operating model for the BCP FuturePlaces, including business cases for individual schemes as they come forward. Should council not endorse the approach then the 2022/23 budget as proposed will need to be significantly revised to ensure the budget can continue to be balanced.

Adequacy of reserves consideration - Accumulating deficit on the Dedicated Schools Grant (DSG) with specific reference to the High Needs Budget.

Another critical issue for the Council. In the private sector an organisation which has negative reserves, is likely to fail the "going concern" accounting concept. In local government a material uncertainty related to "going concern" is unlikely to exist as the financial reporting framework assumes the council's services, at least its statutory services, will continue to be delivered in all scenarios. In local government the most likely scenario is the councils Section 151 Officer is likely to have to contact DLUHC to advise them of their financial concerns and possibility of issuing what is referred to as a s114 report. A section 114 notice would result in an immediate and severe curtailing of activity to the provision of non-statutory services. Even statutory services may be subject to a reduction in frequency or quality.

As demonstrated by the summary reserves table the council is forecast to move into this position in the 2022/23 financial year.

To mitigate this situation the council and its partners, particularly the DfE and local schools, need to demonstrate leadership and decisive action in the recovery of the High Needs Budget position. This leadership is being led by a council High Needs Recovery Board which is chaired by the Chief Executive and includes, amongst others, the Leader, relevant Portfolio Holders, and the chair of the Schools Forum.

Part of this leadership is focused on conversations with government, supported by the Local Government Association and other local authorities, around the possibility of an extension to a current DfE statutory instrument which became law at the end of November 2020. These regulations currently mean the council cannot contribute to the deficit, cannot hold a reserve to act as a counterweight and has been 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 is required to cash flow the deficit and continue to prioritise the work needed to reduce the deficit.

The statutory instrument, which comes to an end on the 31 March 2023, reads as follows.

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.

Through the various conversations with civil servants and ministers, they continue to acknowledge the impact of the growing DSG deficit will have on BCP and many other local authorities. However as at the time of authoring this report (January 2022) no specific indication has been received that the statutory instrument will be extended.

Adequacy of reserves consideration – Recognition of funding gap for 2023/24

In considering the adequacy of reserves councillors are advised to take a forward look at the position for 2023/24. As it stands there is a revenue funding gap of £28.2m for 2023/24, This is in addition to delivering.

i. £18.7m of annual savings from the transformation programme now being assumed from that financial year onwards

ii. £7.8m of specific savings and efficiencies in Adults and Children's Services due to the inclusion, as a matter of policy, of a 2.99% restriction on the growth allowable in both these service areas ignoring any contribution towards the already assumed transformation savings. As part of this approach Portfolio Holders and officers will need to deliver a range of proposals for consideration in advance of the formal budget setting for 2023/24.

iii. As a matter of policy, an increase on all local fees and charges in line with inflation

Councillors need to acknowledge that unless significant additional revenue receipts from new commercial models can be delivered the council will have to make significant cuts to service levels from 1 April 2023 onwards. Both these eventualities will need to be planned for during the first 6 months of the new financial year. It should also be borne in mind that the council will approach this task with no financial resilience earmarked reserves available to fund the exit costs associated with any a reduction in service levels.

Looking even further forward councillors need to recognise the positive impact that the assumption of a 2.99% restriction of growth in Adults and Children's services and the £7.2m further saving in net FTE reductions following transformation (2025/26) are having on the MTFP. Without these assumptions the funding gap over the five years would amount to £53.8m. In addition, it should be borne in mind that the council is using the higher end FTE reductions and consequent savings that have been independently assessed as deliverable for each element and for the overall transformation programme.

Adequacy of reserves consideration – Reducing Level of Total General Fund Reserves

Another salient matter is that the council's financial sustainability is being reduced by the use of reserves to support budget proposals. £30m of one-off resources were used to support the 2021/22 budget of the council, principally created from refinancing of the capital programme and from a review of inherited resources. £36.2m of one-off resources are being used to support the 2022/23 proposed budget. Reserves can only be used once, therefore note should be taken that over the last two years the council will have materially reduced its earmarked reserves. The use of reserves will reduce the future financial flexibility and resilience of the council.

S25 Report - Conclusions

In respect of 2022/23 budget, the budget is balanced, and the CFO considers that there is sufficient evidence to support the estimates being used to prepare the budget and that they provide a reasonable and robust basis upon which to derive such forecasts. That said councillors need to fully acknowledge that the future financial sustainability of the council is dependent upon delivering the recurring savings through the transformation programme as it is currently living beyond its means (expenditure greater than the permanent sources of income). Councillors should also acknowledge the following risks being taken in drawing a budget based on the assumptions.

a) Council will deliver at least a £43m capital receipt in 2022/23 from the securitisation of an income stream which will need to obtain subsequent Council approval.

b) Council will agree to the refinancing of its Urban Regeneration Company (BCP FuturePlaces) and a £8m working capital loan facility within the context of a new Business Plan.

c) Council will deliver at least a £3.3m surplus in the 2021/22 financial year.

d) Council will deliver the £4m in unitemised transformation savings in 2022/23.

e) Council will be able to generate significant additional revenue receipts from new commercial models to avoid the service cuts that would otherwise be needed for 2023/24 and to avoid the need for the council to establish new or reprioritise current earmarked reserves to facilitate this process.

f) Council will be able to deliver the government's announced social care reforms within the resources they have announced as available

g) The pay and grading project can be delivered within a cost neutral framework in respect of the project's delivery before 1 April 2024 as provision for cost increases have only been recognised from this date onwards. No specific provision is made for any associated claims.

h) Government will formally confirm the extension of the flexible use of capital receipts regulations, as they have previously indicated, and that they will remain materially the same as the current regulations.

By way of mitigation, the approach of increasing the level of unearmarked reserves over the lifetime of the MTFP by £3.5m to cover the increasing day-to-day operational risks faced by the council is commendable. As is the holding of a base revenue budget contingency of £2.2m. It should be noted that £0.2m of this contingency is held subject to due diligence in respect of a proposal around Giant Gallery.

It does not though require any professional judgement from the Chief Financial Officer (CFO) to assess that the council's reserves cannot be considered adequate based on the potential crystallization of the DSG accumulating deficit. However, as legislation prevents the council from making provision to offset the deficit in 2022/23 it appears there is no other option than to accept the position. Councillors do need to recognise that this legislation will not, as it stands, be applicable for the financial year 2023/24 and in the absence of movement by government the council will have reached a tipping point and severe and drastic action will be required to manage the council's financial position.

The Chief Finance Officer in his statutory s151 officer role would also request that councillors carefully reflect that.

a) the transformation of the council and the savings being assumed from its delivery must happen if the council is going to have a financially sustainable future. The inherent risk must be acknowledged in using one off resources to support the proposed budget for 2022/23. £30m of one-off resources were used to support the 2021/22 budget, principally created from refinancing of the capital programme and from a review of inherited resources. £36.2m of one-off resources are being used to support the 2022/23 proposed budget. Reserves can only be used once therefore note should be taken that over the last two years the council will have materially reduced its earmarked reserves. The use of reserves will reduce the future financial flexibility and resilience of the council.

b) the current £28.2m funding gap that is forecast for 2023/24 (excluding the impact of the 2.99% restriction on the proposed growth Adults and Children's services) and assure themselves before investing further in services in 2022/23 even if they are deemed one-off in nature.

c) acknowledging the administrations confidence in new commercial models, give serious consideration as to whether increasing Council Tax by the full 5.99% permissible, not investing further in services at this time, and only committing to further borrowing if it is self-financing, would better preserve statutory services into the future. Any proposals to use complex capital transaction as a mechanism for balancing the 2023/24 budget needs to be treated with a high degree of caution.

Continual careful and diligent management of the council's financial resources will be required to ensure the council is not required to undertake the severe forms of actions that an increasing number of councils are having to resort to in order to balance their budgets.

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UNEARMARKED RESERVES STRATEGY

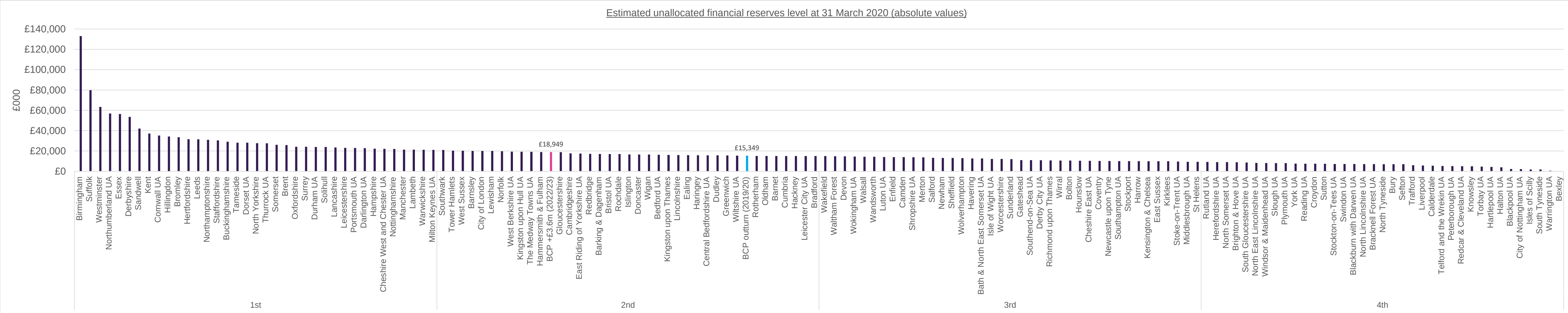
COMPARISON GROUP: UPPER TIER LOCAL AUTHORITIES

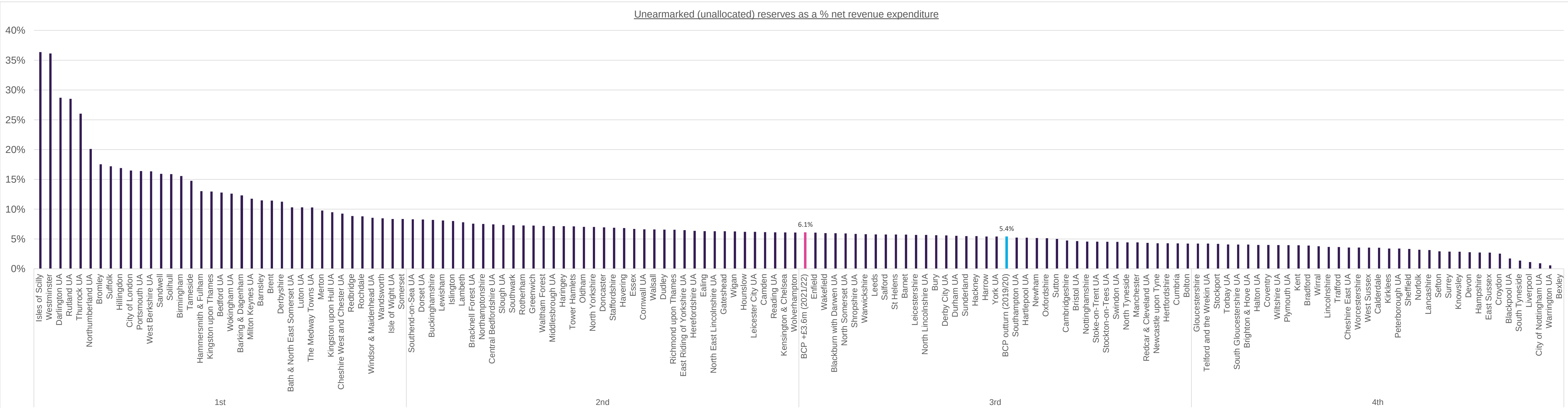
The impact of moving to the mid-point (i.e. 6.1% of net revenue expenditure to be held as unearmarked reserves) would be equivalent to an additional £3.6m reserves

Indicator of Financial Stress

Lower Risk (1st quartile)	→	Higher Risk (4th quartile)

1) LEVELS OF RESERVES





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APPENDIX 3A

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BCP COUNCIL FINANCIAL RESILIENCE INDEX DATA COMPARISON

Indicator	2019/20 (unitary authority group) Min	BCP	Max	2020/21 BCP	BCP direction of travel	CIPFA Interpretation Notes	Comments
							2020/21 values were submitted 27.08.21 as part of the Revenue Outturn data collection. These are still undergoing MHCLG validation checks and benchmarking information will not be available until at least November 2021.
Level of Reserves *	10.8%	31.2%	142.6%	58.2%	↑	• This is the ratio of the current level of reserves (total useable excluding public health & schools) to the council's net revenue expenditure • It is the responsibility of the S151 officer to utilise good financial management and decide what is an appropriate level of reserves. • Good financial management can be achieved with relatively low reserves, while high reserves do not always indicate good financial management. • Two COVID payments paid at the end of March 2020 may have an impact on this indicator if the local authority recorded them as reserves.	Caution required in benchmarking reserves for these periods due to the accounting treatment of significant covid grants - e.g. BCP total for 2020/21 includes £40.4m relating to S31 business rate relief grants
Interest Payable / Net Revenue Expenditure	-1.0%	1.0%	17.5%	1.2%	↑	• This shows the interest payable in 2019/20 as a % of the net revenue expenditure for that year	
Gross External Debt (£000)	£2,000	£270,426	£1,572,304	£202,934	↓	• This is actual external debt which includes short term (non-capital) borrowing The Prudential Code is clear that local authorities should borrow within their means. Minimum revenue provision ensures that there is suitable debt cover. • Substantial debt must be monitored, and effective risk management must be evident.	Difference between 2019/20 and 2020/21 is mostly short term borrowing which is at lower interest rates
Social Care Ratio	28.75%	69.28%	87.93%	82.0%	↑	• Relevant for those with responsibility for social care, therefore not relevant for districts. • There are areas of demand where councils have limited control. Demand for social care is increasing. Social care is a statutory obligation, therefore it is difficult to reduce this spend. • Demographic growth will show a trend towards increased expenditure. • Post-COVID, there is expected to be a rise in demand for social care for both adults and children	This represents both adults and children's social care
Fees & Charges to Service Expenditure Ratio	6.2%	13.3%	24.1%	11.5%	↓	• Local authorities have greater control over their own ability to put charges up or down, giving more control over budget. • Local authorities have the ability to raise income through certain fees and charges. • Fees and charges across different sources may reduce risk. • During the pandemic (after the period covered by this data) grants have underpinned income losses.	Greater control over ability to raise fees and charges, but this income stream has become volatile due to Covid-19
Council Tax Requirement / Net Revenue Expenditure	34.1%	73.9%	94.2%	81.0%	↑	• Council Tax is a stable form of income. • Collection rates and hardship schemes have resulted in minimal impact across the board. • Awareness of the pressures from COVID and the requirement for Government support.	BCP is at the very top of the 3rd quartile
Growth Above Baseline	-4.0%	2.0%	66.0%	TBC	TBC	• Local authorities have been able to maintain growth in business rates. • There is an issue that in a reset, those with greater income above the baseline will face a greater negative impact. This makes them more vulnerable. • Business rates changes have been delayed along with the fair funding review.	Work ongoing with CIPFA to understand the basis of this calculation
Auditors VfM Assessment		Qualified 'except for'		TBC	TBC	This indicator shows whether auditors have produced a non-standard conclusion on a council's accounts Explanation: OFSTED undertook a targeted review of the Council childrens services and identified significant weaknesses. Although this is not a full inspection, the weaknesses identified are considered significant enough to warrant an except for conclusion. This was agreed by a Grant Thornton independent Panel.	
Children's Social Care Judgement		Requires Improvement		TBC	TBC	This indicator shows the latest OFSTED judgement on the quality of children's social care	

Key:
Adverse indicator / BCP is in the 4th quartile of all UAs
Cautious indicator / BCP is in the 3rd quartile of all UAs
Favourable indicator / BCP is in the 1st or 2nd quartile of all UAs

Note:

** Adjusted value shown, original 2019/20 BCP value incorrectly deducted DSG deficit balance*

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BOURNEMOUTH, CHRISTCHURCH AND POOLE

General Unearmarked Reserves - Risk Assessment 2022/23

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
High Needs budget element of the Dedicated Schools Grant (DSG). Assessment of the deficit for 2022/23 is £16.7m with the total accumulated deficit as at the 31 March 2023 forecast to amount to £37.4m even in an optimistic scenario. Following government regulation the Council is currently not able to set aside resources in the general fund to act as a counterweight. From 2023/24 the council will have insufficient general fund reserves in total unless the current statutory instrument is extended beyond its current 31 March 2023 expiry date.	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 recognises deficit as low risk for 2022/23.	4	1	4	£37,400,000	25%	£9,350,000
2021/22 Financial Performance of the Council. Proposed 2022/23 budget assumes application of the forecast £3.3m surplus for 2021/22 based on the quarter 3 position.	Monthly monitoring of the key financial health indicators and formal quarterly reporting to Cabinet	Formal quarter 3 budget monitoring report to February 2022 Cabinet and various monthly budget monitoring arrangements	4	2	8	£3,300,000	75%	£2,475,000
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 be met within approved resources. *Impact recognises a further 5% service cost pressure based on the amount provided for 2022/23*	4	2	8	£3,970,000	75%	£2,977,500
Legacy consequences of the NHS Discharge to Access hospital discharge of adults programme during the Covid-19 pandemic.	Budget preparation has placed significant reliance on historic trends in the absence of full data.	Continued monitoring and discussion with NHS. *Based on estimated cost in 2021/22*	3	1	3	£2,480,000	10%	£248,000

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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. 2022/23 budget makes no specific allowances for further investment.	BCP Children's Services Improvement Board	Continue improvement board arrangements with regular review by the Corporate Management Board.	4	2	8	£4,300,000	75%	£1,500,000
Unforecast increase in service demand and cost for Adult Social Care. *This includes the significant threat to demand for Adult Social care from the 75% to 80% of clients locally who are self funders and do not require financial assistance from the Council and the unstable market conditions for such services as residential care for older people.*	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. *Impact recognises a 5% service cost pressure based on local government experience.*	4	2	8	£6,009,100	75%	£4,506,825
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. *Impact recognises a 5% service cost pressure.*	2	2	4	£690,000	25%	£172,500
Transformation programme savings of £8.7m assumed within the 2022/23 budget of which £4m is not yet itemised.	Key workstream for the authority - monthly review by Transformation Board	Continue monitoring arrangements	4	2	8	£4,000,000	75%	£3,000,000
Non transformation programme savings, efficiencies and additional resources assumed within the 2022/23 base budget of £5.4m. Risk of non delivery.	Structured monitoring via the budget process	Continual monitoring of the budget.	4	1	4	£5,400,000	10%	£540,000
Transformation programme assumes expenditure of £34.3m by the 31 March 2023 to be funded via the flexible use of capital receipts. As capital receipts of £5.5m have already been delivered this £28.8m remaining to be delivered.	Key workstream for the authority - monthly review by Corporate Property Group	Continue monitoring arrangements - *Impact based on 20% of the assumed capital receipts.*	4	1	4	£6,860,000	25%	£1,715,000
General operational risk of a reduction in fees, charges and rents income against 2022/23 budget. *Risk also reflects the Council not developing and implementing appropriate arrangements for their collection and from any decline in individuals personal wealth.*	Monitoring of the key areas of fees & charges income	Development of monitoring arrangements. *Impact assumes a 2% variation in the estimated amount.*	3	2	6	£1,505,240	50%	£752,620

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Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Instability to the Council's Council Tax Base due to variations in the number of the Local Council Tax Support (benefits) scheme claimants and the ability of the Government to change welfare policy impacting on the amount that can be claimed.	Monitoring of tax base position and claimant numbers	Establish monitoring arrangements. *Impact based on risk of a 5% increase in caseload.*	3	2	6	£1,344,150	50%	£672,075
Significant assumptions included in the 2022/23 base budget of the Council related to Council Tax income.	Structured process to robustly monitor the budget	Continue establish monitoring arrangements. *Impact recognises 1% variation on total budgeted council tax income.*	3	2	6	£2,289,640	50%	£1,144,820
Instability to the Council's core funding streams due to the potential for variation in 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. *Impact recognises 1% variation in the total collected.*	3	2	6	£1,101,630	50%	£550,815
Lack of a capital contingency meaning the council has insufficient resources to support necessary capital infrastructure developments other than through borrowing.	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 feasibility resources to support major capital ambitions such as those associated with Housing and Regeneration or specific projects such as the Bournemouth International Centre. BCP FuturePlaces undertaking feasibility work on a number of key proposals.	Work on feasibilities will only be progressed once a funding strategy is in place.	Continue review and Cabinet/Council approval of any relevant business cases.	2	1	2	£500,000	10%	£50,000

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Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
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.	3	1	3	£2,000,000	10%	£200,000
New harmonised pay and reward strategy due for implementation from April 2024. Risk associated with financial modelling supporting decision making. 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 *Impact based on a 1% variation to the pay bill.*	3	2	6	£1,774,194	50%	£887,097
Fees, costs and investments in schemes being worked-up by the Bournemouth Development Company (Joint Venture between the Council and Muse Developments) which should eventually be covered by the individual schemes business case or profit on future schemes.	Monitoring of the schemes progress via representation on the BDC Board	Continue monitoring arrangements. *Impact recognises the Council's 50% share of such costs*	4	2	8	£275,500	75%	£206,625
Inflation risk. Provision has only been made f*or inflation where "clear evidence that it will be required due to either market conditions or due to contractual terms and conditions".*	Generally outside of local control. November 2021 - CPI 5.1%	Monitoring of relevant developments and indicators. Consider extent to which the Council can influence local market pressures. *Based on an estimate of premises, transport, contract payments, agency payments, supplies & services costs and a 1% variation.*	4	1	4	£3,265,000	25%	£816,250
Funding gap for 2023/24 of £28.2m excluding £10m additional transformation savings and £5.5m of service based savings.	Robust Medium Term Financial Planning process	Continue monitoring and development of the process. Years 2 to 3 savings. *Risk recognises 25% of the savings target*	4	1	4	£10,375,000	25%	£2,593,750

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Final Local Government Finance Settlement not due until early February 2022. Risk resources allocated will be lower than those outlined in the provisional settlement received in December 2021.	Ongoing monitoring of Government announcements	Impact based on the provisional Revenue Support Grant allocation to BCP Council for 2022/23	4	1	4	£3,122,071	25%	£780,518
Additional resources required to support or complete schemes already within the approved capital programme with particular emphasis on the impact of higher inflation on the cost of building materials.	Robust monitoring arrangements or individual schemes	Continue capital monitoring arrangements	2	3	6	£1,000,000	50%	£500,000
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. *Based on a potential 0.1% reduction in interest rates (what the markets refer to as downside risk).*	1	3	3	£50,000	10%	£5,000
Government unfunded requirements or changes that lead to cost increases or income reductions to the Council. *A good examples would be from the implications of the Social care Reforms or the Governments Resources and Waste Strategy.*	Ongoing review of Government policy proposals. New burdens doctrine.	Monitoring of Government policy proposals.	2	2	4	£1,000,000	25%	£250,000
Loans and mortgages extended via the Community Finance Initiative (now closed Bournemouth Borough Council enterprise) which remain outstanding as at 15 December 2021.	Regular monitoring of loans	Continue monitoring arrangements	2	2	4	£528,000	25%	£132,000
Insufficient resources to resolve Legal claims against the Council. *Examples include potential claims brought against the council due to contractual terms and arrangements, and claims as a consequence of the impact of the Councils actions on third parties.*	Statutory and regulatory controls, internal governance procedures, professional advisers.	Monitor any such claims and seek approaches which limit claims especially those in respect of their backdating.	3	2	6	£1,500,000	50%	£750,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
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.	2	1	2	£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.	2	1	2	£500,000	10%	£50,000
Increasing number of Public Sector organisations recharging for services that were previous provided at no cost. An example would be the Health & Safety Executive	Statutory and regulatory controls, internal governance procedures, professional advisers.	Consideration, review and challenge of claims for payment from any such organisations.	2	1	2	£500,000	10%	£50,000
Impact of potential Business Rates Retention Resets (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, Based on value of Government Revenue Support Grant in 2022/23	4	1	4	£3,122,071	25%	£780,518
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
Major Incident	Operational procedures and planning.	Consider potential to obtain national funding under the Bellwin scheme.	2	2	4	£1,000,000	25%	£250,000

APPENDIX 3c

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
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						**£120,661,596**		**£42,706,913**

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 £14.2 million as a minimum and around £28.5 million at the maximum.

The proposal is that unearmarked reserves are increased to £16m to reflect the growing operational risks / borrowing being undertaken by the Counc
As a percentage of Net Revenue Expenditure this is estimated to be 5.2% subject to the formal annual government revenue account return process.

CIPFA benchmarking would indicate un-earmarked reserves for a unitary council should be maintained between £13.6m (5%) and £27.2 (10%) of the Councils Net Revenue Expenditure *(2021/22 levels)*

APPENDIX 3c

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RESERVES RISK ASSESSMENT

SCORING MATRIX

LIKELIHOOD

IMPACT					
Severe / Catastrophic **Over £2.5m**	**4**	4 *(25%)*	8 *(75%)*	12 *(100%)*	16 *(100%)*
Major **£1m to £2.5m**	**3**	3 *(10%)*	6 *(50%)*	9 *(100%)*	12 *(100%)*
Moderate **£500k to £1m**	**2**	2 *(10%)*	4 *(25%)*	6 *(50%)*	8 *(75%)*
Minor **Below £500k**	**1**	1 *(10%)*	2 *(10%)*	3 *(10%)*	4 *(25%)*
		1	**2**	**3**	**4**
		Unlikely	**Possible**	**Likely**	**Very Likely**

Unlikely

- May occur in time but very infrequent, perhaps once in a lifetime
- Odds of 100-1 to 1000-1

Possible

- May occur occasionally, perhaps once every few years
- Odds of 10-1 to 99-1

Likely

- Likely to occur imminently or within the next few months to a year
- Odds of 10-1 to Evens

Very Likely

- Will occur or does occur regularly
- Odds of Evens or Absolute Certainty

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

APPENDIX 3d

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Appendix 4a
Capital Investment Programme (CIP) - Project list

Capital Project	Original budget 2022/23 £'000	Planned spend 2023/24 £'000	Planned spend 2024/25 £'000	Planned spend 2025/26 £'000	Planned spend 2026/27 £'000	MTFP 2022 to 2027 £'000
Integrated Community Equipment Store (BCP)	1,945	1,545	1,545	1,545	1,545	8,123
Physical Environment Grants to Care Homes with Nursing	25	0	0	0	0	25
Adult Social Care	1,970	1,545	1,545	1,545	1,545	8,148
Avonbourne Academy	300	0	0	0	0	300
Bournemouth Learning Centre	230	0	0	0	0	230
Feasibility studies Winchelsea and Linwood	200	0	0	0	0	200
Hillbourne - New School	1,010	70	0	0	0	1,080
Planned Repairs and Maintenance	813	300	300	150	100	1,663
Urgent Work	150	150	150	150	150	750
Climate Change/Low Carbon Reduction	50	200	200	0	0	450
Advanced Design Fees Maintained Schools	50	50	50	0	0	150
Advanced Design Fees SEND	75	75	75	75	75	375
Children's Services	2,878	845	775	375	325	5,198
STB, DfT, LCWIP, OBC Development & Bidding	45	0	0	0	0	45
Programme Management Fees	46	0	0	0	0	46
Boscombe Towns Fund	0	750	750	750	750	3,000
Total Strategic Network Improvements	**91**	**750**	**750**	**750**	**750**	**3,091**
Active Travel Fund - Baiter/Whitecliff cycleway	720	0	0	0	0	720
Active Travel Fund - Permanent Tranche 1 schemes	160	0	0	0	0	160
Active Travel Fund - Programme monitoring	100	0	0	0	0	100
Covid related Active Travel	**980**	**0**	**0**	**0**	**0**	**980**
Durley Car Park - School Zone (Developer funded)	290	0	0	0	0	290
Road Safety: Safety Improvements - Pedestrian Crossings	140	0	0	0	0	140
Road Safety: Casualty Reduction Measures, Cluster Sites	100	0	0	0	0	100
Road Safety: Safe Routes to School (SRTS)	180	0	0	0	0	180
Total Travel Safety Measures	**710**	**0**	**0**	**0**	**0**	**710**
Business Travel Network	80	0	0	0	0	80
Electric Vehicle Infrastructure	10	0	0	0	0	10
Dropped crossings/Accessibility improvements	20	0	0	0	0	20
Total Active Travel and Greener Travel Choice	**110**	**0**	**0**	**0**	**0**	**110**
Minor Transportation Works	80	0	0	0	0	80
Total Manage and Maintain Existing Network	**80**	**0**	**0**	**0**	**0**	**80**
DfT Indicative Integrated Transport Block funding	499	852	2,352	2,352	2,352	8,407
Total Public Alternatives to the Car	**499**	**852**	**2,352**	**2,352**	**2,352**	**8,407**
A3060 CASTLE LANE WEST (MUSCLIFFE WAY TO BROADW	1,520	0	0	0	0	1,520
A341 WIMBORNE RD (FERNCROFT RD TO N'BOURNE RD)	735	0	0	0	0	735
Planned pre-patching (Streetscene)	200	200	200	200	200	1,000
Neighbourhood Services (Streetscene) -Pothole investment	500	500	500	500	500	2,500
DfT Indicative Pothole & Challenge Fund Allocation	1,627	1,627	1,627	1,627	1,627	8,135
DfT Indicative maintenance block funding	2,459	2,459	2,459	2,459	2,459	12,295
Total Maintenance - Principal & Non-Principal Roads	**7,041**	**4,786**	**4,786**	**4,786**	**4,786**	**26,185**
Bridge Maintenance (including Waterloo)	560	0	0	0	0	560
Total Maintenance - Bridges & Structures	**560**	**0**	**0**	**0**	**0**	**560**
Street Lighting Investment project	540	0	0	0	0	540
Total Maintenance - Other	**540**	**0**	**0**	**0**	**0**	**540**
Cabot Lane/Broadstone Way Junction and accessibility improve	29	0	0	0	0	29
Ferndown, Wallisdown, Poole (FWP) Corridors	516	0	0	0	0	516
Total Transport & Eng (DLEP)	**545**	**0**	**0**	**0**	**0**	**545**
Highways and network improvements	11,156	6,388	7,888	7,888	7,888	41,208

Appendix 4a
Capital Investment Programme (CIP) - Project list

Capital Project	Original budget 2022/23 £'000	Planned spend 2023/24 £'000	Planned spend 2024/25 £'000	Planned spend 2025/26 £'000	Planned spend 2026/27 £'000	MTFP 2022 to 2027 £'000
Transforming Cities Fund £79m TCF grant funded element	30,468	15,000	0	0	0	45,468
C- Bus Infrastructure	390	0	0	0	0	390
Employment sites	851	0	0	0	0	851
Educational sites	132	0	0	0	0	132
E- Bike Sharing and E-Bikes	764	0	0	0	0	764
A1- Bournemouth town centre and Christchurch	100	0	0	0	0	100
Westbourne Corridor	350	1,500	0	0	0	1,850
A2- Poole town centre and Hamworthy	261	0	0	0	0	261
Carter works (C3 (Section 2)	40	0	0	0	0	40
A3- Kinson, Castle Lane and Westbourne	70	0	0	0	0	70
A4- Dorset	32	0	0	0	0	32
Sustainable Corridor S5 Sections 8 to 21	5,979	0	0	0	0	5,979
Sustainable Corridor C2 Sections 9	50	0	0	0	0	50
Sustainable Corridor C3 Section 5	48	0	0	0	0	48
A5-Offline and Structures	36	0	0	0	0	36
Corridor C1 Sections 4	20	0	0	0	0	20
Corridor C5 Section 4	19	0	0	0	0	19
Sustainable Corridor S5 Sections	50	0	0	0	0	50
Transforming Cities Fund	**39,661**	**16,500**	**0**	**0**	**0**	**56,161**
Christchurch Bay and Harbour FCERM Strategy	200	100	0	0	0	300
Poole Bay Beach Management 2020-2031	3,750	9,850	1,785	6,607	1,862	23,854
Contingency for PBBM (Phase 1 underspend)	0	0	0	740	0	740
Preston and Chesil Beach Management Plan Updates	25	0	0	0	0	25
Poole Bridge to Hunger Hill (PB2HH)	5,961	5,833	150	0	0	11,944
Partnership funding for future schemes	115	0	0	0	0	115
Durlston to Hurst Sediment Resource Management programme	200	100	0	0	0	300
Dorset Coastal Asset Database	89	10	0	0	0	99
Coastal protection and flood management	**10,340**	**15,893**	**1,935**	**7,347**	**1,862**	**37,376**
Suitable Alternative Natural Greenspace (SANG) - Barn (and G	56	0	0	0	0	56
Poole High Street - Heritage Action Zone	336	336	0	0	0	672
Oakdale Skills & Learning Centre - Relocation to Dolphin Centr	620	0	0	0	0	620
Mallard Road Investment	375	0	0	0	0	375
Parkway House (insurance and landlord works)	315	0	0	0	0	315
BIC Medium Term Refurbishment Plan	1,480	0	0	0	0	1,480
Regeneration	**3,188**	**336**	**0**	**0**	**0**	**3,524**
Heart of Poole - Revised MasterPlan	315	165	0	0	0	480
Carter's Quay	12,000	19,000	4,868	0	0	35,868
Towns Fund - Boscombe Digital Connectivity - Phase 2	230	0	0	0	0	230
Towns Fund - Programme Management	419	0	0	0	0	419
Smart Places Gigabit Fibre Scheme	1,890	1,890	1,890	0	0	5,670
Winter Gardens (private rented sector and car park)	0	44,459	0	0	0	44,459
Holes Bay Development	100	0	0	0	0	100
Wessex Fields land disposal (highways infrastructure works)	1,600	0	0	0	0	1,600
Wessex Fields Feasibility	93	0	0	0	0	93
Major development	**16,647**	**65,514**	**6,758**	**0**	**0**	**88,919**
Highcliffe Castle, (inc Phoenix Flies Project)	200	100	0	0	0	300
Upton Country Park - Discovery project	1,156	0	0	0	0	1,156
Poole Museum - Our Museum project	2,189	2,189	0	0	0	4,378
Poole Museum Decarbonisation (Salix)	752	0	0	0	0	752
Scaplen's Court Museum	278	50	0	0	0	328
Total Culture, arts, libraries and museums	**4,575**	**2,339**	**0**	**0**	**0**	**6,914**
Whitecliff Pavillion	100	0	0	0	0	100
3G Artificial Pitch Rossmore Leisure Centre - Feasibility	1,092	0	0	0	0	1,092
Two Rivers Meet - artficial pitch replacement	110	0	0	0	0	110
Total Sports & Recreational Facilities	**1,302**	**0**	**0**	**0**	**0**	**1,302**

Appendix 4a
Capital Investment Programme (CIP) - Project list

Capital Project	Original budget 2022/23 £'000	Planned spend 2023/24 £'000	Planned spend 2024/25 £'000	Planned spend 2025/26 £'000	Planned spend 2026/27 £'000	MTFP 2022 to 2027 £'000
Pier Approach - Phase 2	53	0	0	0	0	53
MCA Feasibility Project	32	0	0	0	0	32
Durley Chine Environmental Innovation Hub	500	0	0	0	0	500
Beach Check Application	24	0	0	0	0	24
Seafront BBQs	10	0	0	0	0	10
Toft Fitness Park	30	0	0	0	0	30
New Beach Huts - Canford Cliffs	3,118	0	0	0	0	3,118
Canford Cliffs Pavilion	1,131	0	0	0	0	1,131
Prom Café expansion & Green Living Wall Trail	35	0	0	0	0	35
Bistro Redevelopment	5,463	0	0	0	0	5,463
Mudeford Beach House Café	960	0	0	0	0	960
Total Seafront Development	**11,356**	**0**	**0**	**0**	**0**	**11,356**
Destination & Culture	**17,234**	**2,339**	**0**	**0**	**0**	**19,573**
Disabled Facilities Grant	3,774	1,974	1,974	1,974	1,974	11,669
Community Land Trust Project (Affordable housing)	445	0	0	0	0	445
SLA support for CLT projects	24	24	24	0	0	72
Private Sector Renewal-warmth & well-being	160	0	0	0	0	160
Homelessness Hub	686	0	0	0	0	686
Total Housing & Communities Services	**5,088**	**1,998**	**1,998**	**1,974**	**1,974**	**13,031**
CNHAS - New Temporary Accommodation Portfolio	6,645	0	0	0	0	6,645
CNHAS Residential Property & Acquisitions	5,185	12,235	10,650	10,555	0	38,625
CNHAS Alma Road (former GP surgery)	570	1,520	1,710	0	0	3,800
CMHAS Oakdale	660	1,530	2,180	0	0	4,370
Princess road - Hostel and Private Rented Sector	11,537	2,205	0	0	0	13,742
Total CNHAS schemes included in general fund	**24,597**	**17,490**	**14,540**	**10,555**	**0**	**67,182**
Housing & Communities	**29,685**	**19,488**	**16,538**	**12,529**	**1,974**	**80,213**
Two Rivers Meet Leisure Centre (decarbonisation works)	356	0	0	0	0	356
Decarbonisation works to be allocated	314	0	0	0	0	314
Christchurch Priory, Wall Repairs	100	0	0	0	0	100
BH Live (£518k MF email)	518	518	518	518	518	2,590
Honeycombe Chine - waterproofing	25	0	0	0	0	25
Russell Cotes Museum - roof/balcony water proofing	39	0	0	0	0	39
Estate management	**1,352**	**518**	**518**	**518**	**518**	**3,424**
Public Conveniences	135	0	0	0	0	135
Total Waste & Cleansing	**135**	**0**	**0**	**0**	**0**	**135**
Fleet Management	12,000	4,900	0	0	0	16,900
Cleaner Greener Safer Equipment	200	0	0	0	0	200
Total Fleet Management	**12,200**	**4,900**	**0**	**0**	**0**	**17,100**
Poole Park Miniature Railway	164	0	0	0	0	164
Alexandra Park Play and Open Space improvements	28	0	0	0	0	28
Branksome East Open Spaces improvements	10	0	0	0	0	10
Newtown - Turners Nursery	72	0	0	0	0	72
Harbourside Park Open Space improvement	55	0	0	0	0	55
Canford Heath (East & West) Open Space improvements	138	0	0	0	0	138
Fernheath Playing fields - construction of new pavilion	485	0	0	0	0	485
Muscliff Natural Burial Ground	110	0	0	0	0	110
Iford Meadows and Playing Fields	200	0	0	0	0	200
Christchurch Legacy Play areas	187	0	0	0	0	187
Total Parks & Open Space Management	**1,449**	**0**	**0**	**0**	**0**	**1,449**
Environment	**13,784**	**4,900**	**0**	**0**	**0**	**18,684**
Bournemouth Crematorium (phase 1)	131	0	0	0	0	131

Appendix 4a
Capital Investment Programme (CIP) - Project list

Capital Project	Original budget 2022/23 £'000	Planned spend 2023/24 £'000	Planned spend 2024/25 £'000	Planned spend 2025/26 £'000	Planned spend 2026/27 £'000	MTFP 2022 to 2027 £'000
Poole Crematorium (Phase 1)	510	0	0	0	0	510
Total Legal Services	**641**	**0**	**0**	**0**	**0**	**641**
ICT Investment programme	118	0	0	0	0	118
ICT Investment Plan	**118**	**0**	**0**	**0**	**0**	**118**
Laptops and Auto Pilot	1,920	0	0	0	0	1,920
MS Teams Collaboration	160	0	0	0	0	160
Backup and Security Tools	50	0	0	0	0	50
IT Hardware (Capital one-off costs)	370	0	0	0	0	370
Transformation Programme (Capital)	**2,500**	**0**	**0**	**0**	**0**	**2,500**
BCP Civic - building alterations - BCP Civic	400	0	0	0	0	400
BCP Civic - Plant, equipment, fixtures and fittings	200	0	0	0	0	200
ICT investment	200	0	0	0	0	200
Bournemouth Customer Services - (Buildings and Fittings)	463	0	0	0	0	463
Poole Dolphin Centre Customer Services - (Buildings and Fittin	400	0	0	0	0	400
Coroners Service - Vertical Slice (Buildings and Fittings)	1,050	0	0	0	0	1,050
Remodelling BCP Civic space- West Wing	141	0	0	0	0	141
Contingency	120	0	0	0	0	120
Office Accommodation	**2,974**	**0**	**0**	**0**	**0**	**2,974**
Resources	**6,233**	**0**	**0**	**0**	**0**	**6,233**
BCP Capital Programme	**154,128**	**134,265**	**35,956**	**30,201**	**14,111**	**368,660**

Appendix 4b

Capital Investment Programme (CIP) narrative by directorate

Overview

Capital Investment Programme 2022/23 to 2026/27

General Fund	Planned Programme 2022/23 £'000	Planned Programme 2023/24 £'000	Planned Programme 2024/25 £'000	Planned Programme 2025/26 £'000	Planned Programme 2026/27 £'000	Total 2022 to 2027 £'000
Adult Social Care (Integrated Community Equipment)	1,970	1,545	1,545	1,545	1,545	8,148
Children's Services	2,878	845	775	375	325	5,198
Transport & Engineering - Highways (inc indicative Pothole Grant and Local Transport Plan Grant)	10,611	6,388	7,888	7,888	7,888	40,663
Transport & Engineering - Transforming Cities Fund	39,661	16,500	0	0	0	56,161
Transport & Engineering - other	545	0	0	0	0	545
Transport & Engineering - coastal protection	10,340	15,893	1,935	7,347	1,862	37,376
Economic Regeneration	3,188	336	0	0	0	3,524
Major Development Projects	16,647	65,514	6,758	0	0	88,919
Destination & Culture (inc seafront development)	17,234	2,339	0	0	0	19,573
Housing & Communities (inc major housing development)	29,685	19,488	16,538	12,529	1,974	80,213
Hard Facilities Management (corporate estates)	1,352	518	518	518	518	3,424
Environment (waste, fleet, parks & open spaces)	13,784	4,900	0	0	0	18,684
Resources (ICT investment including Organisational Design)	6,233	0	0	0	0	6,233
Capital Investment Planned	**154,128**	**134,265**	**35,956**	**30,201**	**14,111**	**368,660**

Adults Social Care – £2.0 million 2022/23 (£8.1 million 5-year plan)

Planned investment includes £2.0 million in integrated community care equipment to further promote and support independent living at home. This is funded from government grant and includes one-off £0.4 million spend to support additional equipment purchase and occupational therapist staff costs. Ongoing community care equipment spend from 2023/24 onwards is assumed at £1.5 million per annum.

The council is developing plans for its extra care housing strategy. The further development of extra-care housing in Bournemouth, Christchurch and Poole is a necessary measure to deliver on the Council's commitments to both promote greater independence and to reduce the numbers of people entering residential care. There are a variety of shapes that extra-care housing provision can take and BCP Council needs to ensure that it has a good range and span of schemes and options.

Using local population projections, and benchmarking against a nationally recognised formula, it is estimated there is a need to develop and open, over the next five years, schemes to bring the council up to the target number of units of 1,312 by 2030 and 1,577 by 2040.

Children's Services £2.9 million 2022/23 (£5.2 million 5-year plan)

Appendix 4c of this report contains the Children's Services Capital Strategy – which outlines the key workstreams underway to clearly identify strategic needs across schools. This includes the commissioning of an updated SEND Strategy, which will result in a programme of SEND capital works to create additional specialist places and promote inclusion. To inform this process the Council has invited expressions of interests from local school leaders and has planned a process to assess and evaluate schemes for progression and consideration by the High Needs Board/Capital Programme Board. In addition, a programme of prioritised school building condition surveys is under way to better understand potential new school building condition improvements required. A detailed list of resulting capital schemes proposed for 2022-2027 will be brought forward for Member review and approval in early 2022/23.

Until this work is completed, the CIP includes only residual unspent approved capital budgets for schemes already underway and general allocations for building related works.

Highways - £11.2 million 2022/23 (£41.2 million 5-year plan)

This is routine and structural capital maintenance that is funded predominantly from Department for Transport (DfT) capital grant allocations for Local Transport Plan (LTP) and Pothole Fund. CIP spend is indicative at this stage and is based on an estimate of unspent capital grant from prior years and historic in-year grant allocations. Final grant allocations are expected to be announced in early 2022. A detailed report on planned utilisation of LTP and pothole grant funding for 2022/23 will be considered separately by council in March 2022. This report will also reflect the share of LTP capital grant funding that is allocated to the TCF programme (as match funding), Neighbourhood Services (for routine highways maintenance across the conurbation) and to fund new staff recruited to help deliver the routine and structural maintenance programme.

The Government has recently announced plans to allocate additional £400 million new capital grant funding between 2022/2023 and 2024/25, for the development and construction of high-quality walking and cycling schemes identified in Local Cycling & Walking Infrastructure plans (LCWIPs). Further guidance is anticipated from Government on how this funding will be allocated across the country. Whilst Government aims to provide long-term certainty for local authorities over the spending review period to 2024/25 and to minimise competitions wherever possible, a combined long-term pipeline bidding process is envisaged, to commence in Spring 2022, with long-term allocations agreed later in the year.

Transforming Cities Fund (TCF) - £39.7 million 2022/23 (£56.2 million 5-year plan)

The TCF Programme benefits from £79.3 million of DfT grant funding in addition to BCP and third-party local contribution. The council liaises closely with the DfT on delivery and planned spend profile. Because of BCP's progress to date in delivering this major programme of works, the DfT is expected to extend the original programme end date of March 2023 by another 12 months. Accordingly planned spend of £16.5 million has been reprofiled into 2023/24.

Key risks remain within the programme in relation to the ongoing impact of current market conditions on programme deliverability and affordability. These are, however, mitigated by the procurement strategy and level of risk allowance included in the programme through which increased costs are expected to be managed. This position is closely monitored by the Programme Management Board.

There are also potential risks associated with securing the third party "complementary investment" contribution of £11.5 million from the bus companies. This is assumed to consist of bus operator investment in new vehicles, engine upgrades and investments in new routes. Discussions are ongoing with bus operators to confirm the ongoing availability of this funding. The council is also considering what alternative local contributions could also be attributed to the TCF Programme, in order to mitigate the potential impact. This issue has been raised with the DfT. At this stage they have not indicated that it would impact the overall grant award.

Appendix 4b

Capital Investment Programme (CIP) narrative by directorate

Coast Protection - £10.3 million 2022/23 (£37.4 million 5-year plan)

This programme is delivered in partnership with the Environment Agency and is primarily funded by government grant. The programme consists predominantly of two main schemes.

Poole Bay Beach Management Plan - an ongoing scheme designed to provide long term coastal erosion protection to thousands of properties and infrastructure via cyclical beach replenishment and ongoing groyne renewal works. This scheme assumes BCP local contribution in the final two years of the programme, funded from prudential borrowing which has been factored into the MTFP.

Poole Bridge to Hunger Hill scheme (PB2HH) approved in 20/21 is a flood defence scheme which will provide long term tidal flooding protection for parts of Poole town and the Twin Sails regeneration area.

Regeneration - £3.2 million 2022/23 (£3.5 million 5-year plan)

This consists of £1.5 million approved capital budget for the BIC medium term refurbishment plan (funded from prudential borrowing). In addition £0.3 million capital budget is currently expected to be spent in 2021/22 (total budget £1.8 million).

Residual unspent capital budget for the relocation of the Skills & Learning Service from Oakdale to the Dolphin Centre is included within the CIP. The Service has recently signed a lease on the property and approved the final architects M&E designs. Build works will commence in the new year.

The Lansdowne Business District programme phases 1 and 2 is expected to complete in 2021/22. At this stage no further funding has been approved for completion of phases 3 and 4 other than £0.05 million LTP funding for feasibility works.

Major Development - £16.6 million 2022/23 (£88.9 million 5-year plan)

Supporting the council's wider ambitions to regenerate Poole is a £45.6 million (total) investment in the Carter's Quay site. This will be a Build to Rent (BTR) residential scheme delivering 161 new homes and ancillary ground floor residential amenity and commercial space. The scheme will be delivered over 2021/22 to 2024/25 and is fully funded by prudential borrowing.

The Winter Garden's regeneration scheme is anticipated to commence in 2023/24. The Council has approved investment in the private rented sector (£32.7 million) and public car park elements (£11.8 million) of the development which also includes residential homes, commercial units, and public realm enhancements. Bournemouth Development Company (BDC) are still assessing viability and exploring options for redevelopment of the site in the context of the wider area and in consultation with BCP FuturePlaces.

BCP FuturePlaces is a wholly owned Council company set up to accelerate, energise and enhance redevelopment. BCP FuturePlaces will drive placemaking regeneration and property market transformation to support the aspirations set out in the Council's Big plan. It will provide professional development advice to the council and act as an enabler, interfacing effectively between the council and the property investment and development market, to bring expertise in place making, agile delivery and stewardship investment practice to secure best regenerative development outcomes. BCP FuturePlaces will present its findings and recommendations to Cabinet and Council for approval and financing where appropriate. It will initially be focusing on 14 priority major development sites across the conurbation. These include continuing the progression of the Turlin Moor, Holes Bay and the

Appendix 4b

Capital Investment Programme (CIP) narrative by directorate

Heart of Poole schemes that originally started in the legacy councils; further projects will follow. Costs will be incurred to create full business cases articulating the development proposals for these sites.

Further regeneration activity as part of the £21.7 million Investment in Boscombe via the Towns Fund will be undertaken, as the first wave of business plans continue to be implemented in 2022/23 including Digital connectivity.

Recently Council approved £5.9 million investment in a 70.50km gigabit fibre network to enable residents to interact with future digital council services as part of the BCP Smart Place programme. This scheme is one of the first to receive funding from the Council's Futures Fund.

As part of the original land disposal at Wessex Fields, the Council has committed to invest £1.6 million in delivering a link road across the site to service University Hospital Dorset (UHD). It is anticipated this infrastructure will be completed in 2022/23.

Destination & culture - £17.2 million 2022/23 **(£19.6 million 5-year plan)**

This includes £11.4 million 2022/23 planned spend on approved seafront development projects. Anticipated costs for the Bistro on the Beach redevelopment project are now likely to be around £9 million (compared to £6.8 million currently approved within the CIP). A separate paper requesting additional capital budget will be brought forward for council approval in due course.

The Durley Chine Environmental Hub (fully funded through Coastal Communities Fund grant) is on course to complete by Easter 2022 with £0.5 million profiled in 2022/23. There may be additional budget requirement of £0.3 million needed and the service is looking at potential funding mechanisms for this increase. Delivery of the project has been impacted by delays around obtaining planning consent, and supply chain and inflationary cost pressures arising from current market conditions.

£3.1 million capital budget is currently approved within the CIP for new beach huts at Canford Cliffs. This is a historic budget allocation that will require updating in the light of increasing market prices, change in original approved project scope and the wider seafront strategy. Accordingly, the Service is in the process of developing a revised business case for Council approval. The seafront programme also includes £1.1 million for conversion and refurbishment works at the Canford Cliffs Pavilion. These works formed part of a programme of new seafront infrastructure (together with the Canford Cliffs beach huts) originally due to commence in 2017 but delayed following a cliff slip in that same year. Design works for the pavilion have now commenced with delivery expected to take place in 2022/23.

The CIP also includes £6.9 million investment in culture & arts. This includes £4.4 million (profiled across 2022/23 and 2023/24) investment in the Poole Museum "Our Museum" project. The council has recently been awarded £2.3 million grant from the Heritage Lottery Fund for this scheme. This is an ambitious project that will transform and update Poole Museum. It includes the conservation and restoration of the Wool Hall, development of three new galleries to showcase maritime and pottery collections, new visitor facilities and improved access. It is anticipated that the project will complete in early 2024.

Also programmed within culture and arts is £1.2 million for the Upton Country Park (UCP) discovery project. This project is already underway and 2022/23 will see the completion of a major element in the provision of a new Welcome Centre creating a gateway and place for visitors to meet, plan visits and discover the history of the former Upton estate. Other improvements to the park include new pathways and woodland management which will enhance the natural environment and restore historic views and vistas. This project benefits from Heritage Lottery Fund (HLF) grant. Further grant will be sought from the HLF in the new year (and additional capital budget approval sought in accordance with financial regulations) to progress with the final phase of the project – the provision of a new Volunteer Facility.

A further £1.0 million investment in Poole Museum and Scaplen's Court is panned in 2022/23. This work assumes the availability of £0.8 million Salix decarbonisation grant funding, which is time-limited and therefore comes with risk. A separate paper outlining funding risks associated with the Salix grant funding is being prepared for Corporate Management Board (CMB) review.

The recreational programme includes £1.1 million for a new artificial pitch at Rossmore Leisure Centre. This will be procured in 2022/23 in tandem with replacement of the pitch at Two Rivers Meet leisure centre to ensure a consistent approach and to secure best value for money.

Housing - £29.7 million 2022/23 (£80.2 million 5-year plan)

Appendix 4d of the Budget 2022/23 report includes the Council Newbuild Housing and Acquisitions Strategy (CNHAS). This provides further information on and seeks approval for 2022/23 planned capital spend for CNHAS schemes. CNHAS general fund housing schemes include a new hostel and private rented sector accommodation at Princess Road, the general fund component of the Oakdale development (separate paper planned for Council March 2022), new housing units at the Alma Road surgery and around £47.9 million investment in the acquisition of 250 new 'street properties' over the next 5 years.

Indicative government grant allocations of around £3.5 million per annum have been assumed within the CIP for the Disabled Facilities Grant (DFG) programme of capital works. Of this, £1.5 million is earmarked each year for the purchase of integrated community care equipment. For 2022/23 a further £0.4 million has been directed from the DFG budget to support additional equipment purchase and occupational therapist staff costs within Adult Social Care. The MTFP has been adjusted for this amount.

Estates - £1.4 million 2022/23 (£3.4 million 5-year plan)

This represents profiled spend on hard facilities management across the authority and includes ongoing £0.5 million annual investment in the maintenance of BH Live assets funded from revenue contributions to capital. The 2022/23 programme also assumes £0.7 million of time-limited Salix decarbonisation grant funded works on the civic estate. This assumption carries the same risks as decarbonisation grant for Poole Museum, and will be included in the CMB paper outlining Salix grant funding risks.

As part of the MTFP process, there is a need to consider the full extent of property maintenance needs across the council's civic estate. This review should be considered in the context of all revenue and capital budgets and revenue reserves available, as well as in the context of the wider estates rationalisation strategy. A paper on future funding requirements is being prepared for Corporate Property Group review in the first instance.

Appendix 4b

Capital Investment Programme (CIP) narrative by directorate

Environment - £13.8 million 2022/23 **(£18.7 million 5-year plan)**
This includes planned spend of £12.2 million (2022/23) and £4.9million (2023/24) on the council's Fleet Replacement Strategy, approved by Council in September 2021. This programme is fully funded by prudential borrowing. There is funding risk associated with this capital budget, should vehicle acquisition prices in the current market exceed original capital budget assumptions. There are also difficulties with extended lead in times for delivery of vehicles ordered as well as potential costs of fleet branding. This position will be monitored closely in the first quarter of 2022.

The council continues to deliver a programme of enhancements and improvements to its parks and open spaces including play areas. £1.4 million is currently planned for various schemes in 2022/23. The most significant of these is construction of a new pavilion at Fernheath playing fields, already underway and expected to complete in 2022/23. Commenced and due to complete in the spring of 2022 is the work to reopen the Poole Park Miniature Railway involving replacement of the tracks and rolling stock and a new engine shed.

In 2019 the council in partnership with the Parks Foundation were awarded just under £1 million Future Parks grant from the Heritage Fund. This is being used to fund revenue spend on design, consultants, staffing for engagement etc at the same time enhancing sustainability and well-being for people using the park through small practical improvements. A further grant bid to continue with this work will be submitted by 31 March 2022.

There is currently no capital project relating to this but there is potential, following the feasibility work, for business cases for new capital expenditure such as building improvements to come forward for approval in the future.

Resources - £6.2 million 2022/23 **(£6.2 million 5-year plan)**

Work continues on the new civic office accommodation in Bournemouth Town Hall - £3.0 million spend is currently profiled in 2022/23 to complete these works. Capital budget allocated to new civic accommodation has evolved since the original approval and now includes relocation of the coroner's service to the former Poole Civic Centre, additional capital improvements to the 'West Wing' of Bournemouth Town Hall and further approved spend in response to material price increases.

£2.5 million capital budget remains in 2022/23 for the capital costs of the council's Transformation Programme (predominantly ICT investment). As with other ICT related spend, this expenditure is funded from prudential borrowing. The CIP also includes £0.6 million investment in BCP crematoria, part funded from Salix decarbonisation grant.

£0.1 million has been identified as the 2022/23 new investment requirement for the 'business as usual' ICT replacement programme, proposed as funded by additional prudential borrowing. It represents capital investment required to maintain, improve, or replace existing ICT infrastructure to ensure business as usual service delivery across the council. It relates to short or medium-term requirements on existing ICT components and sits outside of the capital investment approved as part of the council's technological transformation plan.

Appendix 4c
Children's services capital strategy 2022/23 to 2026/27

Introduction

1. This report provides additional narrative on Children's Services current plans for capital investment in the school estate, including the steps being taken to increase the availability of specialist places as part of the Council's strategy to address priorities for improvement in SEND. The report also summaries available capital funding and outlines an indicative programme of investment set against key budget headings to deliver priority works for the period 2022/23 – 2026/27.

Background

2. The Council's constitution sets out the budget and policy framework. The Council is required to calculate budget requirements for each financial year and to set a balanced budget. The Children's services capital programme supports the delivery of the Council's strategic Asset Management Plan and is consistent with the Medium-Term Financial Plan and importantly, with Children's Services strategic plans for the provision of sufficient and well-maintained education infrastructure.

3. Capital expenditure is defined as spending that creates an asset for the Council (e.g. buildings, vehicles and equipment), and spending which meets the definition in regulations specified under the Local Government Act 2003 which includes spend on non-current assets that are not owned by the Council such as academies and the award of capital grants and funding agreements.

4. The updated programme for the period 2022/23 – 2026/27 includes details of progress on previously approved schemes and those nearing completion, and new proposals for investment from 2022/23 summarised under investment headings. Further work will be required in the forthcoming quarter to build the final capital programme.

5. Academies and Free Schools are allocated condition funding through the Education and Skills Funding Agency, so maintenance works in academies are not part of this capital programme. The Council may fund sufficiency and SEND works at Academies and Free Schools as well as at maintained schools in order to ensure there are sufficient school places, and sufficient and suitable provision for SEND.

Appendix 4c
Children's services capital strategy 2022/23 to 2026/27

6. **Sources of funding:** Table 1 below outlines the forecast capital funding sources available for the 2022/23 Capital Programme. This includes estimated annual allocations of School Condition Grant funding totalling £3.6 million between 2022/23 and 2026/27. This is an estimated figure, with actual grant allocations confirmed annually (February or March of each year). Forecasted capital funding available is £22.7 million. Of this £11.4 million capital funding relates specifically to SEND provision, £6.2 million for school estate condition related works and £0.5 million Basic Need Grant funding for the supply of new school places. The remaining £3.9 million is made up of residual unapplied supported borrowing, capital receipts and other amounts allocated to the children's capital programme. The planned expenditure of available capital is set out in this report and shows a balanced budget.

Table 1: capital funding sources

Capital funding	Basic Need	SCA	SEND grant	SEND £10m	Capital Receipts	Borrowing	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Grant funding available as at 31 March 2022	566	2,591	1,914	10,000	900	2,724	340	**19,035**
Assumed in-year allocations 5-year indicative	0	3,650	0	0	0	0	0	**3,650**
Forecast capital funding available as at 1 April 2022	**566**	**6,241**	**1,914**	**10,000**	**900**	**2,724**	**340**	**22,685**

Issues

7. **Capital programme 2022/23 – 2026/27:** The capital programme for the period 2022/23-2026/2027 is summarised in the table below. This includes the following key elements:

- carried forward amounts from schemes in progress and approved as part of the 2021/22 capital programme,
- new schemes/priority budget allocations requiring approval listed under key budget headings.

Details of both carried forward amounts and new schemes requiring approval are set out below.

8. **Carried forward amounts from schemes in progress:** Schemes nearing completion and amounts carried forward relate to schemes totalling £1.8 million with spending profiled across the 2022/23 and 2023/24 financial years.

9. **New schemes / priority budget allocations requiring approval:** The updated programme 2022/23 – 2026/27 is established to address the priority needs of the school estate and implement actions necessary to create additional specialist places and invest in SEND provision as part of the work of the Written Statement of Action (WSoA). At this stage, various capital allocations are aligned to priority budget headings to indicate the direction of capital investment. Headline details are set out in table 2 below.

Table 2: Proposed capital programme 2022/23 – 2026/27

Headline Priority Budget Allocations	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Schemes Approved pre 2022/23						
Schemes in Progress - Carried Forward	1,740	70	0	0	0	**1,810**
New Budgets Requiring Approval						
Planned Repairs and Maintenance	813	300	300	150	100	**1,663**
Urgent Work	150	150	150	150	150	**750**
Climate Change/Low Carbon Reduction	50	200	200	0	0	**450**
Advanced Design Fees Maintained Schools	50	50	50	0	0	**150**
Advanced Design Fees SEND	75	75	75	75	75	**375**
Total	**2,878**	**845**	**775**	**375**	**325**	**5,198**

10. Budget heading allocations should be viewed as indicative and will be updated as details of new schemes emerge and are presented for approval throughout the course of the 2022/23 financial year. Further details of these budget headings are set out below. It is planned that approval for schemes will be sought in line with the existing parameters/levels of delegation set out in the Council's Financial Regulations as follows:

- **Schemes under £500k:** Recommendations for decision/drawn down of funding under each heading are delegated to Officers attending the Children's Services Capital Board
- **Schemes over 500k under £1m:** Recommendations for decision will be presented to Cabinet
- **Schemes over £1m:** Recommendations for decision will be presented to Full Council.

11. **Capital Improvement Partnership:** Looking ahead the Council is planning to major change in order to further strengthen the management of the capital programme. As a client department with responsibility for delivering the Children's Services capital programme, it is important to demonstrate that capital projects are well executed, that decision making is sound and that existing governance practices are fit for purpose. For this purpose, it is planned that Children's Services will adopt practices and procedures aligned to construction industry standards. This would introduce 'client side' familiarity with the Royal Institute of British Architects (RIBA) work stages which set out standardised outcomes and outputs necessary to achieve efficient delivery of schemes and will ensure Children's Services act as an intelligent client capable of reviewing sometimes technical and complex project information. This will be achieved by working with construction industry professionals in a as part of a Capital Improvement Partnership appointed using the Southern Construction Framework. This is a key part of introducing radical and positive change in BCP's Children's Services Department designed to implement robust processes and procedures and further strengthen governance.

12. **Planned Repairs & Maintenance:** Based on the age of the existing school buildings, this budget heading will provide a programme of investment planned to ensure that schools remain safe, open/operational and fit for purpose. A robust analysis of the school estate will be obtained from updated condition surveys of all LA maintained schools. A programme of surveys is underway and the pace of these will be intensified in this financial year. This will be met from the Council's SCA grant allocation and will be used to address top priority condition works in school such as re-roofing, major re-wiring and upgrading hot and cold-water systems. In some circumstances, the works may address other issues such as suitability issues achieved through remodelling and renewing in order to enhance teaching and learning environments and achieve value for money from works contracts already on site. The current amount available is equal to £2.6 million. Further grant allocations from the DfE of approximately £3.7 million is anticipated in yea and will be reported in future monitor reports.

13. In the financial year 2022/23 the planned R&M programme includes 2 schemes for which the brief, scope feasibility and initial design elements are completed. Cost estimates setting out the total budget provision for these schemes are due to be reported to the Children's Service Capital Board for approval.

14. **Urgent Works:** In order to address urgent works identified during the course of the year which cannot be anticipated or otherwise planned in the R&M programme, it is proposed to set aside a total budget sum of £0.8 million over 5 years. Works will be identified in a number of ways as follows:

    - interim use of the emergency out of hours Property Maintenance Team where minor works are commissioned and resolved and subject to approval of the Children's Services Client team, work will be charged to the capital programme of reimbursement will be sought from schools devolved capital;

- urgent Health and safety issues which could otherwise prompt an unplanned school closure or harm to life;
- safeguarding and security of premises issues arising from risk assessments
- mechanical and electrical components which are otherwise unaffordable by school use of DFC and agreed working with the Children's Service Client-side commissioning team;
- fabric of the building elements otherwise unaffordable provided that schools are able to demonstrate good estate management including an Asset Management Plan of priorities for which their DFC is used to contribute

15. **Advanced Design Fees:** In order that schemes are progressed through the feasibility stage, specific provision to cover the costs of advanced design fees are required. This covers the cost of professional fees and consultant costs in respect of two main strands of work:
    I. Work to progress schemes in mainstream schools to address basic need and work to progress repairs and maintenance schemes in maintained schools
    II. Work to progress SEND schemes in all schools regardless of their legal status

16. **Climate Change/Carbon Reduction:** Example: Consideration to improving the lighting quality and reducing Co2 emissions and maintenance costs through a programme of replacement LED lighting. This may be funded by savings generated by energy efficient lighting via energy saving loan schemes. The least energy efficient schools may be targeted, and schools may be asked to contribute a proportion of the total cost of replacing lighting using a Salix energy efficiency loan. The loan is paid back over a period of 8 years.

17. It will be important that opportunities to improve the energy and efficiency of buildings are viewed as part of all refurbishment and maintenance of schemes and where possible and affordable are taken forward. It is important to note that the extent to which older school buildings can be adapted and the benefits of measure introduced may be limited by the original design. It is also that case, that there may be significant cost implications of/ Nonetheless, opportunities to include renewable energy will be assess as will the opportunity to reduce energy costs and better performing accommodation for the benefit of children and young people and the staff and local community. To that end, it is anticipated the Children's Service Capital Programme will contribute to the Council's carbon emission reduction targets and to the delivery of the Climate Change Strategy.

18. Details of these priority budget headings against the funding available are set out in Table 3 below.

Table 3: Available capital funding, proposed budget allocations and amounts for profiling 2022/23 – 2026/2027

Capital funding	Basic Need	SCA	SEND grant	SEND £10m	Capital Receipts	Borrowing	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Capital funding available - (Table 1)	**566**	**6,241**	**1,914**	**10,000**	**900**	**2,724**	**340**	**22,685**
Allocated to existing approved schemes (Table 2)	0	(200)	(130)	0	(900)	(400)	(180)	**(1,810)**
Allocated to new proposed capital schemes - (Table 2)		**(3,213)**	**(505)**	**0**	**(900)**	**(400)**	**(180)**	**(5,198)**
Remaining capital funding to be profiled	**566**	**3,028**	**1,409**	**10,000**	**0**	**2,324**	**160**	**17,487**

19. **Remaining capital funding to be profiled:** The table shows remaining capital funding yet of £17.5 million yet to be profiled over the lifetime of the capital programme. £13.7 million of this funding is earmarked for the provision of new specialist places and remaining amounts will support the provision of additional school places (basic need). Details of these are set out below.

20. **Basic Need -** Basic need capital funding will be used to support the investment necessary to meet the Council's statutory duties to secure sufficient provision. At this current time, proposals to increase the supply of primary and secondary school places and associated plans for investment are in development and details of schemes will follow in a future monitor report.

21. **High Needs Specialist Provision Capital**: Members will recall that the 2021 Appreciative Inquiry into Inclusion Practice in BCP Schools published in 2021, the recent Ofsted inspection of SEND provision in BCP and the appointment of a Director of Education, has prompted the commissioning of an updated SEND Strategy which will result in a programme of SEND capital works to create additional specialist places, promote inclusion and contribute to achievement of SEND revenue savings. For this purpose, the Council has invited expressions of interests from local school leaders and has agreed a process to assess and evaluate schemes for progression and consideration by the High Needs Board and Capital Programme Board. A copy of Phase 1 of the process is contained at **Appendix 1** which includes the development of a business case for shortlisted schemes where savings will be modelled. The deadline for submission of expressions coincided with the timing of submission of this report. An oral update will provide details of the total number of expressions received.

22. **Winchelsea School satellite at Somerford Primary School:** One of the major schemes that will utilise the specialist provision capital includes the scheme to provide a satellite at Somerford Primary School. A decision to create a satellite of Winchelsea School at Somerford Primary School was taken by Cabinet on Wednesday 10 February 2021. Members will recall that the project was previously paused to enable the scope of the project fully to take account of the new strategy/pending a future decision about the overall strategy for SEND and inclusion in BCP. Following the analysis of data about the pattern of SEND needs identifying increased need for places for children with ASD, SLCN and SEMH, work is underway to re-initiate the scheme. The timescales for next steps and key milestones are as follows:

- Obtain outcome of the updated condition survey report - 14 January 2022
- Outcome/review existing feasibility study and updated cost estimate – 28 February 2022
- Approval of budget update will be reported - March 2022

Summary of financial implications

23. The £19.0 million of grant funding received / secured (**Table 1 above**) is expected to increase by in-year school condition grant allocations as identified in the report. These are normally confirmed in February/March of each year.

Summary of legal implications

24. This report sets out the current position of the capital programme.

Summary of human resources implications

25. The commissioning of Children's Services capital projects rests principally with the Director of Education staff within the directorate. This includes client-side project management. Technical project management is provided by or commissioned through the Council's Asset Investment Team. The ongoing staffing of schools and academies is the responsibility of governing bodies and academy boards, with day-to-day professional leadership and management provided by headteachers and school staff. During the delivery phase of a capital programme additional technical staff, such as surveyors, may be required: such costs are generally capitalised.

Summary of sustainability impact

26. Any new project will take account of sustainability at the design stage as set out above.

Summary of public health implications

27. Children with special educational needs and disabilities often have associated health needs, in some cases lifelong medical needs. The health needs of children will be taken into account as part of the options appraisal and design works for any project. This would include, for example, the provision of hygiene and first aid rooms. The provision of outdoor play space and facilities for physical education will be considered as part of any project, as will the promotion of walking and cycling to school by the provision of appropriate facilities. An approach to SEND which enables more children to attend a school in their local community will reduce journey times and distances, and potentially reduce emissions.

Summary of equality implications

28. All proposed capital projects will be developed in accordance with the Council's Equalities Policy. Children with SEND often have a range of disadvantages, such as economic deprivation. Better SEND provision is a means of mitigating these disadvantages and enabling children to achieve more. Some types of SEND affect either boys or girls disproportionately. Proposals for new SEND accommodation will help to address any such disadvantage.

Summary of risk assessment

29. This report concerns ongoing projects. It also sets out a process for the development of a programme of works associated with the SEND Strategy, however it does not ask for approval of any new projects at this stage. The main risks and mitigations are set out below.

    a. Risk: project costs exceed the approved budget. Mitigation: all projects will be based on a professionally conducted feasibility study that takes account of all relevant site and building data, and current market conditions in respect of materials and labour.
    b. Risk: the project is not delivered on time. Mitigation: all projects will have a professionally produced project plan setting out the timescale for critical products.
    c. Risk: the project is not delivered to the quality expected. Mitigation: all projects will have a clear specification in terms of service outcomes (usually defined within Children's Services), and technical specifications (usually defined within the Asset Investment Team)
    d. Risk: the project does not deliver facilities that are required. Mitigation: all projects will have a business case that clearly sets out the rationale for the project and the results that are expected from it.
    e. Risk: there is not a clear understanding of the respective responsibilities of the council and academy trusts in the delivery of a project on an academy site. Mitigation: a development agreement, or memorandum of understanding, or "letter of comfort" will be agreed for every scheme to ensure responsibilities are understood and agreed.

Appendix 4c
Children's services capital strategy 2022/23 to 2026/27

Annexe 1

SEND Specialist Places – Process for Inviting and Evaluating Expressions of Interest

Phase 1 – Evaluation of Expressions of Interest

1

Send to BCP an Expression of Interest

Expressions should be in the form of a brief outline of your proposal referring to the *Evaluation Criteria* attached. Please send your proposal to **tanya.smith@bcpcouncil.gov.uk** by **7 January 2022**

2

Evaluate Expressions of Interest

BCP will complete an initial evaluation of all expressions of interest against the criteria. Practical criteria including the ease and extent of adaptations needed to develop specialist places and the location of your school will be important.

3

BCP and School/Trust Initial Meeting

Following the initial evaluation of your expression of interest, BCP will arrange for a visit to your school to engage in a professional dialogue to learn more about the detail of your proposal. Input from colleagues with knowledge of the school estate will help to sense-check the outline proposal.

4

Co-Develop a Business Case for Proposals

Following the initial visit, BCP/local school partners will co-produce the Business Case. This involves clarifying project outcomes/quality aspirations, analysis of need, modelling cost implications, staffing implications and so on. This will enable BCP to understand how the proposal contributes to the strategic need for places and identify risks, mitigations and any unintended consequences.

5

Presentation of Proposals to HNB/CCPB

BCP to evaluate all business cases and present schemes to the High Needs Board and the Children's Capital Programme Board for initial approval to proceed to either: the *Feasibility Stage* (for projects with capital implications) or for projects with no capital implications, approval to move to consider the *Service Specification*.

6

Feasibility or Service Specification

For schemes with approval to move to the *Feasibility Stage*, develop the project brief and undertake site investigations to help understand the capital, design, spatial, site implications.

For schemes with no capital implications, work will begin on the *Service Specification*.

7

Review Feasibility/Service Specification and Obtain Approval for Schemes

Following completion of the *Feasibility Stage* or *Service Specification*, review outcome of outline Feasibility Studies/Service Specification. Recommend schemes for BCP approval

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Appendix 4d CONFIDENTIAL

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

Executive Summary

1. In November 2021 Council approved the Council Newbuild Housing & Acquisition Strategy (CNHAS) 2021-2026 to deliver over 1000 new homes across the conurbation by 2026. This is an ambitious strategic programme that will potentially invest around £235 million in meeting local housing demands and to better enable the council to respond to a diverse set of supply challenges and generate a rental income to fund council services. The same report specified that Council should formally approve the CNHAS capital budget for the forthcoming year as part of the wider annual budget setting process. To facilitate this, this confidential appendix provides Council with more detailed information on planned CNHAS activities for 2022/23. This consists of £24.4 million in the general fund capital investment programme (CIP) and £39.9 million within the housing revenue account (HRA) capital programme. Total CNHAS planned investment across both the general fund and HRA in 2022/23 is £64.3 million.

2. CHNAS consists of housing projects within both the general fund and HRA, some of which will be across both with a mixture of tenures. It also includes a programme of new street property and land / property acquisitions. The programme for 2022/23 includes capital budgets that have already been approved (for example Princess Road), requests for additional capital budget for approved programmes (for example Street Property Acquisition), and provisional capital budget allocations for new projects not yet fully costed (for example Oakdale and Hillbourne).

3. A CNHAS interim review report is planned for Cabinet in April 2022. This will provide an overview of CNHAS programme progress to date and seek approval for Oakdale and Hillbourne projects.

CNHAS General Fund – £24.4 million (£69.9 million by 2026/27)

4. £24.4 million CNHAS spend is planned for 2022/23. This consists of £11.8 million on the Street Property Acquisition programme (for which £7.9 million capital budget is already approved (formerly Temporary Accommodation Portfolio), £11.5 million for Princess Road hostel and private rented sector accommodation (capital budget already approved), £0.7 million (provisional estimate) for housing development at Oakdale and £0.4 million (provisional estimate) for Alma Road GP surgery.

5. Provisional budget allocations for Oakdale and Alma Road will be further revised as indicative costings are refined. A further CNHAS update paper is planned for Council in Spring / Summer 2022 which will provide information on and seek council approval of revised capital budget requirements.

6. Of the planned £24.4 million CNHAS spend in 2022/23, £19.4 million (£11.5 million for Princess Road and £7.9 million for Street Property Acquisition (formerly Temporary Accommodation Portfolio)) is already approved within the capital investment programme.

Appendix 4d CONFIDENTIAL

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

Prog	Status / governance framew	Project	Description	number of units	capital budget 2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	total £000
4a	Council approved CNHAS acquisition strategy. Annual capital budget requires advance council approval	4a	Acquisition of 250 residential street properties and redundant buildings (including 40 1BF part funded from RSAP grant)	40	1,225	5,775	0	0	0	0	**7,000**
				65	525	2,100	1,925	3,150	3,675	0	**11,375**
				125	780	2,925	8,970	5,850	5,850	0	**24,375**
				15	0	930	1,240	1,550	930	0	**4,650**
				5	100	100	100	100	100	0	**500**
				250	2,630	11,830	12,235	10,650	10,555	0	47,900
3	New capital budget to be approved	18	Alma Road GP surgery	20	190	380	1,520	1,710	0	0	**3,800**
				20	190	380	1,520	1,710	0	0	3,800
2b	New capital budget to be approved	13	Oakdale	16	0	660	1,530	2,180	0	0	**4,370**
				16	0	660	1,530	2,180	0	0	4,370
2a	Existing capital budget already approved	12b	Princess Road hostel and PRS	57	52	11,537	2,205	0	0	0	**13,794**
				57	52	11,537	2,205	0	0	0	13,794
CNHAS - general fund capital budget (included in GF CIP)				343	2,872	24,407	17,490	14,540	10,555	0	69,864
			Street Properties unspent capital budget c/fwd		2,630	7,909	0	0	0	0	**10,539**
			Princess Rd unspent capital budget c/fwd		52	11,537	2,205	0	0	0	**13,794**
			Existing approved capital budget		2,682	19,446	2,205	0	0	0	24,333
			Street Properties additional capital budget		0	3,921	12,235	10,650	10,555	0	**37,361**
			Alma Road		190	380	1,520	1,710	0	0	**3,800**
			Oakdale (provisional budget)		0	660	1,530	2,180	0	0	**4,370**
			New capital budget to be approved		190	4,961	15,285	14,540	10,555	0	45,531
					2,872	24,407	17,490	14,540	10,555	0	69,864

7. **Princess Road** hostel and private rented sector (PRS) (project 12b) - £11.5 million profiled capital spend (£13.8 million 5-year total) on the delivery of new hostel and private rented sector housing at Princess Road (now included within the CNHAS). This capital budget is already approved. Construction is expected to start mid 2022/23, with new properties occupied from 2024/25.

8. **Street Property Acquisition** (project 4a) – In accordance with the principles on which CHNAS was approved in November 2021, Council approval is required for 2022/23 capital budget of £11.8 million (£47.9 million 5-year total) for the acquisition of around 64 new residential street properties in CNHAS programme 4a (overall 5-year target is 250 new homes). This programme subsumes the legacy Temporary Accommodation Portfolio approved project in the CIP. Existing approved but unspent capital budget of £10.5 million in relation to the original Temporary Accommodation Portfolio programme will be carried forward into the new Street Property Acquisition Programme. Associated annual borrowing repayments of £0.4 million in relation to this have already been factored into the MTFP.

9. Properties to be acquired range from 1 bedroom flats to 3 bedroom houses. The 64 new homes planned to be acquired in 2022/23 include 33 homes part funded from Rough Sleepers Accommodation Programme (RSAP) government grant funding. Accommodation will be used as temporary accommodation, accommodation for care experienced young people (CYEP) and as full market private rented sector accommodation to residents with no affordable or specialist housing needs. These individual street property acquisitions will include purchase and repair (P & R) activity.

10. The Street Property Acquisition programme benefits from up to £3.7 million RSAP capital grant funding secured from government and £10.5 million (including £2.6 million in 2021/22) historic prudential borrowing approved for the temporary accommodation portfolio (now subsumed within the Street Property Acquisition programme). Additional prudential borrowing of £33.7 million will be required to deliver the full 5 year acquisition programme. Annual borrowing repayments in respect of the additional borrowing requirement start at £11k in 2023/24, increasing to £1.3 million by 2026/27 (based on low

risk Invest to Save Framework rate of 3%, over 50 years borrowing term). The MTFP has been adjusted to take account of this.

11. Subject to approval by the Board of Directors of Seascape Homes & Properties Limited, new homes acquired under this programme will be leased to Seascape Homes & Properties Limited in line with the company's 5 year growth plan, with BCP receiving lease payments (based on around 92% of rental income received). Additionally, the Council will receive RSAP revenue grant payments until 2023/24 for all RSAP part-funded properties. Annual provision for programme delays, rent arrears and vacancy is made based on 10% of lease payments.

12. The costs of tenancy management be the responsibility of BCP Council. The Council's current staff base for management of this is 2.5 FTE. Staffing levels could potentially be required to increase by 3 FTE in line with growth in the number of homes over 5 years to ensure ongoing good quality management of the homes. Allowance for this has been made within the MTFP.

13. Annual allowance of £1.5k per property has been made for repairs and maintenance.

14. A summary of revenue implications is provided below:

Residential Property Acquisition programme	MTFP implications (incremental)						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	total
	£000	£000	£000	£000	£000	£000	£000
Lease payments from Seascape Homes (assume 92% of rent). 2% annual rent increase	(36)	(477)	(541)	(621)	(577)	(278)	**(2,530)**
10% allowance for programme delays / rent arrears / vacancy factor	11	41	54	62	58	(149)	**76**
RSAP revenue grant claimed (until 2023/24)	(12)	(118)	(96)	226	0	0	**0**
Repair & Maintenance (assume £1.5k per property general wear & tear and property maintenance)	6	35	123	86	79	33	**363**
Additional tenancy management staff (assume 3 x FTE phased in)	0	50	50	50	0	0	**150**
Historic prudential borrowing already approved (3.5% over 50 years)	0	112	337	0	0	0	**449**
22/23 new prudential borrowing (assume 3% low risk rate over 50 years)	0	0	11	0	0	0	**11**
23/24 new prudential borrowing (assume 3% low risk rate)	0	0	0	476	0	0	**476**
24/25 new prudential borrowing (assume 3% low risk rate)	0	0	0	0	414	0	**414**
25/26 new prudential borrowing (assume 3% low risk rate)	0	0	0	0	0	410	**410**
Net annual revenue implications	**(32)**	**(357)**	**(61)**	**278**	**(26)**	**16**	**(182)**
less borrowing repayments already factored into MTFP	0	(112)	(337)	0	0	0	**(449)**
MTFP implications	**(32)**	**(469)**	**(399)**	**278**	**(26)**	**16**	**(631)**

15. Alma Road surgery (project 18) and Oakdale (project 13) are provisional capital budgets, for which further Council approval will be required. A separate paper will be brought forward to Council on these in Spring / Summer 2022 as part of a wider CNHAS programme update.

Financial risks

16. The Princess Road (project 12b) general fund scheme has already progressed to tender award stage. Estimated capital budget is therefore based on current market conditions and incudes appropriate contingency within.

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

17. There is financial risk around the capital budget for Street Property Acquisition project (project 4a). Estimated acquisition prices are based on current market, but there is the possibility that property prices increase (particularly as the owners become aware of the council's acquisition strategy). There is also financial risk around the extent of property improvement works that will be required after acquisition, especially to bring properties up to a standard consistent with the Council's green ambitions. Members will note that the total estimated budget for project 4a has increased from original estimate of £45.5 million (CNHAS Strategy approved November 2021) to £47.9 million in this paper. This represents additional financial allowance that is made for these risks (around £10k per property). There is also the risk that prices may fall over time creating a less favourable value for money position in terms of the council's investment.

18. Rental projections for private rented sector accommodation are estimates informed by Office for National Statistics benchmarked data on private rental market statistics and understanding of the local market. There is significant risk with these as final rental values will be determined by the property's size, location, facilities and overall standard. Monthly rent for 2 bedroom properties can range from between £690 (flats in Boscombe) to £1,350 (town centre flats). 125 of the 250 units planned to be acquired under the Street Property Acquisition programme are intended to be 2 bedroom properties for private rent. Whilst the financial modelling assumes a reasonably cautious estimate of £950 per month rental income for these, there is financial risk that actual rental income achieved is significantly lower. Rental income levels achieved will be monitored closely as the CNHAS programme is delivered to ensure that the right properties are acquired, the strategy remains robust and is financially viable.

19. The Street Property Acquisition project also targets 40 of the 1 bedroomed properties planned to be acquired to be former council owned properties sold through RTB schemes. The council retains relatively up to date building condition data on these and therefore has reasonable assurance over the level of capital investment required to bring the properties up to the required standard. There is risk that the council will have to expand its target property database to include non ex-council properties too in order meet its acquisition target.

20. The current funding strategy for 40 of the 250 homes in the Residential Property Acquisition project assumes around 60% of capital outlay will be funded from RSAP Homes England grant funding (up to £3.65 million). This funding applies to 1 bedroom flats only and is claimed in arrears as they are acquired. It is strictly time limited and only properties acquired by 31 March 2023 will be eligible for this funding. Any shortfall in RSAP grant funding to assumed levels will result in additional prudential borrowing requirement.

21. Whilst some allowance has been made for delays in the planned timeline for street property acquisitions, deliverability of the programme is dependent on the availability of homes of a reasonable standard for BCP to acquire. Slippages in planned programme above and beyond allowance already made for programme delays will result in new MTFP pressures arising.

22. Homes acquired under Project 12b and Project 4a are expected to be leased to Seascape Homes & Properties Limited, with annual lease payments made from the company to BCP. Formal Seascape Homes & Properties Limited Board of Director approval for this is required.

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

23. Members are reminded that all lease payments received by BCP from Seascape Homes & Properties Limited are based on actual rent received by the company. BCP Council therefore bears all financial risk in relation to rent arrears not recovered.

24. The growth in number of new homes acquired will inevitably result in an increase in BCP resource allocated to acquisition, tenancy and property management. Allowance has been made within MTFP indicative net additional income projections for staffing and estimated additional property maintenance costs but no allowance has been made for potential further investment required (for example ICT requirements). It is proposed that this is considered as part of the council's Transformation work with KPMG.

Appendix 4d CONFIDENTIAL

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

CNHAS HRA - £39.9 million (£105.0 million by 2026/27)

Prog	Status / governance frame		Project Description	number of units	capital budget						
					2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	total
					£000	£000	£000	£000	£000	£000	£000
1a	Project specific capital budgets already approved	1	Cynthia House	22	1,240	2,785	109	0	0	0	**4,134**
		2	Moorside Road	14	2,000	1,939	0	0	0	0	**3,939**
		3	Northburne Day Centre	9	650	1,141	0	0	0	0	**1,791**
		4	Mountbatten Gardens	2	326	149	0	0	0	0	**475**
				47	4,216	6,014	109	0	0	0	10,339
1b	Project specific capital budgets already approved	5	Craven Court	24	0	2,750	2,436	0	0	0	**5,186**
		6	Wilkinson Drive	12	549	1,816	362	0	0	0	**2,727**
		7	Templeman House	27	666	3,000	1,716	0	0	0	**5,382**
		8	Duck Lane	12	350	1,400	612	0	0	0	**2,362**
		9	Cabbage Patch	11	500	1,790	0	0	0	0	**2,290**
				86	2,065	10,756	5,126	0	0	0	17,947
2a	Project specific capital budgets already approved	10	Herbert Avenue	24	48	2,656	469	0	0	0	**3,173**
		12a	Princess Road (HRA)	82	750	10,000	11,248	0	0	0	**21,998**
				106	798	12,656	11,717	0	0	0	25,171
3	Council approved CNHAS new build strategy. <u>Annual capital budget requires advance council approval</u>.	15	Beaufort Rd / Cranleigh Rd **ON HOLD**	16	0	600	1,580	1,780	0	0	**3,960**
		17	Surrey Road (subject to confirmation of final tenure)	8	0	350	580	1,380	0	0	**2,310**
		19	Egmont Road, Turlin Moor	9	0	310	1,365	0	0	0	**1,675**
		20	Redhorn Close, Turlin Moor	8	0	70	1,140	790	0	0	**2,000**
		21	Junction Road, Turlin Moor	3	0	25	474	223	17	0	**739**
		22	Dale Close	4	0	25	421	205	0	0	**651**
		23	Lake Avenue	6	0	25	497	433	0	0	**955**
		24	Cavan Crescent / Sopers Lane	4	0	440	1,140	440	0	0	**2,020**
				58	0	1,845	7,197	5,251	17	0	14,310
2b	Provisional budget allocation - **report to Council March 2022**	13	Oakdale	47	0	1,920	4,490	6,420	0	0	**12,830**
		11	Hillbourne	110	83	6,655	10,625	5,916	953	153	**24,385**
				157	83	8,575	15,115	12,336	953	153	37,215
CNHAS - HRA capital budget (included in HRA CIP)				454	7,162	39,846	39,264	17,587	970	153	104,982
			Specific infill projects already approved		6,281	16,770	5,235	0	0	0	**28,286**
			Place shaping projects already approved		798	12,656	11,717	0	0	0	**25,171**
			Existing approved capital budget		7,079	29,426	16,952	0	0	0	53,457
			Programme 3 new build		0	1,845	7,197	5,251	17	0	**14,310**
			Oakdale (provisional)		0	1,920	4,490	6,420	0	0	**12,830**
			Hillbourne (provisional)		83	6,655	10,625	5,916	953	153	**24,385**
			New capital budget to be approved		83	10,420	22,312	17,587	970	153	51,525
					7,162	39,846	39,264	17,587	970	153	104,982

25. Programmes 1a to 2a in the table above already have capital budgets approved by Council and are already included within the HRA capital programme.

26. Programme 3 capital budget is based on costs estimates informed by a number of inputs including cross reference with live recently tendered similar works, agents measured estimates and financial appraisals reflecting BCP requirements.

27. Programme 2b consists of provisional capital budget allocations for Hillbourne and Oakdale. Additional details on each will be brought forward for Council review and confirmation of capital budgets in Spring / Summer 2022 as part of a wider CNHAS programme update report.

CNHAS schemes Future Places

28. New housing developments at Turlin Moor and Constitution Hill that are anticipated will be delivered at least initially by Future Places and are currently outside the scope of this paper. The delivery mechanism for any agreed schemes on these sites is to be determined. Separate reports on each will be brought forward for Member consideration in due course.

Appendix 4d CONFIDENTIAL

Council Newbuild Housing & Acquisitions Strategy (CNHAS)

Value for Money Assessment

29. The value for money implications of CNHAS were considered by Members in September 2021 when the programme was approved.

VAT implications

30. A construction of residential accommodation that meets required conditions to qualify as dwellings is zero-rated for VAT purposes. This excludes certain types of services such as architects, surveyors, consultants, etc unless they are provided under a design and build contract.

31. Construction of commercial units is always subject to VAT at standard rate.

CNHAS General Fund

32. Market rent housing and commercial letting is generally exempt from VAT which means that VAT recovery on capital spend is subject to partial exemption rules.

33. To ensure VAT is fully reclaimable all commercial units should be opted to tax prior commencement of building works.

34. The exemption cannot be waived on private rented sector properties. To ensure the Council's partial exemption position is not affected a responsibility for repairs and maintenance should be transferred to Seascape Homes and Properties Limited.

35. Princess Road hostel (project 12b) - A provision of a temporary accommodation for homelessness is considered as a statutory activity and therefore any VAT paid on capital cost will be fully reclaimed.

36. Princess Road private rented sector (PRS) (project 12b) and Street Property Acquisition (project 4a) - Further VAT review will be undertaken in relation with future transfer of the completed residential properties to Seascape Homes and Properties Limited. This is to ensure the transfer is structured in the most tax efficient way and it does not impact the Council's partial exemption position.

37. Alma Road surgery (project 18) and Oakdale (project 13) – The VAT position for both projects will be considered, and any findings will be incorporated within separate papers that will be brought forward to Council in Spring / Summer 2022.

CNHAS HRA

38. Provision of residential accommodation within Housing Revenue Account is a non-business activity and therefore any VAT incurred on either initial construction phase or on ongoing maintenance is fully reclaimable under Section 33 of the Value Added Tax Act 1994.

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Bournemouth, Christchurch and Poole Council (BCP) Treasury Management Strategy Statement 2022/23

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.

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

3 CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

4 The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business

model;

- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

5 In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

6 As this Treasury Management Strategy Statement and Annual Investment Strategy deals soley with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report. However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether they feel it is relevant to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

7 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

Reporting Requirements

Capital Strategy

8 The CIPFA revised 2017 Prudential and Treasury Management Codes require 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.

Treasury Management Reporting

9 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.

10 **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).

11 **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 Commitee.

12 **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.

13 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Commitee.

Treasury Management Strategy for 2022/23

14 The strategy for 2022/23 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.

15 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

16 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. Training was provided to all members on the 7th January 2020 with support from the Councils Treasury Management advisors. It is planned that more training will be provided during the summer of 2022.

17 The training needs of treasury management officers are periodically reviewed.

Treasury management consultants

18 The Councils Treasury Management advisors are Link Asset Services.

19 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 2022/23 – 2024/25

20 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

21 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	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund	97,568	151,529	132,076	35,956
HRA	40,672	59,757	49,145	25,522
Total	**138,240**	**211,286**	**181,221**	**61,478**

22 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 Capital Expenditure

Capital expenditure	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund Total	**97,568**	**151,529**	**132,076**	**35,956**
Financed by:				
Capital receipts	7	93	-	-
Capital grants & Contributions	52,207	75,583	43,560	14,140
Revenue Contributions	588	518	518	518
Reserve Contributions	1,191	778	189	-
Prudential Borrowing (inc HRA Transfers)	43,575	74,557	87,809	21,298
Total financing for the year	**97,568**	**151,529**	**132,076**	**35,956**

HRA Capital Expenditure

Capital expenditure	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
HRA Total	**40,672**	**59,757**	**49,145**	**25,522**
Financed by:				
Capital receipts	3,719	8,258	3,041	1,710
Major Repairs Allowance	17,976	12,718	11,739	12,115
Other Contributions	2,485	1,675	-	-
Reserve Contributions	16,492	11,315	7,647	8,502
Prudential Borrowing	-	25,791	26,717	3,195
Total financing for the year	**40,672**	**59,757**	**49,145**	**25,522**

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

23 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.

24 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.

25 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.

26 The Council is asked to approve the CFR projections overleaf:

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Capital Financing Requirement				
CFR – General Fund	345,161	445,509	560,035	584,528
CFR – HRA	142,022	167,987	193,974	196,369
CFR - IAS16 leases estimated impact	-	7,000	7,000	7,000
Total CFR	**487,183**	**620,496**	**761,009**	**787,897**
Movement in CFR	30,664	133,313	140,513	26,888
Movement in CFR represented by				
Net movement in borrowing for the year (above)	44,766	101,127	114,715	24,493
CFR - IAS16 leases estimated impact	0	7,000	0	0
Less MRP/VRP and other financing movements	(13,041)	(16,410)	(18,938)	(19,352)
Movement in CFR	**31,725**	**91,717**	**95,777**	**5,141**

27 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

28 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.

29 DLUHC 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.

30 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);

31 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

32 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);

33 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.

34 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.

35 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.

36 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. Assets under construction which have yet to fully deliver their expected benefits will not be subject to MRP charges to the Revenue Account until such time as they become operational for a full accounting year. Accordingly, on becoming operational, the charge for MRP will not commence until the following financial year.

37 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).

38 Repayments included in annual PFI or finance leases are applied as MRP.

Borrowing

39 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

40 The overall Treasury Management portfolio as at 31 March 2021 and for the position as at 31 December 2021 are shown below for both borrowing and investments.

Treasury investments	Actual 31/03/2021 £'000	Actual 31/03/2021 %	Current 31/12/2021 £'000	Current 31/12/2021 %
Money Market Funds	0	0%	54,235	32%
Bank Deposits	25,180	44%	91,050	54%
Local Authorities	20,000	35%	0	0%
DMO	0	0%	0	0%
Call Account	11,505	40%	22,825	14%
Total Treasury Investments	**56,685**	**119%**	**168,110**	**100%**
Treasury External Borrowing				
PWLB	141,938	73%	191,729	75%
Local Authorities	35,000	18%	0	0%
Private Sector	17,046	9%	65,227	25%
Salix	507	0%	255	0%
Total External Borrowing	**194,491**	**100%**	**257,211**	**100%**
Net treasury investment / (borrowing)	**(137,806)**		**(89,101)**	

41 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
External Debt				
Treasury Debt at 1 April	**194,798**	**285,545**	**305,545**	**355,545**
PFI and Finance Lease Liability	**8,443**	**7,943**	**7,443**	**6,943**
Expected change in Debt	90,747	20,000	50,000	50,000
Actual gross debt at 31 March	**293,988**	**313,488**	**362,988**	**412,488**
The Capital Financing Requirement	**487,183**	**620,496**	**761,009**	**787,897**
Under / (over) borrowing	**193,195**	**307,008**	**398,021**	**375,409**

42 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 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.

43 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

44 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

45 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

a This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils’ plans, or those of a specific Council, although this power has not yet been exercised.

b The Audit and Governance Committee is asked to approve the following authorised limit:

	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Operational boundary	797	855	855	855
Authorised limit	847	905	905	905

Prospects for interest rates

46 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided

the following forecasts on 20th December 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.The following table gives their view on the base rate and PWLB borrowing costs.

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

47 Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

48 As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Investment and borrowing rates

49 Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

50 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 and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

51 On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps 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 current 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)

52 Borrowing for capital expenditure. Links long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where

appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if an authority is seeking to avoid a "cost of carry" but also wishes to mitigate future re-financing risk.

53 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

54 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.

55 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.

56 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 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

57 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.

58 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

59 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

60 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

61 The Department of Levelling Up, Housing and Communities (DLUHC) 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).

62 The Council's investment policy has regard to the following: -

- DLUHC'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).

63 In accordance with the above guidance from the DLUHC 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.

64 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.

65 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

66 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.

67 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.

68 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.

69 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

70 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-

71 Investments will include term deposits, call accounts, notice accounts and Certificate of Deposits.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. 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, Police and Fire Authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

n Pooled Funds

Maximum Time and Monetary Limits applying to Investments

72 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).

73 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 Rate	25%	5 years

Use of additional information other than credit ratings

74 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

75 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

76 Bank Rate is is forecast to increase from the current 0.25% in May 2022.

77 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):

- 2022/23 0.50%
- 2023/24 0.75%
- 2024/25 1.00%
- 2025/26 1.25%

Investment treasury limit

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

Ethical Investing

79 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

80 The Treasury Management Policy, Practices and Schedules will be presented alongside this 2022/23 update of the TM Strategy.

Appendices

Appendix 1 - Economic Background and interest rate forecasts

Appendix 2 - Approved Countries for investments

Appendix 1: Economic Background (provided by Link Asset Services)

COVID-19 vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.

- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16H DECEMBER 2021

The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

On 10th December we learnt of the disappointing 0.1% m/m rise in GDP in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

On 14th December, the labour market statistics for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

On 15th December we had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

On the other hand, it did also comment that **"the Omicron variant is likely to weigh on near-term activity".** But it stressed that at the November meeting it had said it <u>would</u> raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

On top of that, there were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only **a "modest tightening"** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

- Raising Bank Rate as "the active instrument in most circumstances".
- Raising Bank Rate to 0.50% before starting on reducing its holdings.
- Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
- Once Bank Rate had risen to at least 1%, it would start selling its holdings.

US. Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.

Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the Fed's meeting of 15th December would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

EU. The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

November's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation

Appendix 5

is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

CHINA. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.

Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

WORLD GROWTH. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

SUPPLY SHORTAGES. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

Appendix 2: Approved countries for investments

AA-

- United Kingdom

AA

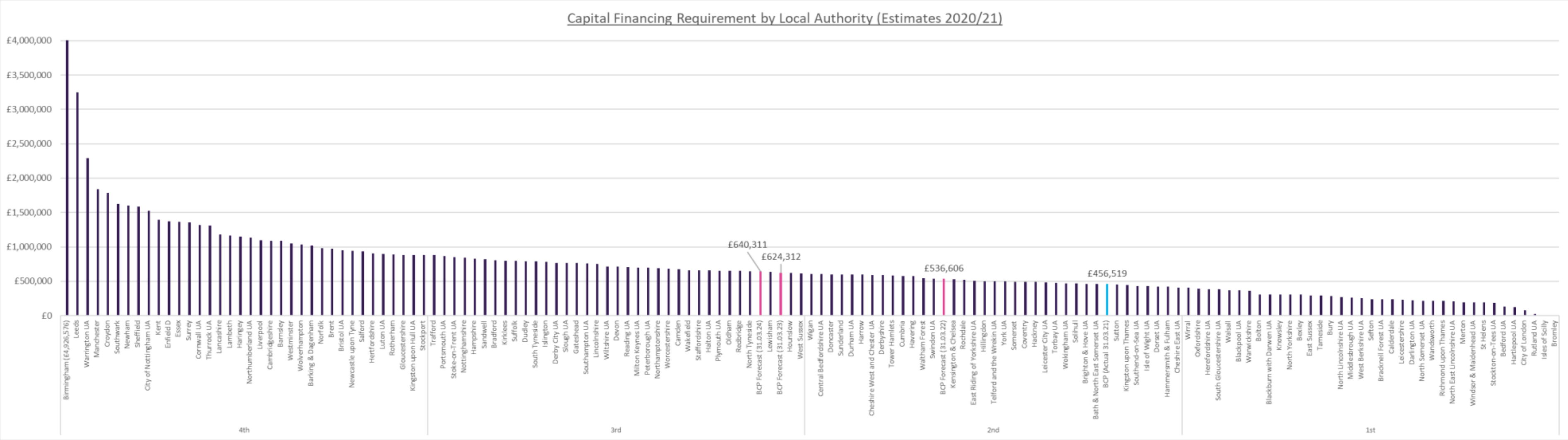
- France

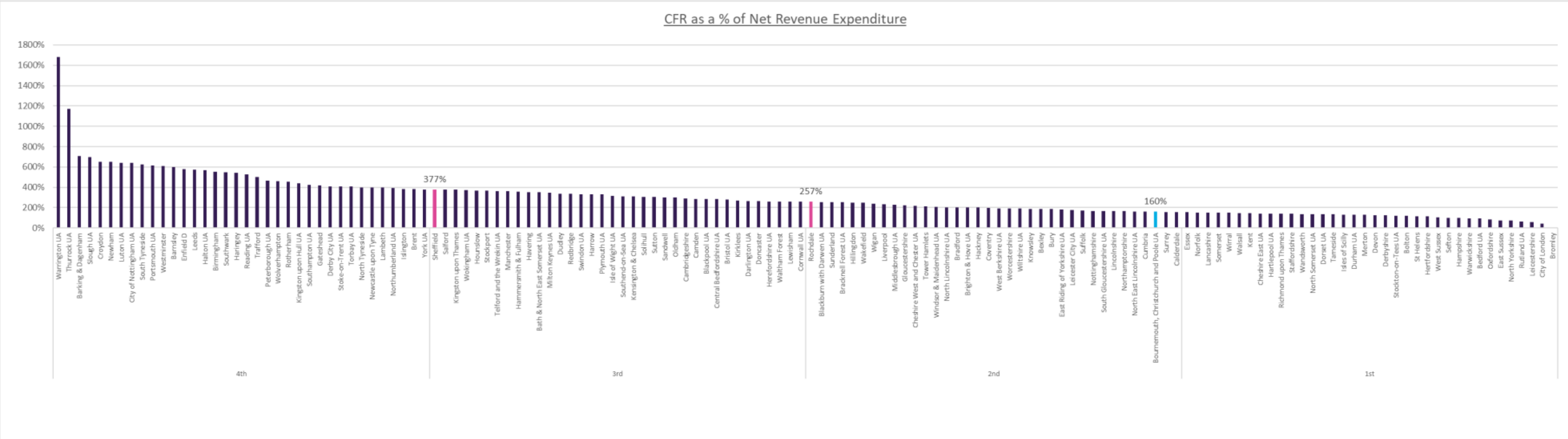
AA+

- Canada
- Finland
- U.S.A.

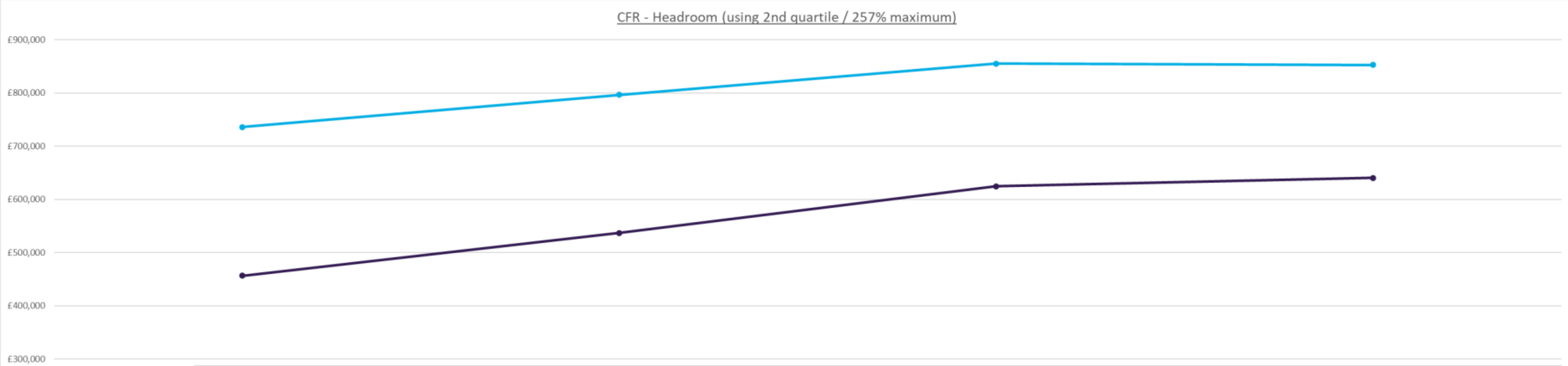
AAA

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


Capital Financing Requirement by Local Authority (Estimates 2020/21)
£640,311
£624,312
£536,606
£456,519
4th
3rd
2nd
1st


CFR as a % of Net Revenue Expenditure
377%
257%
160%
4th
3rd
2nd
1st

APPENDIX 5A



	31/03/2021	31/03/2022	31/03/2023	31/03/2024
Estimated CFR	£456,519	£536,606	£624,312	£640,311
Maximum (257% net revenue budget)	£735,531	£796,510	£854,849	£852,536
Headroom (@ 257%)	£279,012	£259,904	£230,537	£212,225

Estimated CFR — Maximum (257% net revenue budget) — Headroom (@ 257%)

APPENDIX 5A

Debt Headroom Forecast Summary 2022/23

	General Fund £'000	HRA (Poole) £'000	HRA (Bournemouth) £'000	Total £'000
CFR 31st March 2021 (actual)	**318,625**	**82,365**	**55,529**	**456,519**
Capital Investment	42,310	0	0	42,310
Outside capital programme / potential commitements	219	0	0	219
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	(4,928)	0	4,928	0
Revenue provision for repayment of borrowing (MRP)	(13,041)	0	0	(13,041)
CFR 31st March 2022 (estimate)	**345,161**	**81,965**	**60,057**	**487,182**
Self imposed limit (operational boundary)				797,000
Headroom				**309,818**
Capital Investment	71,074	16,926	12,126	100,126
Outside capital programme / potential commitements	102,410	0	0	102,410
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	(974)	0	974	0
Revenue provision for repayment of borrowing (MRP)	(16,410)	0	0	(16,410)
CFR 31st March 2023 (estimate)	**505,389**	**98,490**	**72,757**	**676,636**
Self imposed limit (operational boundary)				855,000
Headroom				**178,364**
Capital Investment	85,919	22,248	13,443	121,609
Outside capital programme / potential commitements	14,000	0	0	14,000
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	(70)	0	70	0
Revenue provision for repayment of borrowing (MRP)	(18,938)	0	0	(18,938)
CFR 31st March 2024 (estimate)	**592,925**	**120,339**	**85,869**	**799,133**
Self imposed limit (operational boundary)				855,000
Headroom				**55,867**
Capital Investment	19,408	(67)	13,443	32,784
Outside capital programme / potential commitements	14,000	0	0	14,000
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	0	0	0	0
Revenue provision for repayment of borrowing (MRP)	(19,352)	0	0	(19,352)
CFR 31st March 2025 (estimate)	**614,021**	**119,872**	**98,912**	**832,805**
Self imposed limit (operational boundary)				855,000
Headroom				**22,195**
Capital Investment	12,837	0	0	12,837
Outside capital programme / potential commitements	14,000	0	0	14,000
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	0	0	0	0
Revenue provision for repayment of borrowing (MRP)	(19,604)	0	0	(19,604)
CFR 31st March 2026 (estimate)	**621,254**	**119,472**	**98,512**	**839,238**
Self imposed limit (operational boundary)				855,000
Headroom				**15,762**
Capital Investment	12,258	0	0	12,258
Outside capital programme / potential commitements	4,000	0	0	4,000
Capital Receipt set aside to repay borrowing	0	(400)	(400)	(800)
GF and HRA Transfers	0	0	0	0
Revenue provision for repayment of borrowing (MRP)	(18,250)	0	0	(18,250)
CFR 31st March 2027 (estimate)	**619,262**	**119,072**	**98,112**	**836,446**
Self imposed limit (operational boundary)				855,000
Headroom				**18,554**

Appendix 5b

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Bournemouth, Christchurch and Poole Council

Treasury Management Policy, Practices and Schedules

Treasury Management Practices and Schedules

The Treasury Management Practices (TMPs) and Schedules set out the manner in which the Council will seek to achieve its Treasury Management Policies and objectives and how it will manage and control those activities.

TMP 1 – Treasury Risk Management

TMP 2 – Best Value and Performance Measurement

TMP 3 – Decision-Making and Analysis

TMP 4 - Approved Instruments, Methods and Techniques

TMP 5 - Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

TMP 6 - Reporting Requirements and Management Information Arrangements

TMP 7 - Budgeting, Accounting and Audit Arrangements

TMP 8 - Cash and Cash Flow Management

TMP 9 - Money Laundering

TMP 10 - Staff Training and Qualifications

TMP 11 - Use of External Service Providers

TMP 12 - Corporate Governance

TMP1 Treasury Risk Management

1 The S151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

2 The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, we will ensure that the counterparty list and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, Methods and Techniques and listed in the schedule to this document. The Council also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

3 The S151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

4 The minimum rating criteria uses method of selecting counterparties and applying limits. The Council will use UK and non-UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poor's credit ratings. Credit rating information is supplied by Link Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

5 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AA (UK)
- AAA (non UK)

(Rating Description – AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Selection Criteria

- Banks 1 - the Council will use UK and non UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Fitch	**Moody's**	**Standard & Poors**
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

Investments will include term deposits, call accounts, notice accounts and CD's.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. 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, Police and Fire Authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

n Pooled Funds

Maximum Time and Monetary Limits applying to Investments

6 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).

7 The maximum time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 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 / Barclays / Lloyds	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 Rate	25%	5 years

Approved methodology for changing limits and adding/removing counterparties

8 Credit ratings for individual counterparties can change at any time. The S151 Officer is responsible for applying the stated credit rating criteria outlined above for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

9 The S151 Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers in accordance with the criteria outlined above.

Liquidity Risk Management

10 This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

11 The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

12 The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Cash flow and cash balances

13 The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a rolling 12 month cash flow forecast.

The Treasury Management function shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.

In order to achieve the maximum return from investments, a daily cash balance of +/- £50,000 is the normal objective for the Council's bank account. Note - it may not always be possible or practical to achieve this target for various reasons, such as, late or fluctuating receipts after the treasury management activities for the day have been completed.

Short term investments

14 Funds are held in overnight accounts, call accounts or money market funds specifically in order to deal with day to day cash flow fluctuations.

Temporary borrowing

15 Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.

At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.

Bank Overdraft and standby facilities

16 The Council has an authorised overdraft limit with its bankers of up to £100k at an agreed rate of 2.39% over base rate.

Interest Rate Risk Management

17 The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council’s finances, against which the Council has failed to protect itself adequately.

18 The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

19 It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

20 The Council’s Policy will limit its exposure to interest rate changes by allowing a maximum of 4% of borrowing to be at variable interest and a maximum of 100% to be at fixed rate. In addition, a maximum of 50% of investments can be made at variable interest and a maximum of 100% to be at fixed rate.

21 Interest rates will be monitored by the Assistant Chief Financial Officer and information about possible changes in interest rates gathered from market sources.

Policies concerning other instruments for interest rate management.

22 Forward dealing - Will only be undertaken where the date of commencement is 3 months (or less) for an investment from the date that funds will be transferred, in order to minimise risk due to uncertainties in the cash flow projections. The maximum length of time permissible for all investments will be 5 years.

Exchange Rate Risk Management

23 The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

Approved criteria for managing changes in exchange rate levels

i) As a result of the nature of the Council's business, it may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. The Council will adopt a full hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the Council will eliminate all foreign exchange exposures as soon as they are identified.

ii) Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full cover hedging policy. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

Refinancing Risk Management

24 The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

25 The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

26 It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Projected capital investment requirements

27 3 year projections are in place for capital expenditure and its financing or funding. Financing will be from capital receipts, reserves, any grants or contributions awarded and revenue. Funding will be from internal or external borrowing, as decided.

As required by the Prudential Code, the Council will undertake Options Appraisals to evaluate the best capital expenditure financing route.

The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.

Debt profiling, policies and practices

28 Any longer term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council's Prudential Indicators and the Treasury Management Strategy.

The Council will maintain through its various treasury spreadsheets reliable records of the terms and maturities of its borrowings, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancing.

Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.

Policy concerning limits on revenue consequences of capital financings

29 The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium term forecasts.

Legal and Regulatory Risk Management

30 The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

31 The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in treasury activities. In framing its credit and counterparty policy under TMP1 Treasury Risk Management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council, particularly with regard to duty of care and fees charged.

32 The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

33 The Council operates its Treasury Management Practices in accordance with the provisions of the Local Government and Housing Act 1989 and the CIPFA Treasury Code of Practice. The Council's powers are documented in the Treasury Management Policy statement, the Treasury Management Practices and the Schedules.

34 Counterparties are included on the lending list where they fully comply with the Credit Rating requirements from Fitch, S&P and Moody's or where they meet the specified exceptional criteria.

35 The S151 Officer will review the Legal and Regulatory framework in order to assess the impact of any changes on the Council.

Procedures for evidencing the Council's powers/ authorities to counterparties

36 The Council's Financial Regulations contain evidence of the power/ authority to act as required by S151 of the Local Government Act 1972, under the general direction of the Council and Cabinet.

The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.

Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.

Required information from counterparties concerning their powers/ authorities

37 Lending shall only be made to institutions on the Council's authorised lending list.

The Council will only undertake borrowing from approved sources such as the Public Works Loans Board (PWLB), organisations such as the European Investment Bank and from commercial banks who are on the Council's list of authorised institutions, thereby minimising legal and regulatory risk. The list of approved sources of borrowing is contained in TMP 4.

Political Risk Management

38 Political risk is managed by:

i) Adoption of the CIPFA Treasury Management Code of Practice;

ii) Adherence to Corporate Governance (TMP 12 – Corporate Governance);

iii) Adherence to the Statement of Professional Practice by the S151 Officer;

iv) The roles of the Council and Cabinet.

Details of relevant Statutes and regulations

39 The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are as follows:

i) CIPFA's Treasury Management Code of Practice and guidance notes;

ii) CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities;

iii) CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments;

iv) CIPFA Standard of Professional Practice on Treasury Management

v) The Local Government Act 2003;

vi) The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments;

vii) Pensions, England and Wales - The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – SI 2009 No 3093;

viii) MHCLG Guidance on Minimum Revenue Provision (MRP);

ix) MHCLG Revised Guidance on Investments Feb 2017

x) The MHCLG's Guidance on Local Government Investments in England issued March 2004 and subsequent amendments ;

xi) The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883;

xii) LAAP Bulletins;

xiii) Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2010/11 onwards);

xiv) Accounts and Audit Regulations 2003, as amended together with CLG's Guidance;

xv) The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets;

xvi) Council's Constitution including:

- Standing Orders relating to Contracts;
- Financial Regulations;
- Scheme of Delegation.

xvii) CLG's Self-Financing Policy Documentation and subsequent amendments.

Fraud, Error and Corruption, and Contingency Management

40 The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

41 The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

42 In order to mitigate these risks, it is a system requirement that two officers need to be involved in order to facilitate a CHAPS payment via internet banking. The first officer will set up the payment details and the second officer will verify the details and authorise payment. Payment is only to be made on appropriately authorised documentation.

43 For payments to investment counterparties and other regular payments (e.g. Inland Revenue, Pensions) the payee name and bank details will be set up as named beneficiaries within the system.

44 In all instances of fraud there should be referral to the Council Anti-Fraud and Corruption Policy.

<u>Details of systems and procedures to be followed, including internet services</u>

45 The S151 Officer will ensure that all Treasury Management Procedures are fully documented and approved and that they contain adequate levels of internal control. All computer systems or electronic forms of recording or transmitting data will have adequate security and back up provisions.

46 The S151 Officer will ensure that the Treasury Management function is subject to regular internal audit, the intention being that this will generally take place once each year with sufficient programmed days to cover all aspects of its activity.

Emergency and contingency planning arrangements

47 In the event of treasury management software being unavailable, due to power failure or problems with the system, arrangements for the day-to-day treasury function will be undertaken direct with the Council's bank.

Insurance cover details

48 The Treasury Management function is covered under the Council's Fidelity Guarantee Policy.

Market risk management

49 The Council will seek to ensure that its stated Treasury Management Policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (GILTS, CDS, etc.)

If the Council makes use of fund managers they may deal in GILTS, Certificates of deposit etc. on behalf of the Council. The limit for these will be the value of the fund, held by the external body at the time. The fund will be able to be liquidated within 7 days.

TMP2 Best Value and Performance Measurement

50 The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Strategy Statement.

51 Accordingly, the Treasury Management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the Treasury Management function will be measured using the criteria set out in this section.

Methodology to be applied for evaluating the impact of Treasury Management decisions

52 All treasury management decisions will be recorded by the Treasury Accountant. A monthly report will be produced and any significant decisions notified to the S151 Officer on the monthly report. Rates quoted for investments and borrowing

will be recorded and monitored against benchmarks, any benchmarking reports will consider risk as well as the rate of return. Market trends will be compared to expectations. Investments or borrowing which takes place with a maturity of over one month, evidence should be kept to demonstrate that the most favourable interest rate has been achieved.

Policy concerning methods for Testing Value for Money in Treasury Management

Frequency and processes for review

53 The Treasury Management function will be included within the Core Service Transformation review of Strategic Finance.

Banking services

54 Banking services will be retendered or renegotiated periodically in line with accepted procurement practice to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

Money-broking services

55 The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. The Council will also deal direct with counterparties that appear on the lending lists where it can be shown that the rates achievable by dealing direct are higher than those that could have been achieved by dealing through money-brokers.

An approved list of brokers will be established which takes account of both prices and quality of services. Note that fees are only due when the authority chooses to borrow using money brokers.

Consultants'/advisers' services

56 The Council may appoint professional treasury management advisers as and when it is deemed necessary to do so. The performance of these advisors will be monitored on an ongoing basis and be the subject of a tendering process.

Where treasury management advisers are appointed they will be expected to:

i) Provide creditworthiness advice and updates on credit developments;

ii) Provide rating watch information and highlight any impact on the Council's lending list;

iii) Review all treasury management reports and check compliance with the Treasury Management Code of Practice, the Prudential Code and Best Practice;

iv) Provide suitable economic information including interest rate forecasts;

v) Offer suitable training and seminars to support for Members and officers;

vi) Provide technical advice help and support as required.

External Fund Managers

57 The Council may appoint full-time cash/external investment fund managers and will comply with the Local Authorities (Contracting Out of Investment Functions) Order 1996 [SI 1996 No 1883].

The fund Manager will undertake all activity in accordance with the provisions set out in this document.

The delegation of investment management to external managers will entail the following:

i) Agreement of a formal contractual agreement and documentation;

ii) Agreement on terms for early termination of the contract;

iii) Setting of a benchmark of [7 day LIBID] and a performance target of exceeding the benchmark;

iv) Setting of investment counterparty constraints;

v) Quarterly reporting of performance;

vi) At least annual meetings with investment managers;

vii) Setting of other constraints/parameters/conditions.

The Council's treasury management advisors will assist in monitoring the performance of the fund managers.

Methods to be employed for measuring the performance of the Council's Treasury Management activities

58 Performance will be measured against the benchmark figures agreed. Performance will also be monitored by comparing expected levels of interest to the interest budgets set in the Budget setting process.

<u>Benchmarks and calculation methodology:</u>

a <u>Debt management</u>

Average rate on all external debt
Average rate on external debt borrowed in previous financial year
Average rate on internal borrowing
Average period to maturity of external debt
Average period to maturity of new loans in previous year

b <u>Investment</u>

The performance of investment earnings will be measured against the following benchmarks:

i) In house investments - 7 Day LIBID
ii) Cash fund manager - 7 Day LIBID

It is recognised that these benchmarks must be assessed in the overall context of security and liquidity being more important than yield.

TMP3 Decision-Making and Analysis

59 The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

60 Whilst the Council will take advice from external consultants as and when required it is recognised that the final decision for all treasury management activity lies with the Council.

Funding, Borrowing, Lending, and new instruments / techniques

Records to be kept

61 Details of all rates achieved on new investments and borrowing will be kept by the S151 Officer, along with rates requested from other sources that were rejected. This is to show that the S151 Officer consulted different areas of the market place to support the decision made. All documentation to support investment / borrowing decisions will be available for inspection by internal audit.

Processes to be pursued

62 When investment decisions are to be made for one month or more, the Treasury Accountant with responsibility for treasury management will seek rates from at least two brokers or counterparties that deal direct, and a comparison will be made with indicative rates quoted by brokers on the day. These rates, together with the reason for the chosen rate (not always the highest rate quoted), will be recorded on the deal ticket or electronically and will be made available for inspection. Since the start of the credit crisis and the nominal rates achieved on investments the Treasury Management function have concentrated their efforts firmly on capital protection and risk management. In practice the Council has a very restricted lending list and there is often little or no choice where to place investments.

Borrowing decisions will be made by the S151 Officer in the light of the Council's medium term budgetary requirement. The interest rate type, period of the loan and reason for the need to borrow will be recorded by the Group Accountant with responsibility for treasury management.

Issues to be addressed

63 In respect of every decision made the Council will:

a Above all be clear about the nature and extent of the risks to which the Council may become exposed;

b Be certain about the legality of the decision reached and the nature of the transaction, and that all approvals to proceed have been obtained;

c Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping;

d Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded;

e Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

64 In respect of borrowing and other funding decisions, the Council will:

a Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;

b Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;

c Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

65 In respect of investment decisions, the Council will:

a Consider the optimum period, in the light of cash flow availability and prevailing market conditions;

b Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

TMP4 Approved Instruments, Methods and Techniques

66 The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below and within the limits and parameters defined in TMP1 Risk Management.

67 Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its Treasury Management Strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

Approved activities of the Treasury Management function

a Borrowing

b Lending

c Debt repayment and rescheduling

d Consideration, approval and use of new financial instruments and treasury management techniques

e Managing the underlying risk associated with the Council's capital financing and surplus funds activities

f Managing cash flow

g Banking activities

h Leasing

i The use of external fund managers

Approved instruments for investment

68 In accordance with The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 and subsequent amendments, the instruments approved for investment and commonly used by local authorities are:

a UK Government (including gilts, Treasury Bills and Debt Management Account Deposit Facility)

b Deposits with banks, building societies or local authorities (and certain other bodies) for up to five years;

c Certificates of deposits with banks or building societies for up to five years;

d Corporate bonds and bonds issued by Multilateral Development Banks;

e Euro-sterling issues by certain Supra-national bodies listed on the London and Dublin Stock Exchanges;

f Money Market Funds;

g Pooled funds, i.e. collective investment schemes as defined in SI 2004 No 534.

Approved techniques

a Forward dealing up to five years

b Callable deposits up to five years

Approved methods and sources of raising Capital Finance

69 Finance will only be raised in accordance with the Local Government and Housing Act, 1989, and within this limit the Council has a number of approved methods and sources of raising capital finance.

70 These forms of funding will be considered based on the prevailing economic climate, regulations and local considerations. The S151 Officer has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from the approved sources.

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	●	●

TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

71 The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

72 The principles on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the Treasury Management function.

73 If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting Requirements and Management Information Arrangements, and the implications properly considered and evaluated.

74 The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule in this section.

75 The S151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in this section.

76 The delegations to the S151 Officer in respect of treasury management are set out in this section. The S151 Officer will fulfil all such responsibilities in accordance with the Council’s policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

77 Limits to responsibilities/discretion at Committee/Executive levels

Full Council

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year.

Cabinet

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year;
- approval of investments where minimum lending criteria are not met.

BCP Committee

- approval of amendments to the Council's adopted clauses, Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- performance monitoring;
- receiving and reviewing external audit reports and acting on recommendations;
- approving the selection of external fund managers and agreeing terms of appointment;
- receiving a detailed annual report;
- scrutinise the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- receive reports of any non-compliance with the Council Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules.

78 Principles and practices concerning segregation of duties

The S151 Officer will ensure that there is proper segregation of duties in place for Treasury Management.

79 Treasury Management organisation chart

The Council
|
Cabinet
|
BCP Overview Committee
|
S151 Officer
|
Assistant Chief Financial Officer
|
Finance Manager
|
Treasury Accountant

80 Statement of Duties/Responsibilities of each Treasury Post

a S151 Officer

i) The S151 Officer will:

- execute and administer treasury management decisions in accordance with the Treasury Management Strategy and the Treasury Management Policies, Practices and Schedules;
- recommend all arrangements for the identification, management and control of all treasury management risk and report on such;
- design, recommend and implement the annual Treasury Management Strategy and Treasury Management Policies, Practices and Schedules for approval, reviewing and monitoring compliance;
- adhere and monitor performance against the approved prudential indicators;
- construct the Council’s lending list and formulating suitable criteria for assessing and monitoring the credit risk of investment counterparties;
- submit regular treasury management policy reports;
- submit budgets and budget variations;
- ensure that all Treasury Management Policies, Practices and Schedules are fully documented and approved, and contain adequate levels of internal control;
- receive and review management information reports;
- review the performance of the Treasury Management function and promote value for money reviews;

- ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensure all Members and treasury management staff receive training to ensure all responsibilities are carried out appropriately;
- recommend investments where the minimum lending criteria are not met;
- ensure the adequacy of internal audit, and liaising with external audit;
- ensure that the most appropriate form of borrowing it taken from the approved sources;
- review the legal and regulatory framework in order to assess the impact of any changes on the Council;
- monitor the Governance arrangements of the treasury management function;
- recommend the appointment of external service providers.

ii) The S151 Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

iii) Only officers approved by the S151 Officer or the Assistant Chief Finance Officer will conduct dealing transactions.

iv) The S151 Officer will ensure that the Policy is adhered to, and if not will bring the matter to the attention of elected Members as soon as possible.

v) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the S151 Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's financial Regulations.

vi) It is also the responsibility of the S151 Officer to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

b <u>Assistant Chief Financial Officer / Finance Manager</u>

i) The responsibilities of these posts will be:

- planning, organising, directing and monitoring the Treasury Management function;
- ensuring compliance with the policy, practices and schedules;
- regularly reporting to the S151 Officer regarding performance of the function;
- ensuring the treasury management function is adequately covered during normal business hours;
- monitoring market conditions and interest rates and advising the S151 Officer regarding its impact on the Council's strategy.

c <u>Finance Manager / Treasury Accountant</u>

i) The responsibilities of this post will be:

- execution of transactions;
- adherence to agreed policies and practices on a day-to-day basis;
- maintaining relationships with third parties and external service providers;
- supervising treasury management staff;
- monitoring performance on a day-to-day basis;
- submitting management information reports to the Assistant Chief Finance Officer;
- preparation of cash flow statements;
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- identifying and recommending opportunities for improved practices.

d Treasury Accountant

- carry out day to day banking activities ensuring the treasury function meets is objectives
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- preparation of cash flow statements;

e Head of the Paid Service

i) The responsibilities of this post will be:

- ensuring that the system is specified and implemented;
- ensuring that the S151 Officer reports regularly to the Council, Cabinet and BCP Committee on treasury management policy, activity and performance as appropriate.

f Monitoring Officer

i) The responsibilities of this post will be:

- ensuring compliance by the S151 Officer with the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules and that they comply with the law;
- being satisfied that any proposal to vary treasury management policy or practice complies with law or any code of practice;
- giving advice to the S151 Officer when advice is sought.

g Internal Audit

i) The responsibilities of Internal Audit will be:

- reviewing compliance with approved policy and procedures;
- reviewing division of duties and operational practice;
- assessing value for money from treasury management activities;

- undertaking audits to provide assurance over the probity of the Treasury Management function.

Absence cover arrangements

81 The Finance Manager with responsibility for the treasury function will ensure that the Treasury Management function is adequately covered during normal business hours.

Dealing limits

82 The Finance Manager with responsibility for treasury management is permitted to place deals in accordance with the Counterparty Lists and Limits and approved Treasury Management Practices.

List of approved brokers

- Tradition Brokers
- Sterling International Brokers division of BGC Brokers LP
- Martin Brokers division of BGC Brokers LP
- Tullett Prebon (Europe) Limited
- Imperial Treasury

83 Treasury management staff are also authorised to deal direct with any of the counterparties on the approved lending list, where it can be shown that better rates of interest can be achieved than would otherwise be available through Brokers.

Policy on Brokers' services

84 The Authority aims to achieve a spread of brokers, together with the use of direct dealing counterparties in order to secure suitable deals.

Policy on taping of conversations

85 The Authority does not currently tape telephone calls made to brokers. It is understood that the broker firms used do tape all telephone conversations and deals are always confirmed by fax by the broker and the body receiving or paying over the money, these documents will be retained.

Direct dealing practices

86 The Authority aims to achieve a spread of counterparties in order to secure suitable deals.

Settlement Transmission Procedures

87 On maturity of an investment or loan the broker / counterparty involved will always be contacted by the treasury management staff to confirm what the Authority's intentions are with regard to the maturity and whether it is to be repaid.

Documentation requirements

88 Copies of all correspondence with brokers will be kept and made available for inspection.

Arrangements Concerning the Management of Third-Party Funds

89 The Council holds a number of trust funds. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded. Interest is given on credit balances at the average rate for internal balances for the year.

TMP6 Reporting Requirements and Management Information Arrangements

90 The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the Treasury Management function.

Annual Programme of reporting

91 As a minimum, the Council will receive:

- a An annual report on the strategy and plan to be pursued in the coming year;
- b A summary annual report on the performance of the Treasury Management function.

92 It is recognised that BCP Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy Statement and activities and as such they will receive:

- a A copy of the annual report on the strategy and plan to be pursued in the coming year together with the treasury management prudential indicators;
- b A full annual report on the performance of the Treasury Management function, on the effects of the decisions taken and the transactions executed in the year to date, and on any circumstances of non-compliance with the Council's Treasury Management Strategy Statement and TMPs.
- c Quarterly Monitoring Reports

Annual Treasury Management Strategy Statement

93 The Treasury Management Strategy Statement sets out the specific expected treasury management activities for the forthcoming financial year. This Strategy will be submitted to Cabinet and Full Council for approval before the commencement of each financial year.

94 The formulation of the Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

95 The Treasury Management Strategy Statement is concerned with the following elements:

a The prospects for interest rates;

b The limits placed by the Council on treasury activities;

c The expected borrowing strategy;

d The expected temporary investment strategy (including the appointment of fund managers);

e Other issues.

Policy on Interest Rate Exposure

96 As required by section 45 of the Local Government and Housing Act, 1989, the Council must approve before the beginning of each financial year the following treasury management limits:

a The overall borrowing limit;

b The amount of the overall borrowing limit which may be outstanding by way of short-term borrowing;

c The maximum proportion of interest on borrowing which is subject to variable rate interest.

97 The S151 Officer is responsible for incorporating these limits into the Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the S151 Officer shall submit the changes for approval to Cabinet before submission to the Full Council for approval.

Annual Report on Treasury Management activity

98 A summary annual report will be presented to Cabinet and Full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. A full annual report with be presented to BCP Committee. This report will include the following:

a A comprehensive picture for the financial year of all Treasury Management Policy, Practices and Schedules, plans, activities and results;

b Transactions executed and their revenue (current) effects;

c Report on risk implications of decisions taken and transactions executed;

d Monitoring of compliance with approved policy, practices and statutory / regulatory requirements;

e Monitoring of compliance with powers delegated to officers;

f Degree of compliance with the original strategy and explanation of deviations;

g Explanation of future impact of decisions taken by the Council;

h Measurements of performance;

i Report on compliance with CIPFA Code recommendations.

Management Information Reports

99 Management information reports will be prepared every month by the Treasury Accountant and will be presented to the following officers:

a Finance Manager;
b Assistant Chief Financial Officer;
c S151 Officer;

100 These reports will contain the following information:

a Summary of the Authority's financial position for the current year;
b Details of all current investments / loans;
c Details of the Interest Budget and Interest Projections;
d All notes relevant to the Treasury Management function, including where applicable the reasons behind and the impact of any decisions made.

Periodic Monitoring Committee Reports

101 Interim reports will be prepared where significant matters arise that need to be reported to a BCP Committee.

TMP7 Budgeting, Accounting and Audit Arrangements

102 The responsible officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the Treasury Management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP2 Best Value and Performance Measurement, and TMP4 Approved Instruments, Methods and Techniques. The S151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

103 The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

104 The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the Treasury Management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

Statutory/Regulatory Requirements

105 The treasury management budget and interest budget will be set as part of the Council's main budget setting process as required by the Council. Treasury Management is subject to an annual audit by Internal Auditors and is also audited by External Audit as part of the main financial audit.

TMP8 Cash and Cash Flow Management

106 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the S151 Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance as

per paragraphs 11-13 Liquidity Risk Management. The present arrangements for preparing cash flow projections, and their form, are set out below.

Arrangements for preparing/submitting Cash Flow Statements

107 The Finance Manager with responsibility for treasury management will prepare a rolling cash flow forecast which will cover at least 12 months, based on information gathered from within the Council. This cash flow forecast will be continually updated as new information is received. The cash flow forecast will contain information for every day of the year for all bank accounts.

Listing of sources of information

108 Information will be provided to the Treasury Management function by other members of Financial Services and the Council in general.

Bank Statements procedures

109 Bank statements are received daily and retained. Summary bank statements are also available in electronic format through the use of treasury management software.

TMP9 Money Laundering

Proceeds of Crime Act 2002

110 The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

- a Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland;
- b Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property;
- c Acquiring, using or possessing criminal property.

111 Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

112 Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

The Terrorism Act 2000

113 This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds

for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment

114 CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

115 Principle: The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Procedures for establishing identity / authenticity of lenders

116 The Council does not accept loans from individuals. All loans are obtained from the PWLB, Local Authorities or Other Public Bodies or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through their website on www.fsa.gov.uk).

Methodology for identifying sources of deposit

117 These will be arranged through authorised money brokers or by direct dealing.

TMP10 Staff Training and Qualifications

Details of approved training

118 The Council recognises the importance of ensuring that all staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The S151 Officer will recommend and implement the necessary arrangements.

119 The S151 Officer will ensure that Council Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

120 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

121 The treasury management staff have attended training courses provided both by the Council’s advisors and other organisations. The Finance Manager with responsibility for treasury management will ensure that a proactive approach is taken to continually keeping abreast of changes within the treasury management field.

Approved Qualifications for Treasury Staff

- S151 Officer ACCA / CPFA
- Assistant Chief Financial Officer CPFA
- Finance Manager - Technical CPFA / ACCA / CIMA

- Treasury Accountant AAT

122 The S151 Officer can determine that an approved qualification is not required if the member of staff has appropriate expertise and knowledge to carry out the responsibilities outlined in the Treasury Management Policy, Practices and Schedules.

Statement of Professional Practice (SOPP)

123 Where the S151 Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities that are CCAB members must also comply with the SOPP.

Member training

124 Council Members tasked with treasury management responsibilities should be trained in the areas of their responsibility.

Those charged with governance must recognise their individual responsibility and ensure that they have the necessary skills to complete their role effectively.

TMP11 Use of External Service Providers

125 The Council recognises that responsibility for treasury management decisions remains with the authority at all times.

It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Service Director, Strategic Finance.

126 The terms of appointment of all consultants are assessed and properly agreed and documented.

Details of Contracts with Service Providers, including Bankers, Brokers, Consultants, Advisers

a Banking services

b Name of main supplier of service – HSBC / Lloyds / Barclays

c Contract commenced 1 April 2019

d Money-broking services - No contract exists

e Cash/fund management services – No contract exists

f Consultants'/advisers' services

g Name of supplier of service – currently under tender

h Software suppliers – No contract exists

i Credit rating agencies

j The Council will make use of any information supplied by Moody's, Standard and Poor's and Fitch

k Procedures and frequency for tendering services

l This will be in accordance with the Council's Standing Orders.

TMP12 Corporate Governance

127 The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the Treasury Management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

128 The Council has adopted and has implemented the key recommendations of the Treasury Management Code of Practice as updated. This, together with the other arrangements detailed below, are considered vital to the achievement of proper corporate governance in treasury management, and the S151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Stewardship responsibilities

129 The S151 Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the Treasury Management function.

List of documents to be made available for public inspection

130 The following documents are freely available for public inspection:

- Annual Statement of Accounts;
- Budget Book;
- Medium Term Financial Plan (including Capital);
- Treasury Management Policy, Practices and Schedules;
- Treasury Management Strategy;
- Budget monitoring reports;
- Annual Treasury Report;

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Equality Impact Assessment: Report and EIA Action Plan

Appendix 6

Purpose

What is being reviewed?	Council Budget 2022-2023
Service Lead and Service Unit:	Adam Richens Finance
People involved in EIA process:	Bridget Webber Sam Johnson Sophie Bradfield Vicky Edmonds Graeme Smith
Date/s EIA started and reviewed:	9 December 2021 – initial EIA discussion Elements of the Budget will have received independent EIA's and have had their own discussion sessions.

Background

The Budget

For 2022/23 the council has a legal obligation to deliver a sustainable balanced budget 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.

The BCP Council Budget 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.

The majority of decisions set out in the Findings section of this report will have been considered as part of an Equality Conversation or and had full Equality Impact assessments carried out.

Key characteristics of the BCP Council area

Key Characteristic	Detail
A large resident population	With a total population of around 397,000
A growing population where growth is driven by net migration	BCP's population is predicted to grow to 403,600 by 2028, a growth of 2%. This growth will be driven entirely by net migration and is a slower rate of growth than previously projected.
An ageing population	The number of residents aged 65 and over is set to increase by 15% between 2018-2028. By 2028, 24% of the local population will be aged 65+.
A healthy population	Overall health and wellbeing are generally good or better than the national average. Life expectancy and healthy life expectancy is better in BCP than it is nationally.
A diverse community	In the BCP Council area the population is split 49.8% male and 50.2% female. BCP's population has become increasingly diverse. 88% of the population are from a White British background and 12% from a non-'White British' background. Over 85 languages are spoken within the BCP area5.

Key Characteristic	Detail
	According to the School Census conducted in January 2020, 77% of pupils attending school in the BCP area identify as White British, 21% identify as non-'White British' (2% non-disclosed)6. In 2011, there were at least 18,800 people born in the EU currently residing in BCP. This equates to approximately 5% of the population at that time. However, since then, both the number and representation are likely to have increased due to the upward trend in migration from the EU since 2011. Recent estimates suggest 32,000 people from EU Countries live in the BCP area7. Sexual orientation data is limited at a local level. Nationally 93% of the population aged 16 and over identify as heterosexual or straight and 2% of the population identify as lesbian, gay, or bisexual (LGB). Males are more likely to identify as LGB (2.3%) than females (1.8%). People aged 16 to 24 are most likely to identify as LGB (4.2%). Six out of ten BCP residents (60%) have a Christian religion and almost three out of ten residents (29%) state they have no religion. 1% (4,445 residents) of the population say they have a Muslim belief, 0.5% Buddhist (1,910 residents), 0.5% Hindu (1,854 residents), 0.5% Jewish (1,843 residents) and 0.7% have other religions. 8% did not wish to state a religion. Armed Forces: There are 1,040 serving personnel in the BCP area. There are an estimated 15,575 veterans living in the BCP area. It is estimated that 75% of all military personnel are married or have a long-term partner and that 53% have children they support financially; this equates to 780 partners and 551 children in the BCP area.
An area with significant contrasts	BCP has areas which are among the most and least deprived in the country. 16,000 people (4% of the BCP population) live in the 10% most deprived areas in England. This increases to 45,400 people (12% of the BCP population) when we look at the number of people living in the 20% most deprived areas. 82,800 (21% of the BCP population) live in the 20% least deprived areas in England.
A thriving economy with high levels of employment	In 2019, there were 193,000 people employed in the area. The rate of unemployment was 4.7%, lower than the national rate of 4.8%.
Over four out of five businesses are micro	In 2020, there were 15,110 businesses in Bournemouth, Christchurch and Poole. The majority (89%) were micro-businesses with less than 10 employees, compared to 90% in England.
Wages slightly below national average	Currently 61% of the total resident population are of working age. Median annual pay for residents of BCP, and for people working in the BCP area, is slightly lower than the national average.
Higher house prices than the national average	Average house prices in the BCP area have increased significantly in the last ten years. The average house price in the BCP area was £302,719 in the 12 months to March 2021; this is higher than the average price regionally and nationally. The relative affordability of property has decreased between 2010 and 2020. Median house prices increased at a higher rate than the median wage, which has led to an increase in the affordability ratio (less affordable housing).

Source of data: State of BCP Report

Stakeholders and Partners

- BCP Council Cabinet
- Business Rate payers
- BCP Council Employees
- Care experienced Young People
- Young people in BCP Council Area
- NHS Trust
- Voluntary and Community Sector led organisations in Bournemouth, Christchurch & Poole
- Visitors to Bournemouth Christchurch & Poole
- Residents
- Local Council tax payers
- BCP Council Partnerships
- Children looked after
- Schools, Academies and Universities
- Dorset CCG
- Clients of all Council services, specifically Adult and Children's Services

Preparation and consultation

To support the development of the budget, Cabinet agreed the following high-level budget cycle as part of the 23 June 2021 Cabinet report which includes consultation arrangements:

Stage and Timing	Details
Stage One: April to June	• Closure of the accounts for the 2020/21 • High level budget planning process as set out in this June 2021 MTFP Update report to Cabinet • Approval of a financial strategy to support the delivery of a balanced budget for 2022/23
Stage Two: June to September	• Initial detailed bottom-up refresh of the baseline financial resource requirements for each service. This included a reflection on previous year's actual performance and forecast in-year performance to evaluate the realism of future year plans. The intent being to move the MTFP to a five-year time horizon (31 March 2027) was noted • Portfolio Holders consideration of the updated position with Cabinet and Corporate Management Board colleagues. • Quarter One 2021/22 Budget Monitoring report
Stage Three: October to December	• Fundamental budget test and challenge session. Included a review of the evidence base for service pressures including the underlying activity, trend analysis and costing estimates. Consideration of associated income strategies and any proposed mitigation strategies. • Refinement stage including councillor consideration of the implications of any proposed transformation and service-based savings proposals • MTFP Update reports to Cabinet in both October and December • Budget Café (all councillor) presentations on the 26 November 2021 • Quarter Two 2021/22 Budget Monitoring report
Stage Four: January to February	• Taxbase report • Statutory consultation with representatives of Commerce and Industry • Quarter Three 2021/22 Budget Monitoring report • Finalise the 2022/23 Budget

Findings

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

Key Financial Planning Assumptions
A summary of the key financial planning assumptions and/or budget implications are set out below. These are taken from the MTFP Report presented to Cabinet on15 December 2021. The list of Key Financial Planning Assumptions including further explanation is available on the council's website.

In 2021/22 one of the lowest council tax rises in the country was agreed by BCP Council. In doing so, it also achieved parity of council tax across the three towns of Bournemouth, Christchurch and Poole, following the creation of a single council in April 2019.

Area of impact/or budget proposal?	Impact	Mitigating Actions
Council Tax	A 4.00% increase in council tax for 2022/23 (equivalent to £10.9m in extra revenue)	
	As at January 2022 there were approximately 26,000 caseloads being considered by the Council for the different reductions and discount schemes available. However it is likely that some of our residents on lower earnings in unprotected groups will be affected negatively by the increase. **Positive:** Increasing the budget will provide more funding for services highlighted below. Specific information on the benefits of providing the funding are set out in each section. Negative: With10% of households in the BCP area experiencing fuel poverty, an increase in Council Tax will negatively impact on households already struggling financially which is not necessarily limited to just lower socio-economic groups given rises to the cost of living. As at January 2022 approximately 26,000 Council Tax accounts receive a reduction and/or a	There are a number of schemes in place to assist residents on lower incomes with their Council Tax bills. These include: **Council Tax Support:** Residents on lower incomes can apply for assistance with their Council Tax bill by applying for Council Tax Support, further information is available on the Councils website https://www.bcpcouncil.gov.uk/Benefits-support-and-advice/Benefits-support-and-advice.aspx **Single Person Discount:** If you're the only person over 18 in your home, you may be entitled to a 25% reduction on your Council Tax. **Council Tax Discounts and exemptions:** Further details of ways in which council tax could be reduced for qualifying households is available on the website including student exemptions. https://www.bcpcouncil.gov.uk/Council-Tax/Council-Tax-discounts-and-exemptions/Council-Tax-discounts-and-exemptions.aspx Discretionary Reduction and Help with Paying Council Tax Bill: Section 13A (1c) of the Local Government Finance Act 1992 allows local authorities to, in

Area of impact/or budget proposal?	Impact	Mitigating Actions
	discount. However, it is likely that some of our residents on lower earnings in unprotected groups will be affected negatively by the increase. A single person discount is available for those qualifying households. Single Person households make up 34% of all households in the BCP . 44% of those are aged 65+ and 8% are white ethnic minority or Black and other Asian Minority Ethnic.	exceptional circumstances, reduce the Council Tax liability for a charge payer. Statutory exemptions and discounts must first have been exhausted.
Adult Social Care	The MTFP makes provision for an additional gross £50.9m investment in adult social care services over the 5-year period to March 2027	
	Positive: The budget has responded to assumptions around demographic growth which will help to manage the increase in demand for support for: • people with long-term conditions including those who need urgent and emergency care as well as preventing delayed discharges from hospital. In 2019. In 2019 29,500 people (8%) stated that a long-term health problem or disability limits their day to day activities a lot across the BCP Council area. • people with learning disabilities • people with mental health issues. The prevalence of depression in BCP was 11.5%, one percentage point less than the national rate (11.6%) (2019/20) • people who have no recourse to public funds • people who are often from the older population, being placed in residential and nursing care. BCP Council also has a high provision of residential and nursing care beds for its older population: 2,391 residential care beds and 2,248 nursing care beds per LA population aged 65+. This compares to national age standardised rates of 1,956 for residential care and 1,764 for nursing care	No mitigating action required.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	Being responsive to service pressures and needs ensures the most vulnerable in society are getting the support they need, outcomes include improved health, living standards and participation in public life. Increases in the national minimum wage will also increase the cost of care services and this has been factored into the budget. This is a positive change for staff working who are part of the health and social care workforce who are on minimum wage and therefore may be from low socio-economic groups.	
Children's Services	The MTFP makes provision for an additional gross £45.2m investment in children's services over the 5 year period to March 2027 There is also an increase in budget for SEND (agreed by Cabinet) to develop the service following the local area inspection of SEND and the required written statement of action.	
	Positive: Additional provisions have been made in the budget to support increased numbers of children and young people in care requiring higher cost residential settings. Children in care are some of the most vulnerable in society and supporting them with residential settings can improve all six of the Equality and Human Rights Commission's domains of equality measurement (Education, Work, Living standards, Health, Justice and personal security, and Participation). Provisions in the budget are also made for staffing costs including social care workers and staff managing referrals at the front door. Investing in this ensures better service delivery which in turn helps some of the most vulnerable in society. There is also an increase in budget for SEND (agreed by Cabinet) to develop the service following the local area inspection of SEND and **the required written statement of action**. The statement sets out the eight	No mitigating action required.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	areas for development and includes an Equality Impact Assessment.	
Green Futures Fund	creates a £20m green futures fund which will enable the council to continue to support the community response to the impact of the pandemic alongside its commitment to becoming carbon neutral by 2030	
	Positive: The green futures fund has the potential to have a positive impact on mental and physical wellbeing (disability) of visitors and residents of BCP Council area.	No mitigating action required.
£5.271m of gross on-going investments in council's priorities	£1,750,000 investment in regeneration	
	Positive: BCP has areas which are among the most and least deprived in the country. 16,000 people (4% of the BCP population) live in the 10% most deprived areas in England. Additional investment in regeneration will help to reduce the difference between the least and most deprived areas. In particular focus will be around Poole Town Centre and Boscombe. More information is set out in the State of BCP Report	No mitigating action required.
	£500,000 in arts and culture recognising the importance of taking forward the BCP Cultural Compact and £250,000 in support of a cultural bounce back festival	
	Positive: Culture is an integral part of our lives, contributing to learning, health and wellbeing, economic and social regeneration, place making and community cohesion. Increased investment in culture will improve the opportunities for residents to participate. **Negative:** Potentially certain protected characteristic groups e.g. race, ethnicity and gender could be excluded if there is a lack of diversity to the events offered.	A full EIA is being prepared a part of a future report to Cabinet on Cultural Development in the BCP Council Area and will address the need to offer a more inclusive programme of events that takes accounts of the diversity of BCP Council's residents and visitors.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	£300,000 in Housing Delivery Strategy development costs.	
	Positive: An additional investment will help to improve access to affordable accommodation. It will help to • increase the right supply of new homes to meet local needs, including affordable housing. • Ensure housing stock is managed and maintained efficiently, safely, and effectively, including improvements to the private rented sector. • Supporting area-specific regeneration plans. • Preventing homelessness and improving health and wellbeing through housing.	No mitigating action required.
	£240,000 to improve Community Safety by appointing six extra Community Safety Accreditation Officers.	
	Positive: The appointment of six extra Community Safety Accreditation Officers will help to tackle low level crime and disorder and Anti-Social Behaviour and to make safer communities for individuals e.g., women and hate crime.	No mitigating action required.
	£80,000 investment in 2 Mental Health Worker posts.	
	Positive: The provision of 2 dedicated Mental health Worker posts will allow the Council to address the mental health challenges faced by our communities and make improvement. The rate of suicide for 2017-19 in BCP (13.2 per 100,000) is significantly higher than the rates for England (10.1) and the South West (11.3).	No mitigating action required.
	£70,000 in 2 Officers in communities with a particular focus on embedding Asset-Based Community Development.	
	Positive: Asset Based Community Development builds on the assets that are found in the community and mobilises individuals, associations, and institutions to come together to realise and develop their strengths. Increased investment in an additional 2 officers	No mitigating action required.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	will help promote positive relationships between those who share protected characteristic and those who do not.	
	£25,000 to support the work of the Youth Parliament.	
	Positive: Young people will be involved in the design and delivery of services relevant to them which will better support their needs and reduce the likelihood of unconscious bias factoring into decision-making. Improved service design can improve participation in public life for young people.	No mitigating action required.
	Supports a homeless health hub by setting aside £101k to cover the annual operating costs.	
	Positive: The Homeless Inclusion Health Centre will supply outreach services across the conurbation as well as further developing a multi-disciplinary team with the benefit of staff working closely together to provide a wide range of health support for individuals who are homeless in one central location. The health hub would provide office and clinic space, showers, laundry facilities, access to computers and locker space so that people can attend and receive the support and/or treatment needed for ongoing health issues. This will help improve quality of life for homeless people. Armed Forces - there can sometimes be a misperception around the numbers and proportion of people from the armed forces being more likely to become homeless, and rough sleeping, although it is certainly an issue for some. There are different options available for homeless veterans through the Armed Forces Covenant and associated services such as SAFFA. Generally, veterans will only open up and talk to people with similar experiences and the outreach	No mitigating action required.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	service has links to the relevant support services to maximise enablement of this.	
Pay Award	BCP Council has allowed for a cost of living pay award in line with the Consumer Price Index of 3.1%	
	Positive: Increase pay for staff will be equally applied to everyone across the council.	No mitigating action required.
Harmonised Pay and Grading Structure	A key requirement following the creation of BCP Council was to create a single pay and grading structure, with a working assumption that the new arrangements would be cost neutral. In response to the challenge based on the initial observations of the peer review to revisit this assumption, the proposed budget reflects a potential for the uplift in the pay bill of the authority from 1 April 2024 onwards.	
	Positive: The pay and reward process will harmonise pay across BCP Council.	This is supported by a live full EIA report which is continually updated and which is currently not being released for publication as it is incomplete at the time of writing
Service-based savings and efficiencies	£6.6m in additional savings and efficiencies have been identified in establishing the budget for 2022/23 and these include a further £4.3m in additional savings from the council wide transformation programme	
	The proposed savings are listed in Medium Term Financial Plan 2021/27 - Assumed Savings Schedule. Those identified with the most equality impacts are detailed below: • **SEND Transport savings** **Negative:** This is like to impact on those with special educational needs and disability and may reduce their ability to participate in public life • **Review of care arrangements for people with Learning Disabilities and Mental health** These tend to be younger clients and on a lower income. The review will need to ensure that they are not disadvantaged by revised care arrangements. • **Reassessment of all cases and implementing Strength based culture** **Positive**: This is likely to have a positive impact as all cases will be reassessed against the guidance set out in the Adult Social Care and Adult Social Care	Responsible officers to ensure that decisions are accompanied by EIA's and that the appropriate engagement/consultation is carried out.

Area of impact/or budget proposal?	Impact	Mitigating Actions
	Commissioning Strengths based framework. This involves working with each client to look at what they want to achieve and take their individual characteristics into account.	
Transformation Savings	The savings from the programme can be broken down into 10 separate workstreams with the total estimate being in the range £26.7m to £43.8m.	
	The Transformation Programme is designed to have an overall positive impact on both service users and employees. The cumulative 2022/23 savings from the transformation programme are specifically associated with. • 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. • The Councils estate and accommodation project.	The overall impact of the individual workstreams are being assessed as part of the ongoing project. They are considered through the EIA process. The documents are live documents and are currently not being released for publication as they are incomplete at the time of writing. **E.g. The Council's estate and accommodation project:** In 2020 the Council undertook a Working Practices Survey to identify whether employees with certain characteristics are having different experiences of working at home. This was used to inform the accommodation strategy – a key part of the transformation programme. It was found that staff with disabilities may prefer working from home due to increased comfort. As a result these preferences have been taken into account in the development of the councils accommodation and the option to work from home will continue for all staff where possible. Some staff may not have access to a suitable, safe workspace outside of an office environment and no access to space to have confidential discussions and this has been considered with office space being available for those staff who need it.
Concessionary fares	Concessionary fares budget is being reduced by £0.35m.	
	Neutral: Due to the anticipated reduced number of eligible journeys as a result of less people using public transport due to Covid, the budget for concessionary fares is being reduced by £0.35 million in response to this.	This decision was considered by Cabinet in December 2021 and the accompanying EIA can be viewed on the Council's website.

Conclusion

Summary of Equality Implications

BCP Council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides. In this budget the council has sought to maintain appropriate services for the most vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

The impacts of the council budget for 2022-23 have been assessed considering the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and the locally-observed characteristics (low socio-economic groups, members of the armed forces, carers). The Equality and Human Rights Commission's six selected domains of equality measurement have also been considered, identified as the areas of life that are important to people and that enable them to flourish. These are: Education, Work, Living standards, Health, Justice and personal security, and Participation.

A number of positive impacts on protected groups have been identified throughout this EIA as investments are being made in key areas to improve services for our most vulnerable residents including the elderly and disabled, children with special educational needs and disabilities and people from low socio-economic groups including those who are homeless or rough sleeping.

As part of the budget, council tax is being raised to support increased service provision, which will have a positive impact on many residents. Mitigating actions have been identified to support those who may be negatively affected by this, for example by utilising schemes for residents on lower incomes.

Additional investment in regeneration will help to reduce the difference between the least and most deprived areas whilst financial support for the youth parliament will ensure young people are involved in the design and delivery of services that they use enabling better participation in public life.

Individual equality impact assessments should support some of the decisions noted in this EIA, for example with service-based savings and efficiencies and this has been noted under mitigating actions where relevant.

21/01/2022

BCP Pay Policy 2022/23		
Date: 11 January 2021		**Policy Author: Sarah Ray-Deane**
Review Date: December 2022		**Version: 1**
Purpose/Introduction	This policy is established to meet requirement of section 38(1) of the Localism Act (2011). The purpose of this policy is to provide transparency on the salaries of Chief Officers of the Council, how those salaries are set, and other issues related to the pay of Chief Officers. BCP Council 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. The financial information published to meet legislative responsibilities is relating to the 2021/22 salary information using a snapshot date of December 2021, and the audited 2020/21 Statement of Accounts.	
Who the policy applies to	Chief Officers - The Council will engage persons for the following posts, who will be designated Chief Officers: (a) Chief Executive and Head of Paid Service (b) Directors who report directly to the Chief Executive within the line management structure	

Appendix 7

The policy	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. The salaries for these staff will be increased in line with national pay awards agreed by Joint National Committee (JNC) for Chief Executives and Chief Officers unless financial constraints prevent the required funding from being available. In this case, some lesser figure or no increase will be applied. The Chief Executive is employed on JNC conditions of service. Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A): a The Head of Paid Service (Chief Executive) 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

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 2020/21 is given in Appendix B for BCP Council which gives details of the payments made to Chief Officers in 2020/21.

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

BCP Pay Policy 2022/23	
	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 2022/23 The policy in relation to employer discretions under the Local Government Pension scheme is given in Appendix C
How to use the policy	This policy will be published on the Council's website to ensure that all staff, Councillors, residents and local businesses have access to it. Related Council policies and supporting documents: • Business Travel and Subsistence arrangements • The Council's policy in relation to employer discretions under the Local Government Pension scheme • The Council's policy in relation to employer discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006
Roles and responsibilities	This policy is reviewed annually by the Corporate Management Board and any recommendations for change will be made to the Cabinet for approval
Enforcement and sanctions	
Further information and evidence	

Appendix A
– Salary Information 2021/22

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 at snapshot date December 2021, 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	£188,649.00	0	£24,821.36	£213,470.36

b The median full-time equivalent salary for staff at snapshot date December 2020, 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	£25,481.00	£4,280.76	£2,295.84	£32,057.60	1:7.4

c The lowest full time equivalent salary at snapshot date December 2020, 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	£16,129.00	£2,709.72	£1,005.36	£19,844.08	1:11.7

Appendix B

– Statement of Accounts 2020/21

	Remuneration Salary (including supplements)	Expenses Allowances	Compensation for Loss of Office	Employers Pension Contributions	Total payment including Pension Contributions
	2020/21 £	2020/21 £	2020/21 £	2020/21 £	2020/21 £
Chief Executive - (Mr G Farrant)	188,649	-	-	-	188,649
Corporate Director - Children's Services (1)	80,640	-	40,669	11,366	132,675
Corporate Director - Adult Social Care	125,766	-	-	-	125,766
Corporate Director - Regeneration & Economy (2)	120,748		-	19,607	140,355
Corporate Director - Environment & Community	127,530	-	-	20,660	148,190
Corporate Director - Resources	124,165	-	-	20,115	144,280
Director of Finance	112,110	-	-	18,162	130,271
Director of Law & Governance (3)	10,058	-	-	1,629	11,687
Director of Law & Governance (4)	19,656	-	-	3,184	22,840
Director of Law & Governance (5)	55,336	-	-	8,964	64,300
Totals	**964,658**	**-**	**40,669**	**103,688**	**1,109,014**

Appendix C

BCP ("THE COUNCIL")

POLICY IN RELATION TO EMPLOYER DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME

This document forms the Council's policy in relation to the various discretions available to it in respect of the Local Government Pension Scheme. Part A records the Council's policy in respect of Regulations 12, 16, 30 and 31 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2013 ("Benefits Regulations"), as required by Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008 ("Administration Regulations"). Part B refers to the other discretions available to the Council but for which it is not a requirement to publish a formal policy. References to specific Regulations are to the Benefits Regulations.

This policy does not form part of employees' terms and conditions of employment and the Council may repeal, review or amend its policy at any time.

PART A

Regulation	Policy
Regulation 16 [R] – <u>Power of employing authority to contribute to a shared cost APC scheme</u> Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.	On the basis of cost implications, the Council will not enter into a shared cost APC scheme
Sch 2, para 2 (2) & (3) [TP] <u>Power of employing authority to apply 85 Year Rule before age 60</u> Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60. Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 01/04/2014 membership where the employer has "switched on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	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. 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

Appendix D

Regulation 30 (6) Flexible retirement Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement). Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible	The Council will consider requests for Flexible Retirement in accordance with the agreed Flexible Retirement Policy and Procedure. 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

Regulation	Policy
retirement.	Executive Director and the Section 151 Officer.
Regulation 30 (8) [R] Power of employing authority to waive actuarial reduction Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	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.
Regulation 31 [R] Power of employing authority to grant additional pension Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a.).	The Council has elected not to use this discretion
Reg D11 (2)(c) [C] Power of employing authority to grant early payment of benefits on compassionate grounds Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds *For members who ceased active membership before 1 April 1998*	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
Regulation 9 (1) & (3) [R] Contributions payable by active members Employers determine the contributions payable by members by attributing each member to one of the contribution bands set out in Regulation 9 (2) [R]. Employers have the capacity to re-attribute the specific payband (upwards or downwards) where there is a material change in a member's contractual terms.	The policy is set to review the bandings on an annual basis.
Regulation 22 (7) (b) and (8) (b) [R] Facility to extend time limits for active members to not aggregate deferred periods of LGPS	The Council will only agree to extend the 12-month option period in exceptional

Regulation	Policy
membership Whether to extend the 12-month option period for a member to elect that deferred benefits should not be aggregated with a new employment or ongoing concurrent employment.	circumstances. The Council delegates the consideration of this issue to the Head of HR.
Regulation 100 (6) [R] Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member. Employers, with agreement of Administering Authority, may allow a longer period than 12 months. JOINT DISCRETION WITH ADMINISTERING AUTHORITY	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.
Reg 17 & 15(2A) [TP] 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	The Council will enter into a shared cost AVC (SCAVC) arrangement
Reg 17 & 15(2A) [TP] 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 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)	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.
Reg 21(5A) and 21(5B) [R] Power of employing authority to determine whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP)	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.

CABINET

Report subject	**2021/22 Budget Monitoring at Quarter 3**
Meeting date	9 February 2022
Status	Public Report
Executive summary	This report includes 2021/22 budget monitoring information as at the end of December 2021. The projected outturn for the revenue account is a balanced position. The projection includes an overspend of £9.1 million within services and the transformation programme. The application of largely one-off central resources can balance this position, including the release into the revenue account of the Covid pressures grant tranche 5 with the balance of £3.3 million carried forward in reserves. The updated 2021/22 projections for reserve movements, the capital programme and housing revenue account (HRA) are also included.
Recommendations	**It is RECOMMENDED that Cabinet:** **1. Approves the capital virements as set out in paragraph 78.** **2. Request Council approve the capital virements as set out in paragraph 79.**
Reason for recommendations	To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position. To comply with the council's financial regulations regarding budget virements.
Portfolio Holder(s):	Councillor Drew Mellor, Leader, Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Adam Richens, Chief Finance Officer and S.151 Officer Adam.richens@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. In February 2021 Council agreed the annual general fund net revenue budget of £241 million, a capital programme of £125 million and the net use of reserves of £41 million. Budgets were also agreed for the housing revenue account (HRA).
2. At quarter two the projected revenue budget overspend was £10.2 million within services. This was due to one off Covid pressure (£3 million), on-going Covid and general service pressures (£8.6 million), loss of net transformation savings (£3.7 million) partially offset by £5.1 million of additional income and grants.
3. The services overspend was offset by central savings and one off surpluses within the 2021/22 accounts of £6 million, and by Council agreeing to release £4.2 million of the uncommitted Covid pressures grant into the revenue account. The remaining £4 million of the Covid pressures grant was available to carry forward in reserves.

Revenue budget monitoring – December 2021

4. The quarter three projection for the 2021/22 revenue budget outturn is an overspend of £9.1 million within services and transformation. The reasons can be summarised as follows:

    - £3.0 m Covid pressures potentially one-off in nature
    - £5.5 m Ongoing Covid related pressures
    - £2.6 m Ongoing service pressures
    - (£2.5m) Ongoing carparking income recovery (but still below pre Covid)
    - (£3.2m) Grants received to replace base budget or overspend
    - £3.7 m Transformation programme net savings shortfall

5. There is an interest saving of £0.6 million outside of services. The resulting net overspend can be offset by the application of net largely one off items within the 2021/22 accounts:

    - £2.9 m Refinancing of the capital programme resources (2020/21 outturn)
    - £1.4 m Extra sales, fees and charges grant income confirmed for 2020/21
    - £1.3 m Extra sales fees and charges grant income estimated for 2021/22
    - £2.6 m Release of uncommitted contingency and unused historic provisions
    - £0.4 m Dividend from the local authority trading company (Tricuro)
    - £0.2 m Net other changes
    - (£5.2 m) New provision at quarter 3 for shareholding in joint venture company
    - £4.9 m Drawdown of Covid pressures grant tranche 5 (leaving £3.3 million for transfer to reserves)

6. A summary of the revenue outturn position as projected at the end of quarter three is shown in the table below. This includes the use of the covid pressures grant to balance the budget due to unavoidable net pressures, with the remaining level of grant that would be transferred to reserves shown as a surplus of £3.3 million at the bottom of the table (compared with the £4.0 million projected surplus) at quarter two.

Figure 1: General Fund – Summary projected outturn as at 31 March 2022

Directorate	Working Budget	Forecast Outturn	Forecast Variance
Adult Social Care	216,296	235,230	18,934
	(101,001)	(119,392)	(18,391)
Adult Social Care Total	**115,295**	**115,838**	**543**
Children's Services (excl. DSG)	81,202	91,796	10,593
	(11,951)	(13,426)	(1,475)
Children's Services Total	**69,251**	**78,370**	**9,118**
Operations	165,605	168,157	2,552
	(95,284)	(102,906)	(7,622)
Environment & Community Total	**70,321**	**65,251**	**(5,070)**
Resources & Chief Executive Office	150,698	152,328	1,630
	(111,915)	(112,693)	(779)
Resources & Chief Executive Office Total	**38,784**	**39,635**	**852**
Net Cost of Services	**293,651**	**299,094**	**5,443**
Transformation costs / savings	22,537	26,227	3,690
	(23,590)	(23,590)	0
Transformation Total	**(1,053)**	**2,637**	**3,690**
Net Position	**292,598**	**301,731**	**9,133**
Covid Pressures Grant Committed	(1,700)	(1,700)	0
Release of Residual Covid Grants Tranche 5	0	(8,193)	(8,193)
Refinancing of Capital Expenditure	0	(2,900)	(2,900)
Sales, fees and charges compensation 2021/22	(1,649)	(2,987)	(1,338)
Movement from reserves - Covid Sales, Fees and Charges	0	(1,402)	(1,402)
Other Corporate Items	(289,249)	(287,807)	1,442
Total Budget	**0**	**(3,258)**	**(3,258)**

7. The overspend at service level has reduced from £10.2 million at quarter two to £9.1 million at quarter three with net reductions across services.
8. Central one off additional costs have grown in quarter three, with a new £5.2 million provision included relating to the council's shareholding in a joint venture company. This has been partially offset by a projected increase in the sales, fees and charges grant relating to the first quarter of the year by £0.8 million and releasing the balance of the contingency and other unused provisions of £2.6 million.
9. The approach continues to be the management of the financial position by expecting services to deliver within the envelope of their original 2021/22 budget as far as possible. However, it was recognised at quarter two that particularly for children's

and adults services that further budget support was needed due to Covid, and within children's services also from measures to improve the service.

10. The mitigation strategy continues to be the drawdown of tranche 5 covid pressures grant to support net overall budget pressures. This as in addition to the specific allocations to services already made of £1.7 million from this grant for expenditure related to the pandemic. The remaining balance of £3.3 million (£4.0 million at quarter two) is available from the £9.9 million grant to carry forward into next year.

11. The detail of projected variances is included in Appendix A1. A general fund summary forecast outturn is included in Appendix A2.

Summary of 2021/22 projected outturn by directorate

12. The following paragraphs summarise the projected 2021/22 budget position for each directorate.

Adult Social Care - net overspend £0.5 million (0.5%)

13. The ASC overspend has reduced by £0.9 million overall compared with quarter two. There has been an increase in demand for care due to Covid and market pressures on care costs, however, these are offset from additional income from client contributions, new NHS funding, service rental income, and continuous savings reported from employee vacancies.

14. The highest contributor to the overspend is related to extra Covid costs, with £1.5 million from higher cost care packages due to the hospital discharge scheme introduced by the government during the pandemic. Residential care costs continue to be above budget because of market forces and home care packages of increasing size.

15. Due to capacity shortages in NHS therapy services, packages of care that are picked up to be funded by the council after the 4 week NHS funded period are larger and of higher cost because patients are discharged earlier, more dependent, and often without the recovery services they need. Funding of £0.750 million has been secured from the Dorset Commissioning Group towards the cost of these health related needs.

16. The additional committed cost of managing the hospital discharge scheme this year is anticipated to be £0.16 million with the existing level of progress being made. However, this is not sufficient to adequately manage the scheme processes and additional staff to administer the scheme and catch up with the backlog of cases accumulated during the pandemic are required. An amount of £0.4 million from tranche 5 of the Covid pressures grant has been earmarked to complete all processes after the end of the scheme.

17. A £2.2 million projected overspend in packages of care is mainly due to demands from older people as the pandemic has impacted on their general living and wellbeing. The projections remain volatile as costs continue to increase. Residential fees are now 4.4% above budget.

18. Adult Social Care could not optimise occupancy of some block arrangements due to Covid presence in some care homes. At its peak, Covid suspension of admittance reached 60% of the market residential availability, therefore additional placements are being spot purchased at higher cost.

19. The national shortage of home care workforce capacity is leading to a rise in residential care placements generally and a significant increase in people waiting for domiciliary care to become available.

20. The £0.4 million projected additional refunds from the NHS for clients eligible for continuing health care (CHC) were reported last quarter and are due to more people with learning disabilities being found to be CHC eligible. As the backlog for CHC applications, which accumulated due to a pause in NHS CHC activity during the pandemic, begins to be cleared, the overall impact of these refunds will become more apparent.

21. There is £0.5 million over recovery projected for service user contributions.

22. Projected employee savings of £1 million resulting from vacancies which have not been filled due to workforce shortages and service reconfigurations with increased use of grants for staffing.

23. During quarter three the council has received further Covid emergency grants which have been extended to March 2022 raising the total confirmed emergency grants in 2021/2022 to £13.3 million, most of this funding is being passported directly to care providers:

    - Infection Prevention and Control grant - £5.9 million
    - Rapid testing - £3.6 million
    - Workforce Recruitment and Retention grant round 1 and round 2 - £3.4 million
    - Omicron support fund - £0.4 million

Children's Services - net overspend £9.1 million (13.2%)

24. The overspend for Children's services has reduced by £0.1 million overall compared with quarter two.

25. The projected overspend relating to the cost of care has increased slightly from quarter two of £3.8 million to £4.0 million for quarter three. There are still clear national, regional, and local cost pressures that reflect increased demand for all placement types, specifically for children with very complex needs, and with rising costs for individual packages but these pressures continue to be scrutinised and managed at pace.

26. The other area of significant pressure is staffing. This has increased since quarter two and the total forecast variance is now £6.1 million (67% of the overspend). There continues to be considerable market difficulties in the recruitment of permanent workers causing the continued and increased use of higher cost agency staff against established posts within social care.

27. In addition to the agency use against established posts there are several extra agency social workers over establishment to cover current levels of increased demand. At quarter two there was an assumption that these extra agency social workers would end, and a proportion of this reduction built into the forecast. However, this has not been possible to deliver, and the staffing variance has increased.

28. Within the staffing overspend there is also the cost of commissioned teams to carry out essential work to ensure appropriate timescales are met for the assessment of cases with the highest safeguarding risks. This has been necessary to prevent

significant service deterioration due to a trebling of the statutory requirement, a high element of which can be directly traced to higher post-Covid demand levels. These additional teams were due to end December 2021, but it has not been possible to cope with the continued increase in demand and theses costs are to continue.

29. There is also an element of non-achievement of the budget allowance for a level of vacancies in establishment posts as prompt recruitment in front line services continues to be essential to maintain service stability and improvements. In addition, savings have not been realised due to the delay corporately in restructuring business support functions and system support teams across the council.

30. There is a forecast £1 million pressure for special education needs (SEN) transport. This budget is traditionally volatile and challenging to project as it is demand led and impacted by numerous variables outside of the control of the council. Despite an increase in the budget from last year, there is further demand from the rising caseload of education, health, and care plans (EHCPs), from pupils with medical conditions and from those with challenging behaviour. The impact of places created locally in satellite special schools to cope with the rising EHCP demand has increased the number of journeys.

31. There is an improvement in the cost of mainstream transport which is contributing to an overall transport forecast overspend of £0.8 million.

32. Other variances include the additional cost in the SEN team of legal support for work on tribunals of £0.1 million.

33. A saving of £0.15 million has been achieved by reducing commissioned services.

34. A saving of £1 million has been agreed by Council from the quarter one monitoring report by switching the family investment fund budget to the contain outbreak management fund (COMF) ring-fenced grant.

35. A saving of £0.4 million has been made by applying a one-off reserve to offset some of the increase in staffing over quarter three.

Place Operations – net underspend £5.1 million (7.2%)

36. The overall position for operations for quarter two is a net underspend of £5.1 million which is 7.2% of the £70 million net budget. Parking and waste services account for much of the total, but there are also significant contributions from seafront services and telecare. Although a significant net underspend, there are some service pressures within place operations.

37. Covid pressures within environment services are income losses greater than allowed for in the budget. The projection includes a budget shortfall for cremations income of £0.8 million, due to reduced demand for services.

38. In addition, the reduction in trade waste income experienced last year from periods of lockdown and reduced commercial activity is on-going, the updated projection is showing a small recovery over the quarter.

39. In recent years the cost of emergency accommodation placements (principally within local hotels and B&B accommodation) has been managed from a combination of the in-year revenue budget and government grant allocations (including unspent homelessness prevention grant reserve from previous years). In addition, in 2021/22 one-off funding of £0.85 million from the contain outbreak management fund (COMF) has been used. Historic unspent grant reserves for homelessness prevention are currently forecast to be fully depleted during 2023/24, at which point new ongoing

revenue pressures will arise. Indicative estimates for these new pressures have been factored into the MTFP.

40. Communities have been allocated additional grants in-year of £0.94 million to support vulnerable residents in self-isolation with these costs already funded by the contain outbreak management fund.

41. Several smaller pressures across the services due to Covid are anticipated at £0.1 million.

42. Parking services are anticipating a net overachievement against budget of £2.4 million but this is much lower than would have been anticipated in a pre-pandemic year as town centre carparks have not recovered well.

43. Concessionary fares are forecasted to underspend by £0.3 million. The council continues to support bus travel across the conurbation and are compensating the two local bus companies in line with government guidance. The historic trend of reduced bus use has been reflected in maintaining pre Covid funding levels and this has brought down the amounts expected to be paid for the year compared with the budget.

44. Within the transport network team there are estimated savings from vacancies, and in addition the service is concentrating effort on the significant capital programme, impacting the planned revenue spend. These have resulted in an estimated underspend of £0.3 million.

45. Building control income is being impacted by the rising cost of materials, supply chain issues and concerns about inflation and industry confidence which has seen a reduction in the number of domestic applications being submitted. There are currently no large-scale housing developments that require the service. This is a national position with the service forecasting an in-year pressure of £0.4 million.

46. Communities variances have changed little over the quarter. There is an overspend of £0.2 million in respect of the community safety service review, staff costs are overspent by £0.2 million due to restructuring delay and there is a £0.1 million pressure in costs associated with community centres.

47. Environment are forecasting a net saving of £1.9 million in residual waste collection and disposal. This is due to improving recyclate prices, and the re-tendering of waste contracts costing less than anticipated. The take up of the garden waste service is performing well with forecast surplus income of £0.5 million. The trend for increased income for drop-kerbs has continued in quarter three with £0.3 million of additional income projected for the year.

48. There are budget pressures within environment services. The forecast position regarding greenspace, concessions and trading has worsened due to the inclusion of a bad debt provision in relation to a sporting concession. The pressure in respect of arboriculture works remains. The highways operational cost pressures include preparations for the winter service. There is also an estimated overspend of £0.3 million on the cost of the council’s fleet because of increased fuel prices and parts for older fleet vehicles.

49. Agency cover for long-term sickness and Covid-related absences have resulted in a forecast pressure regarding household waste recycling centres of £0.2 million.

50. Seafront operations and trading, most notably catering, has been especially successful over the summer period, and is expected to achieve a position ahead of

budget by £0.4 million. Beach hut income is also estimated to be ahead of budget by £0.2 million.

51. Telecare net income continues to forecast £0.3 million additional income to budget. The risk, performance and telecare service is also forecasting to underspend on salaries and overheads by £0.3 million. Neighbourhood services (comprising net income from garages and photovoltaic panels) continues to project an overall £0.1 million improved position to budget. There are also projected savings of £0.1 million related to feasibility costs in the 5-year council newbuild housing & acquisitions strategy (CHNAS) and £0.3 million for other supplies and services for the in-house team.

52. Libraries expect an underspend against staffing budgets of £0.1 million due to vacancies within the service. Other savings across the whole of place operations amount to £0.1 million.

Resources & Chief Executive Office - net overspend £0.9 million (2.2%)

53. The combined position for both the resources directorate and chief executive office is a net overspend of £0.5 million across all budget areas, a small increase compared with the £0.4 million projected at quarter two. The facilities management budget for the year has been transferred to resources from the operations directorate with the overspend for additional works being undertaken during the year increasing by £0.1 million since quarter two to £0.35 million.

Transformation Savings

54. Transformation savings of £7.5 million have been built into the budget for 2021/22. At the end of quarter three as previously reported £5.1 million of savings have not yet been identified for delivery and have been factored into the projected overspend for the year along with related expenditure reductions of £1.4 million.

55. The corporate smarter structures project should deliver some savings towards the residual target and work is ongoing to confirm the level of savings this year.

56. The third party spend project has indicated initial areas for savings opportunities and the deliverability and timing of these will be established during the next phase of work. Most of the potential savings identified will take some time to deliver with the benefit in future years.

Central Items - net surplus £12.4 million

57. A new item at quarter three is the recognition of £5 million of potential losses attributable to Bournemouth Development Company LLP ("BDC"), a BCP joint venture company. The council is making a provision for their shareholding as a result of on-going viability demands relating to the Winter Gardens project. The BDC team continue exploring options to develop the site in the context of the challenging landscape facing the construction industry in general, such as build cost inflation.

58. There are previously reported variances of reduced interest payable of £0.6 million due to higher cash balances than anticipated with a reduced short term borrowing requirement and receipt of a one off £0.4 million dividend from Tricuro, the Local Authority Trading Company BCP set up in Partnership with Dorset Council. In addition, £0.5 million has been identified for release from previous balances held at Bournemouth Borough Council in relation to a company venture where activity has since wound down.

59. Set out in the financial outturn report 2020/21 presented to Cabinet on 23 June 2021 there were a series of actions undertaken by the finance team to release revenue resources earmarked for capital to support the 2021/22 budgetary position. The total amount released is £2.9 million with the decision made at Council in September when the outturn report was considered.

60. Government compensation for lost sales, fees, and charges (SFC) during 2020/21 outturn totalled £12.6 million. After meeting the first 5% loss of income in full, losses above this level are funded by government at 75%. The outturn figure was based on an estimate where there remained some ambiguity in the calculation. Therefore, a risk factor was transferred to reserves of £1.4 million in case an amount needed to be repaid to government. Now the scheme for 2020/21 has concluded this amount can be released back into revenue for 2021/22.

61. The SFC scheme is continuing for the first quarter of 2021/22, and the initial estimate of the grant is ahead of the £1.6 million budget by £1.3 million (previously £0.5 million).

62. The balance of central items is the use of the Covid pressures grant tranche 5 to underpin the overspend within services.

63. Lastly, the unearmarked balance of the contingency £2.1m has been fully released to revenue.

Reserves monitoring 2021/22

64. Councils nationwide received significant Covid related grants during 2020/21 which have artificially increased all reserve holdings. Grants received in relation to business rates have particularly obscured the true reserve position due to the intricacies of collection fund accounting. The Council received £40.4 million for business rates in 2020/21 which will be paid back to the collection fund in 2021/22. In addition, £18.5 million was carried over from specific grants to be applied to pandemic spend.

65. Figure 3 below summarises the projected movement in reserves during the current financial year assuming the estimated surplus of £3.3m will be added to financial resilience reserves. This is considered further in the 2022/23 Budget and MTFP Report on the agenda.

Figure 3: Summary of projected movements in reserves

	Balance 1 April 2021	Balance 31 March 2022	Movement
	£m	£m	£m
Un-earmarked reserves	15.3	15.3	0.0
Earmarked reserves*	153.8	57.3	(96.5)
Total reserves	**169.1**	**72.6**	**(96.5)**

These reserves do not include revenue reserves earmarked for capital or school balances.

*Earmarked reserves include:

- £60.1 million specifically in relation to Covid.
- £30.1 million to support the 2021/22 budget and £2.1 million towards the 2022/23 budget.

66. The main **movement** on other earmarked reserves during the year are as follow:

Financial Resilience Reserves

a)	£25,106k	**Refinancing of the Capital Programme Reserve – phase 1** As per the approved 2021/22 budget reserve to be fully draw down
b)	£4,748k	**Refinancing of the Capital Programme Reserve – phase 2** As per the approved 2021/22 budget reserve to be fully draw down
c)	£2,536k	**MTFP Mitigation Reserve** As per approved Cabinet report £3.4m to support accelerated regeneration, £0.3m for SEND, £0.2m for Climate Change and £0.5m Clean Green Safe offset by annual review of reserves crediting £1.9m.
d)	(£3,258k)	**Project Outturn 2021/22** As per report amount of surplus will be added to financial resilience reserves and drawn down in support of the 2022/23 budget.

Transition and Transformation Reserves

e)	£1,887k	**Transformation Mitigation Reserve** Drawn down as per the approved 2021/22 budget
f)	£2,000k	**Transformation – Contribution from outside General Fund** Drawn down as per the approved 2021/22 budget

Government Grants

g)	£40,409k	**Covid 19 NNDR Section 31 Grants** Monies received in 2020/21 to offset collection fund deficit payable in 2021/22
h)	£1,402k	**Covid 19 Sales, Fees and Charges Grant 2020/21** Draw down of risk factor previously set aside in the outturn for 2020/21
i)	£15,004k	**Other Covid 19 Grants** Assumed spend of all Covid related grants except in relation to Council Tax and NNDR

Dedicated Schools Grant (DSG) 2021/22

67. The 2021/22 budgeted high needs funding shortfall is £10.8 million, reducing to £9.7 million after a £1.1 million (0.5%) transfer of funding from the school block. Other DSG blocks have been set with balanced budgets with no surplus available to reduce the overall funding gap.

68. This budget is being monitored through the High Needs Block Deficit Recovery Board. The quarter three position indicated an overspend of £3.2 million (£1.3 million at quarter two), resulting in an annual funding gap for 2021/22 of £12.9 million. The most significant budget variance is the level of placements made in the independent

and non-maintained special schools. This increase at quarter three reflects further growth in caseload during the year plus a new provision of £0.8 million for a disputed case with backdated costs following a ruling from the Secretary of State. Counsel opinion has been received and the grounds for an appeal are being considered. The budget was set based on the target to reduce the use of this sector but there is no indication yet that this can be achieved over the current five year planning horizon.

69. The accumulated deficit is expected to increase from £7.8 million at 1 April 2021 to £20.7 million by the end of the year as shown in the table below:

Figure 4: Summary position for dedicated schools grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2021	**7.8**
Budgeted high needs shortfall 2021/22	9.7
Projected in-year over spend on high needs	3.1
Projected in-year overspend on other blocks	0.1
Projected accumulated deficit 31 March 2022	**20.7**

Capital budget monitoring

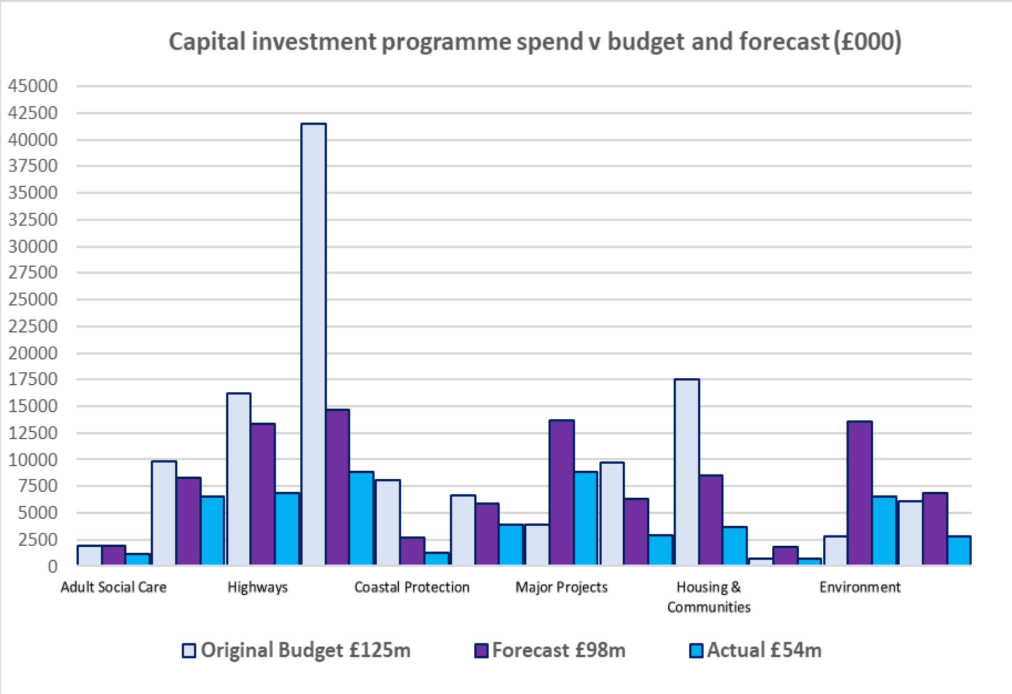
70. This section covers the council's budgeted capital investment programme (CIP) in respect of general fund capital expenditure only. Housing Revenue Account (HRA) related capital spend is reported separately within this report.

71. The original capital investment programme (CIP) budget approved by Council in February 2021 was £125 million. Amendments to the programme since include new approved schemes, increases to existing scheme budgets, reprofiling of approved capital budget to later years as well as the carry forward of unspent capital budget brought forward from 2020/21. These changes have resulted in a revised budgeted capital programme (as at end of December) of £97.6 million This does not include capital projects which are still pending formal approval.

72. The capital programme excludes the £50 million from the Futures Infrastructure Fund and £10 million SEND infrastructure loans until such time as specific capital projects to utilise this funding are approved and included within the CIP.

73. Figure 5 overleaf reflects position at the third quarter spend against the latest full year forecast and original budget.

Figure 5: Capital Budget Monitoring as at 31 December



74. At £54.0 million, actual capital expenditure to date at end of December is 55% of the full year forecast of £97.6 million. This is comparable with previous years. Covid-19 and Brexit continue to have significant impact on market conditions. This includes increases in raw materials prices, construction cost increases, and labour and material supply chain issues. This has impacted on delivery of the capital programme in various ways. There have been increases in tendered prices compared with original estimates across capital projects, reduced capacity to undertake works to planned timeline because of labour shortages and in some cases fewer than expected responses for tendered works. Some cost increases can be absorbed within risk / contingency allowance within approved capital budgets. Other price variations will require capital budget increases –to be funded from either BCP funds (for example S.106 / community infrastructure levy (CIL), external grant or additional prudential borrowing.

75. Capital budgets have been reviewed with project managers to ensure appropriate levels of unspent capital budget originally approved for 2021/22 have been reprofiled into 2022/2023. These budgets are now included within the capital investment programme (CIP) 2022/23 to be approved by Council separately at this meeting. As in previous years any residual capital budget unspent at year end will also be rolled forward as part of year end closedown into the 2022/23 capital programme.

76. A summary of progress on key capital projects by directorate is provided in Appendix C.

Capital budget virements and acceptance of capital grants 2021/22

77. In accordance with the council's financial regulations the following rules associated with capital virements and acceptance of grants apply (after advice from the Chief Finance Officer):

    - Acceptance of grants greater than £100,000 and up to £1 million require Cabinet approval
    - Virements over £1 million require prior Council approval.
    - Virements over £500,000 and up to £1 million require prior Cabinet approval.
    - Corporate Directors can approve virements over £100,000 up to £500,000.
    - Service Directors can approve virements up to £100,000.

78. The following capital virements to accept new grants require **Cabinet** approval:

    Directorate: **Operations**

    Purpose: Accept Environment Agency (EA) grant of £0.4 million for the Coast Protection programme

    This award is to fund studies/research into the understanding of sediment processes across the Poole and Christchurch Bay.

    Directorate: **Operations**

    Purpose: Accept Historic England (HE) capital grant of £0.1 million.

    Historic England have awarded the council further £0.1 capital grant to cover increased costs for Scaplen's court paving works and to facilitate the payment of grants to property owners for additional structural works. The latter is part of the council's Heritage Action Zone project to improve historic buildings along Poole High Street.

79. The following capital virement to accept new grant requires **Council approval**, as it is above £1 million:

    Directorate: **Operations**

    Purpose: Accept Heritage Fund (HF) grant of £2.2 million for Poole Museum

    The HF have awarded the council £2.2 million grant as a significant contribution towards delivery of the "Our Museum Project". This will include conservation and restoration work, transformation of the visitor journey/experience, creation of new public galleries and reduction of carbon emissions. This is a £4.3 million project, that is due to start on site shortly.

Housing revenue account (HRA) monitoring

80. The HRA is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.

81. Within the HRA the council operates two separate neighbourhood accounts. The Bournemouth account comprises 5,100 tenanted properties and is directly managed in-house by the council. The Poole account comprises 4,517 tenanted properties and is managed by Poole Housing Partnership (PHP). PHP operate as an arm's length management organisation (ALMO) in line with a management agreement with the council.

82. Appendix D1 provides the detail of revenue budget monitoring across both neighbourhood accounts and Appendix D2 provides the same for capital budget monitoring across both neighbourhood accounts.

Bournemouth and Poole Neighbourhoods - Revenue account

83. Budgeted income from rents (dwelling rents and non-dwelling rents) across both neighbourhoods is currently forecast to be broadly in line with budget.

84. Repairs and maintenance spend across both neighbourhoods is forecast to be £0.2 million under budget. This reflects increased capitalisation of Bournemouth neighbourhood housing surveyors' costs incurred as part of the HRA's planned repairs programme. No significant variance to budget is forecast for repairs and maintenance within the Poole neighbourhood.

85. The impact of increasing gas and electricity prices in the second half of this year is reflected in the forecasts for supervision and management in both neighbourhoods. Poole is forecasting additional £0.3 million spend to budget, Bournemouth £0.1 million overspend in respect of utilities costs alone. Underspends in other areas of supervision and management (principally Bournemouth neighbourhood) from additional recharges of housing development team staff costs to capital and other staff related underspends, result in an overall net underspend on supervision and management across the two neighbourhoods of £0.1 million.

86. Movements in line with regulations around the operation of the council's treasury management function mean and extra £0.2 million will be incurred by the Poole neighbourhood HRA.

87. The overall impact of quarter three revenue budget variances is that the combined forecast annual contribution to new build capital programmes is now forecast to be £5.6 million (£5.5 million budgeted). This consists specifically of £2.5 million contribution from the Bournemouth neighbourhood and £3.2 million from the Poole neighbourhood.

Bournemouth and Poole Neighbourhoods - Capital programme

88. Work on major capital projects across both neighbourhoods continues – including Sterte Court and Project Admiral in the Poole neighbourhood, and Moorside Road, Luckham Road / Charminster Way, Mountbatten Gardens and Ibbertson Way in the Bournemouth neighbourhood. Both neighbourhood capital programmes have required (and could potentially require further) approval of additional capital budget to complete approved schemes. This is a result of inflationary pressures on materials and labour – the impact of Covid / Brexit on the market. Longer lead in times for goods, materials and services have also had an impact on timelines for capital project delivery. Templeman House build works have been tendered and contract awarded. Works are expected to start in February with demolition expected to start in March. Cabbage Patch build works have been tendered and contract awarded, with works due to commence February 2022. Overall, across both neighbourhoods around 65% of planned 2021/22 capital budget for major projects has been spent by the end of quarter three.

89. In quarter one there was reduced property access arising from Covid related restrictions, and this impacted delivery of the kitchen and bathroom replacement programmes across both neighbourhoods. The position was significantly improved over quarters two and three, with the backlog of works reduced. £1.8 million of

investment in kitchen and bathrooms has been made by the end of quarter three, with a further £0.7 million currently profiled for the last quarter of the year.

90. As a result of Covid, as with the general fund, the HRA capital programmes for each neighbourhood have evolved significantly since originally approved by Council in February 2021.

Financial risks in the HRA capital programme

91. Wilkinson Drive - the housing delivery team is working with the construction works team (CWT) towards a service level agreement with a provisional start on site in May 2022. Challenges have included gaining planning permission and material price increases, as detailed in quarter two council budget monitoring.

92. Craven Court - housing management continue to work with existing tenants to find suitable alternative accommodation, prior to work commencement. Build works have been tendered and the outcome is to be confirmed. Start on site is expected in March/April 2022

Scenarios

93. Services consider previous and current year trends in estimating budget requirements over the remainder of the financial year with the most likely scenario taken forward in year-end financial projections.

Summary of financial implications

94. This is a financial report with budget implications a key feature of the above paragraphs.

Summary of legal implications

95. The recommendations in this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financial viable over the current year and into the future.

Summary of human resources implications

96. There are no human resources implications from the recommendations in this report.

Summary of sustainability impact

97. There are no sustainability impacts from the recommendations in this report.

Summary of public health implications

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

Summary of equality implications

99. Budget holders are managing their budgets with due regard to equalities issues.

Summary of risk assessment

100. There remains significant uncertainty in the length and depth of impact from the Covid-19 pandemic over the winter of 2021/22 and this may impact on the year end projections in this report.

101. Budget recovery meetings are taking place to review the financial position of children's services, but it is unlikely that expenditure can be reduced to the extent needed to balance the budget in the current year with on-going pressures expected over the medium term. There is no evidence yet that demand for the service or costs of provision are reducing. Significant concerns remain therefore for the in-year financial position.

Background papers

Cabinet papers:

February 2021 – papers for budget 2021/22

http://ced-pri-cms-02.ced.local/ieListDocuments.aspx?CId=285&MId=4260&Ver=4&LO=1

29 September 2021 – 2021/22 quarter one budget monitoring report

http://ced-pri-cms-02.ced.local/ieListDocuments.aspx?CId=285&MId=4836&Ver=4&LO=1

15 December 2021 – 2021/22 quarter two budget monitoring report

http://ced-pri-cms-02.ced.local/ieListDocuments.aspx?CId=285&MId=4839&Ver=4&LO=1

Appendices

Appendix A1	Projected variances greater than £100,000 for 2021/22
Appendix A2	Revenue summary position 2021/22
Appendix B	Schedule of forecast movement in reserves for 2021/22
Appendix C	Capital investment programme 2021/22 narrative by directorate
Appendix D1	Summary of HRA revenue budget monitoring for 2021/22
Appendix D2	Summary of HRA capital budget monitoring 2021/22

Appendix A1: 2021/22 - Budget Variances Greater than £100,000

Adult Social Care & Public Health

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Covid Pressures				
Care packages	Increased cost of care packages from legacy hospital discharge arrangements during the pandemic.	1,482	1,482	0
Employees	Additional resources to manage the discharge to assess scheme at existing pace	161	164	3
Other Pressures and Savings				
Care packages	Demand for care above budget and increasing residential fees.	835	2,167	1,332
CHC	Continuing health care refunds	(450)	(442)	8
Client Contributions	Client contribution additional income	(216)	(543)	(327)
Health contributions	New NHS funding for health needs following hospital discharges	0	(750)	(750)
Employees	Employee savings due to recruitment difficulties / increased use of grants for staffing	(127)	(1,046)	(919)
Tricuro main contract	Savings in services delivered by Tricuro.	(202)	(202)	0
Other	Other miscellaneous variances	(57)	(287)	(230)
Total Adult Social Care & Public Health		**1,426**	**543**	**(883)**

Children's Services

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Covid Pressures				
Care Packages	Social Care high-cost care placements and associated expenditure	3,760	3,961	201
Employees	Agency - international recruitment	350	350	0
Employees	Contracts for additional social workers	940	1,165	225
Other Pressures and Savings				
Employees	Social care staffing pressures - high use of social work agency and interim staff for service improvement net of DfE grant of £0.4 million	2,073	2,521	448
Employees	Quality & performance team staffing pressures for service improvement	335	427	92
Employees	Director of Education other staffing including vacancy budget allowance not achieved due to prompt recruitment	250	205	(45)
Employees	SEND additional staff following inspection and pressures in team	511	506	(5)
Employees	Business support and case management system team from delayed staff restructuring	1,005	947	(58)
Transport	SEND and Mainstream costs due to further rise in caseload	1,080	799	(281)
Other	SEND legal costs from tribunals and other payments	116	124	8
Other	Other smaller miscellaneous items	(172)	(319)	(147)
Other	Reduction on commissioned services	0	(150)	(150)
Other	Family investment fund - alternative funding method (contain outbreak management fund)	(1,000)	(1,000)	0
Other	Application of troubled familes grant reserve	0	(417)	(417)
Total Children's Services		**9,248**	**9,119**	**(129)**

Place Operations

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Covid Pressures				
Environment - Bereavement	Reduced demand impacting cremation income	794	794	0
Environment - Waste	Reduced demand impacting on income level	429	329	(100)
Communities - grant	Self-isolation support met from other grants (COMF)	(950)	(935)	15
	Other Items Below £100k.	128	134	6
Other Pressures and Savings				
Communities	Regulatory services delayed restructure to next year	259	253	(6)
Communities	Community safety service delayed restructure	233	233	0
Communities	Community engagement	110	110	0
Environment	Fleet costs	277	246	(31)
Environment	Greenspace income pressures, concessionaires and trading activities	281	266	(15)
Environment	Arboriculture contract pressure	179	179	0
Environment	Highways operational cost pressures	111	235	124
Environment	Tonnages and disposal price below budget	(1,510)	(1,869)	(359)
Environment	Drop kerb income	(266)	(291)	(25)
Environment	Additional subscriptions garden waste	(468)	(468)	0
Environment	Household waste recycling centres operations	26	209	183
Transport & Engineering	Parking services	(2,672)	(2,360)	312
Transport & Engineering	Concessionary fares	(350)	(350)	0
Transport & Engineering	Building control reduced fee income	(41)	393	434
Transport & Engineering	Transport network	215	(283)	(498)
Housing	Telecare income (trend identified at 2020/21 outturn)	(342)	(303)	39
Housing	Telecare - underspend on staffing and overheads	0	(300)	(300)
Housing	In-house team - supplies and services	(287)	(287)	0
Housing	Garages & photovoltaic income (trend identified at 2020/21 outturn)	(100)	(100)	0
Housing	Housing Delivery Team (CNHAS feasibility)	0	(100)	(100)

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Destination & Culture	Seafront - Beach huts	(189)	(238)	(49)
Destination & Culture	Seafront - operations & trading	(404)	(380)	24
Destination & Culture	Libraries - underspend on staffing due to vacancies	(101)	(50)	51
	Other Items Below £100k.	(244)	(137)	107
Total Operations		**(4,882)**	**(5,070)**	**(188)**

Resources & Chief Executive Office & Transformation

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Chief Executive Office & other resource areas	Net sundry variances across the directorate	438	502	64
Facilities Management*	Additional repairs & maintenance	250	350	100
Transformation Savings	Shortfall in transformation savings target of £7.5m	5,090	5,090	0
Transformation Expenditure	Reprofile of transformation spend	(1,400)	(1,400)	0
Total Resources & Chief Executive Office & Transformation		**4,378**	**4,542**	**164**

* previously included in housing within operations directorate

Central Items

Budget	Explanation	Sept Variance 2021/22 £000s	Dec Variance 2021/22 £000s	Change Variance 2021/22 £000s
Covid Pressures				
Covid Pressures Grant	Release of residual Covid 19 grant	(8,193)	(8,193)	0
Reserves	Release of sales, fees and charges grant reserve 2020/21	(1,402)	(1,402)	0
Covid Pressures Grant	Sales, fees and charges grant 2021/22	(500)	(1,338)	(838)
Other Pressures and Savings				
Dividend Income	Tricuro dividend	(387)	(387)	0
Interest on borrowings	Higher cash balance than anticipated coming into the year with less requirement for short term borrowing.	(626)	(619)	7
Release of provision	Release of part of provision for dilapidation works on Council Assets	(200)	(200)	0
Capital Programme	20/21 outturn report decision to release £2.9 million from capital resources and replace with borrowing	(2,900)	(2,900)	0
Company Provision	Contribution to provision for BDC Winter Garden Project due to ongoing viability demands	0	5,200	5,200
Release of historic balance	Release of historic balances from Bournemouth Borough Council CFI company	0	(500)	(500)
Release of Contingency	Release of uncommitted balance on 2021/22 contingecy	0	(2,053)	(2,053)
Total Corporate Items		**(14,208)**	**(12,392)**	**1,816**

Total	**All Services and Central items**	**(4,038)**	**(3,258)**	**780**

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BCP Council - General Fund Summary 31 December 2021

Directorate	Revenue	Working Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Adult Social Care	Expenditure Total	216,296	235,230	18,934
	Income Total	(101,001)	(119,392)	(18,391)
Adult Social Care Total		**115,295**	**115,838**	**543**
Children's Services (excl DSG)	Expenditure Total	81,202	91,796	10,593
	Income Total	(11,951)	(13,426)	(1,475)
Children's Services Total		**69,251**	**78,370**	**9,119**
Operations	Expenditure Total	165,605	168,157	2,552
	Income Total	(95,284)	(102,906)	(7,622)
Operations Total		**70,321**	**65,251**	**(5,070)**
Resources & Chief Executive Office	Expenditure Total	150,698	152,328	1,630
	Income Total	(111,915)	(112,693)	(779)
Resources Total		**38,784**	**39,635**	**852**
Transformation (inc target savings)	Expenditure Total	22,537	26,227	3,690
	Income Total	(23,590)	(23,590)	0
Transformation Total		**(1,053)**	**2,637**	**3,690**
Total Net Cost of Service		**292,598**	**301,731**	**9,133**
Corporate Items				
Provision for repayment (MRP)		11,802	11,802	0
Company Provision		0	5,200	5,200
Pensions		5,163	5,163	0
Interest on borrowings		3,181	2,562	(619)
Contingency		2,053	0	(2,053)
Contingency for pay award		3,101	3,101	0
Movement to reserves		688	688	0
Levies (Environment Agency / Fisheries)		599	599	0
Apprentice Levy		565	565	0
Revenue expenditure on surplus assets		171	171	0
Corporate Items	**Expenditure Total**	**27,323**	**29,851**	**2,529**
Corporate Items				
Investment property income		(6,194)	(6,194)	0
Income from HRA		(949)	(949)	0
Other Grant Income		(504)	(504)	0
Interest on cash investments		(45)	(45)	0
Dividend Income		(100)	(487)	(387)
Refinancing of Capital Programme		(25,078)	(25,078)	0
Refinancing of Capital Expenditure - 20/21 outturn decision		0	(2,900)	(2,900)
Review of inherited resources		(4,738)	(4,738)	0
Movement from reserves - S31 NNDR Grant - offsets NNDR Deficit below		(39,512)	(39,512)	0
Movement from reserves - Council Tax / NNDR Losses Grant		(1,021)	(1,021)	0
Movement from reserves - Covid Sales, Fees and Charges		0	(1,402)	(1,402)
Release of provision		0	(200)	(200)
Corporate Items	**Income Total**	**(78,141)**	**(83,030)**	**(4,889)**
Net Budget Requirement		**241,779**	**248,552**	**6,773**
Funding				
Council Tax Income		(214,541)	(214,541)	0
Business Rates Income		(56,375)	(56,375)	0
Revenue support grant		(3,022)	(3,022)	0
New Homes Bonus Grant		(2,563)	(2,563)	0
Collection Fund Deficit Distribution (Council Tax)		2,027	2,027	0
Collection Fund Deficit Distribution (NNDR)		40,322	40,322	0
LCTS Grant 2021/22		(3,833)	(3,833)	0
Lower Tier Service Grant 2021/22		(445)	(445)	0
Sales, fees and charges compensation 2021/22		(1,649)	(2,987)	(1,338)
Release of historic balance		0	(500)	(500)
Top Slice Covid Pressures Grant 2021/22		(1,700)	(1,700)	0
Release of Residual Covid Grants Tranche 5		0	(8,193)	(8,193)
Total Funding		**(241,779)**	**(251,810)**	**(10,031)**
Net Position		**0**	**(3,258)**	**(3,258)**

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Appendix B - BCP Council - Earmarked Reserves

Detail	31/03/21 Actual Balances £000's	Estimated movement £000's	31/03/22 Estimated Balances £000's
(A) - Financial Resilience Reserves	(53,114)	29,182	(23,932)
(B) - Transition and Transformation Reserves	(16,334)	4,072	(12,262)
(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	(3,685)	1,745	(1,940)
(F) - Required by Statute or Legislation	(547)	(17)	(564)
(G) - Planning Related	(1,064)	500	(564)
(H) - Government Grants	(8,619)	2,630	(5,989)
(I) - Maintenance	(1,452)	371	(1,081)
(J) - ICT Development & Improvement	(1,009)	310	(699)
(K) - Corporate Priorities & Improvements	(2,096)	505	(1,591)
Sub Total Earmarked Reserve Balance	(93,635)	39,298	(54,337)
(Hi) - Government Grants (Covid)	(18,448)	16,224	(2,224)
(Hii) - NNDR Covid Grants	(40,409)	40,409	0
(Ki) - Covid recovery resources	(1,318)	613	(705)
Sub Total Covid Earmarked Reserve Balance	(60,175)	57,246	(2,929)
Total Earmarked Reserve Balance	(153,810)	96,544	(57,266)

(A) - Financial Resilience Reserves

	31/03/21 Actual £000's	Estimated Movement £000's	31/03/22 Estimated £000's
Designed to provide the Council with the ability to manage any emerging issues recognising the Council has been operating for two financial years, of which one was significantly impacted by Covid. Includes reserves to enable the management of the MTFP and resources which provide mitigation against the pandemic relating expenditure.			
Refinancing of the Capital Programme Reserve - step 1	(25,106)	25,106	0
MTFP Mitigation Reserve	(13,228)	2,536	(10,692)
Outturn 2021/22	0	(3,258)	(3,258)
Covid 19 Financial Resilience Reserve	(9,982)	0	(9,982)
Financial Services Capacity system development	(50)	50	0
Refinancing of the Capital Programme Reserve - step 2	(4,748)	4,748	0
Financial Resilience Reserves	**(53,114)**	**29,182**	**(23,932)**

(B) - Transition and Transformation Reserves

	31/03/21 Actual £000's	Estimated Movement £000's	31/03/22 Estimated £000's
Purpose: Resources set aside to support the one-off change costs of associated with creating the new council and meeting the Councils costs associated with the transformation programme.			
Transformation mitigation Reserve	(14,149)	1,887	(12,262)
Contribution from outside the General Fund towards transformation	(2,000)	2,000	0
BCP Programme Resources Pay & Reward Strategy	(185)	185	0
Transition and Transformation Reserves	**(16,334)**	**4,072**	**(12,262)**

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

	31/03/21 Actual £000's	Estimated 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 Actual £000's	Estimated 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 Actual £000's	Estimated 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	(564)	(42)	(606)
Stour Valley and Poole Partnership	(1,055)	1,055	0
CCG Emotional Wellbeing and Mental Health	(408)	250	(158)
Local Economic Partnership	(1)	0	(1)
Flippers Nursery	(89)	0	(89)
Adult Safeguarding Board	(44)	0	(44)
Dorset Youth Offending Service Partnership	(409)	100	(309)
Music and Arts Education Partnership	(348)	75	(273)
Youth Programme	(50)	50	0
Bournemouth 2026 - West Howe Bid	(45)	0	(45)
Better Care Fund	(270)	128	(142)
Brain in hand (Sec 256 with Health)	(74)	3	(71)
Charter Trustees	(126)	126	0
Held in Partnership for External Organisations	**(3,685)**	**1,745**	**(1,940)**

(F) - Required by Statute or Legislation

	31/03/21 Actual £000's	Estimated 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)	128	0
Bournemouth Library Private Finance Initiative (PFI)	(538)	(145)	(683)
Carbon Trust	119	0	119
Required by Statute or Legislation	**(547)**	**(17)**	**(564)**

(G) - Planning Related

	31/03/21 Actual £000's	Estimated 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	(644)	140	(504)
Planning Hearing and Enforcement Reserve	(123)	100	(23)
Other Planning Related Reserves	(297)	260	(37)
Planning Related	**(1,064)**	**500**	**(564)**

(H) - Government Grants

	31/03/21 Actual £000's	Estimated 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.			
Government Grants	(8,619)	2,630	(5,989)
COVID 19 Government Grants	(18,448)	16,224	(2,224)
NNDR Covid Grants	(40,409)	40,409	0
Total Unspent Grants	**(67,476)**	**59,263**	**(8,213)**

(I) - Maintenance

	31/03/21 Actual £000's	Estimated 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	(1,201)	120	(1,081)
Maintenance	**(1,452)**	**371**	**(1,081)**

(J) - ICT Development & Improvement

	31/03/21 Actual £000's	Estimated Movement £000's	31/03/22 Estimated £000's
Purpose: Resources set aside to meet various ICT improvement projects			
ICT Development & Improvement	**(1,009)**	**310**	**(699)**

(K) -Corporate Priorities & Improvements

	31/03/21 Actual £000's	Estimated 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 natured inherited from the predecessor authorities.			
Capital Feasibility and Small Works Fund	(107)	67	(40)
Local Elections Reserve	(357)	(170)	(527)
Other Corporate Priorities & Improvements	(1,632)	608	(1,024)
Covid recovery resources	(1,318)	613	(705)
Corporate Priorities & Improvements	**(3,414)**	**1,118**	**(2,296)**

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Appendix C1

Capital investment programme (CIP) – 2021/22 narrative by directorate

1. **Adults Social Care £2.0 million -** BCP plans to invest £2.0 million this year in integrated community care equipment to further promote independent living at home. This is an annual commitment funded from government grant.

2. **Children's Services £8.3 million** - Hillbourne School had a planned budget spend of £5.2 million in the current year and of that actual spend of £4.7 million was incurred on new school buildings and immediate external environments. A new building for Hillbourne Primary School was completed and handed over in November 2021 with some elements of the site still to be handed over. There have been delays in handover due to some demolition works still outstanding in the current year and now planned to take place in 22/23. Additionally, there is some risk around the timing of the transfer of surplus playing fields land to the HRA, as detailed in the main Budget 2022/23 report (to be considered separately at this meeting).

   Avonbourne School - £0.98 million initial planned budget spend was reduced in the current year by £500k. Reduction of spend was approved by Cabinet in December 2021 as the scope of the project changed. The funding was to facilitate the provision of bulge classes at the Avonbourne School. The original expectation was to provide 300 temporary places. This has been revised to 150 temporary places.

   Bournemouth Learning Centre (BLC) £1.1 million residual planned works are progressing at pace, with the Academy responsible for project delivery. A formal funding agreement is in the process of being finalised to support the works and extent of BCP investment. High Needs government capital grant funding of £2.4 million has been received this year and is earmarked as funding for the BLC works.

3. **Highways £13.4 million -** This includes £11.6 million routine and structural capital maintenance funded, challenge fund interventions and active travel highway improvements. This spend is funded predominantly from DfT capital grant (Local Transport Plan, Pothole Grant, Challenge Fund and Active Travel Fund). £0.7 million of LTP / Pothole Grant funding is allocated to Neighbourhood Services operations, for highways improvements undertaken across the conurbation. A further £1.8 million spend is planned to complete transportation projects that have benefited from Dorset Local Enterprise Partnership (DLEP) pipeline grant funding. The council has now claimed all DLEP grant funding earmarked for the schemes highways and is progressing the BCP LTP and NPIF funded phase of works for these schemes. Investment this year is focused primarily on delivery of the Ferndown-Wallisdown-Poole corridor. Approval for use of additional funding (from current TCF or LTP allocations) will be sought to complete this phase of the scheme.

4. **Highways TCF £14.6 million** – The Transforming Cities Fund (TCF) Programme benefits from £79.3 million of Department for Transport (DfT) TCF grant funding. The council liaises closely with DfT on programme delivery and the profile of planned spend. In 2020/21 £6.4 million of TCF grant was utilised, with a further £14.6 million of TCF grant planned to be spent in 2021/22 together with LTP and S106 contributions. The residual TCF remains available through which to deliver the remainder of the programme in 2022/23 and potentially 2023/24.

   To date full business cases have been approved (in line with TCF Programme Board governance framework) for interventions at S5 – 15 Leigh Road, S6 – 3 Whitelegg Way, C2 – 1 Upper Gardens, C1 – 2 King's Park, S6 – 1 Magna Road and C3 – 1 Rigler Road. Due to construction programme challenges and additional meetings/design revisions following engagement meetings the number of final business cases planned to be brought forward for TCF Programme Board approval during the remainder of the financial year is 5.

Key risks remain in relation to the ongoing impact of current market conditions on programme deliverability due to costs, network management challenges plus addressing the acceptability on elements of schemes following consultation and affordability. This however has been mitigated by the procurement strategy, early Contractor involvement and risk allowance included in the programme and close monitoring by the Programme Management Board. The continued market conditions on the cost of materials are becoming a national issue and the Programme Management Board now have regular dialogue with the Department for Transport to manage this risk.

There also remains risk associated with securing the third party "complementary investment" contribution of £11.5 million from the bus companies. This is assumed to consist of bus operator investment in new vehicles, engine upgrades and investments in new routes. Discussions continue and the council has been considering what alternative local contributions could be attributed to the TCF Programme to mitigate the potential impact. These options will be set out in a Change Control document (including programme challenges, costs, third party contributions and alternative options) which is due to be presented to the TCF Councils Governance Board during quarter four of 2021/22 followed by submission to the DfT. The DfT have been kept up to date on this through regular progress meetings and are expecting the Change Control document for their consideration. They have indicated it would not impact the overall grant award.

Coastal protection £2.7 million – Delivered in partnership with the Environment Agency this year's forecasted expenditure includes £1.5 million investment for continued work on the Poole Bay beach management programme and £0.5 million to progress Poole Bridge to Hunger Hill (PB2HH).

5. **Regeneration £5.9 million** – Includes £3.9 million budget for completion of phases one and two of the Lansdowne Business District public realm programme. This is funded by £2.9 million BCP funding (predominantly unapplied S106 contributions) and £1.0 million Dorset Local Enterprise Partnership (DLEP) grant successfully claimed earlier this year. No further funding has been approved for completion of phases 3 and 4 of the Lansdowne programme.

   £1.4 million capital budget is approved as at 31 December 2021 for the relocation of the Skills & Learning Service from Oakdale to the Dolphin Centre. £0.8 million of this is currently profiled to be spent in this year.

   £0.3 million remains allocated at this time within the 2021/22 CIP for the BIC Medium Term Refurbishment Plan (funded from prudential borrowing) with a further £1.5m allocated in 2022/23.

6. **Major Development £13.7 million** – This includes £9.7 million spend this year for Carter's Quay which is a Build to Rent (BTR) residential scheme by the Council earmarked to provide 161 new homes and ancillary ground floor residential amenity and commercial space. The purchase is being fully funded by prudential borrowing.

   £2.7 million is forecasted spend this year for the Towns Fund programme

   Other major development projects underway include Heart of Poole, Turlin Moor Housing and Holes Bay development. These are being progressed by BCP Future Places the wholly owned council company set up to drive placemaking regeneration and property market transformation in support of the aspirations set out in the Council's Big Plan.

Appendix C1

Capital investment programme (CIP) – 2021/22 narrative by directorate

7. **Destination & culture £6.3 million –** The CIP includes seafront development programmes that are already approved and underway and detailed below.

   Bistro on the Beach - £6.8 million capital budget approved for delivery of the redevelopment project for 2021-2026. There have been delays in securing a build contractor to carry out the works and the service will be going back to the market to invite new tenders in spring 2022. The costs of delivering the project have since been revised upwards to £9m (from the original approved £6.8m). The service is in the process of developing a business case to present to Cabinet in due course, requesting for additional funding to deliver the full project scope. £1.3 million is currently included as forecasted spend for 2021/22.

   Durley Chine Environment Hub - £1.8 million capital budget approved for 2022-26. Project is fully funded through Coastal Communities Fund grant. The service is confident that the project is on course to complete by Easter 2022, although there currently is a funding gap of £0.3 million. The service will be going to Cabinet in due course to request additional funding. £1.3 million is currently profiled as spend for 2021/22.

   The 2021/22 cultural programme includes £0.8 million allocated to Heritage fund schemes - Upton Country Park (UCP), Highcliffe Castle and Poole Museum projects. UCP and Poole Museum schemes are programmed to complete delivery in future years. Another significant project within the cultural programme is the decarbonisation works at the Poole Museum funded by £1.1 million Salix grant of which £0.4 million is profiled to be spent this year. Salix grant is time limited and a separate paper outlining funding risks associated with the Salix grant funding is being prepared for Corporate Management Board (CMB) review.

   Housing £8.1 million – The council approved its Council Newbuild Housing & Acquisition Strategy (CNHAS) in November 2021. For 2021/22 £4.3 million investment in housing is planned under CNHAS. The St Stephen's (Treetops) development of 64 new units was completed at the start of this financial year, with properties leased to Seascape Homes & Properties Limited. Work will begin at pace on the construction of a new hostel and private rented sector accommodation at Princess Road in quarter four / early 2022/23. A further £0.5 million investment in the Bourne Community Hub was undertaken in 2021/22.

   Government grant allocations for the council's ongoing Disabled Facilities Grant (DFG) programme are indicative and assumed on prior annual allocations of £3.5 million of which £1.5 million is allocated out each year to support the purchase of integrated community care equipment. Forecasted spend for the DFG programme this year has been adjusted to £1.2 million based on latest profile estimate.

8. **Estates £1.8 million –** this represents profiled spend on hard facilities management across the authority and includes investment in the maintenance of BH Live assets funded from council reserves and delivery of a Salix grant funded decarbonisation programme across BCP estate. Salix grant is time limited and a separate paper outlining funding risks associated with the Salix grant funding is being prepared for Corporate Management Board (CMB) review.

9. **Environment £13.6 million –** this includes £10 million planned spend on fleet operations and management for the period 2021/22 in line with the Sustainable Fleet Management Strategy approved by Council in September 2021. This programme is fully funded by prudential borrowing. Of the £10 million budget, £5 million has been spent to date in the year with the remaining balance currently expected to be utilised in year.

Appendix C1

Capital investment programme (CIP) – 2021/22 narrative by directorate

In addition, Council approved in November 2021 spend of £0.7 million on acquiring Cleaner Greener Safer equipment of which £0.5 million is profiled in this year. This is to support the Council's 2030 carbon neutral declaration and is in line with the Council's Sustainable Fleet Management Strategy and Fleet Replacement Programme.

Around £2.4 million is profiled to be spent in 2021/22 on Parks and Open Spaces and, of that £1.2 million has currently been spent.

10. **Resources £6.8 million** – work progresses on the council's accommodation strategy to facilitate the move to the new civic office accommodation in Bournemouth - £4 million is currently scheduled this year (together with a further £3 million spend profiled in 22/23 to complete these works.)

    As part of the transformation programme £2 million is due to be spent this year to maintain and improve agile working arrangements and to continue investment in backup and security, and data management. This is in addition to the £0.8 million planned investment in the annual ICT investment plan.

Appendix D1

HRA Bournemouth Neighbourhood - Revenue Account 2021/22

	Full year budget £000	YTD budget £000	YTD actuals £000	Full year forecast £000	Full year variance £000
Income					
Dwelling rents	(22,879)	(17,159)	(13,563)	(22,879)	0
Non-dwelling rents	(149)	(112)	(118)	(149)	0
Charges for services and facilities	(482)	(362)	(586)	(483)	(1)
Contributions to expenditure	(60)	(45)	(84)	(90)	(30)
Other income	0				0
Total income	**(23,570)**	**(17,678)**	**(14,351)**	**(23,601)**	**(31)**
Expenditure					
Repairs and Maintenance	5,782	4,553	4,136	5,531	(251)
Supervision and Management	6,144	4,608	2,584	5,789	(355)
Rent, rates, taxes and other charges	220	130	66	240	20
Bad or doubtful debts	188	0	0	188	0
Capital financing costs (debt management costs)	75	0	0	75	0
Depreciation	6,878	0	0	6,878	0
Net interest payable	2,487	0	0	2,444	(43)
Total expenditure	**21,774**	**9,291**	**6,786**	**21,145**	**(629)**
Net operating (surplus) / deficit	**(1,796)**	**(8,387)**	**(7,565)**	**(2,456)**	**(660)**
Appropriations to reserves					
Contributions to new builds	1,796	0	0	2,456	660
Transfer to/from HRA reserve	0	0	0	0	0
Total appropriations	**1,796**	**0**	**0**	**2,456**	**660**
(Surplus) / deficit	**0**	**(8,387)**	**(7,565)**	**0**	**(0)**

HRA Poole Neighbourhood - Revenue Account 2021/22

	Full year budget £000	YTD budget £000	YTD actuals £000	Full year forecast £000	Full year variance £000
Income					
Dwelling rents	(20,357)	(15,691)	(15,725)	(20,400)	(43)
Non-dwelling rents	(43)	(33)	(22)	(27)	16
Charges for services and facilities	(1,390)	(1,053)	(909)	(1,359)	31
Contributions to expenditure	(54)	(54)	(54)	(54)	0
Other income	(273)	(120)	(94)	(266)	7
Total income	**(22,117)**	**(16,951)**	**(16,804)**	**(22,106)**	**11**
Expenditure					
Repairs and Maintenance	4,031	3,108	3,099	4,030	(1)
Supervision and Management	6,235	3,862	3,882	6,509	274
Rent, rates, taxes and other charges	162	104	17	162	0
Bad or doubtful debts	197	0	0	197	0
Capital financing costs (debt management costs)	107	0	0	107	0
Depreciation	4,665	0	0	4,665	0
Net interest payable	3,072	2,383	1,429	3,233	161
Total expenditure	**18,469**	**9,457**	**8,427**	**18,903**	**434**
Net operating (surplus) / deficit	**(3,648)**	**(7,494)**	**(8,377)**	**(3,203)**	**445**
Appropriations to reserves					
Contributions to capital expendiure	3,642	0	0	3,191	(451)
Transfer to/from HRA reserve	6	0	0	12	6
Total appropriations	**3,648**	**0**	**0**	**3,203**	**(445)**
(Surplus) / deficit	**0**	**(7,494)**	**(8,377)**	**0**	**0**

Appendix D2

HRA Bournemouth Neighbourhood - Capital programme 2021/22

	Original estimate £000	Budget adjustment £000	Forecast spend £000	YTD spend £000	Budget remaining £000
Major projects - construction					
Moorside Road	2,873	(873)	2,000	1,521	479
Templeman House	2,750	(2,250)	500	23	477
Craven Court	1,750	(1,700)	50	5	45
Duck Lane Phase 2	1,600	(1,593)	7	7	(0)
Wilkinson Drive	1,450	(1,400)	50	5	45
Cabbage Patch Car Park	1,400	(700)	700	4	696
Northbourne Day Centre	1,388	(608)	780	59	721
Luckham Road/Charminster Road	1,212	(212)	1,000	900	100
Princess Road	750	(420)	330	68	262
Mountbatten Gardens	433	(153)	280	245	35
Ibbertson Way	264	(134)	130	119	11
Clifford Road Garages	117	(97)	20	77	(57)
Major projects - feasibility					
Constitution Hill	130	(116)	14	14	0
Barrow Drive Garages	99	(89)	10	0	10
Heart of West Howe SRT	60	(60)	0	0	0
31 Alma rd	30	0	30	2	28
Chesildene Drive Play Area	0	10	10	8	2
Godshill Close	0	1	1	3	(2)
Beaufort Park/Cranleigh road	0	20	20	1	19
Urgent Feasibility works	40	30	70	48	22
Other					
Purchase and Repair - generic code	1,324	(874)	450	653	(203)
Capitalised salary costs	0	420	420	420	(0)
sub-total major projects	**17,670**	**(10,798)**	**6,872**	**4,184**	**2,688**
Planned maintenance					
External standard doors	350	(200)	150	56	94
Fire safety programmes	600	(350)	250	82	168
Kitchen replacement programme	850	(100)	750	573	177
Heating & hot water systems	650	(250)	400	238	162
Bathrooms	900	(250)	650	437	213
Building envelope	0	0	0	0	0
Electrical and lighting works	150	150	300	272	28
Door entry system	50	(15)	35	13	22
Structural repairs and works	35	0	35	16	19
Lift improvements & replacements	140	0	140	101	39
Outbuildings (inc garages)	65	(30)	35	1	34
Asbestos	0	0	0	0	0
Insulation / Energy conservation / Environment	110	0	110	89	21
Windows	1,000	(100)	900	611	289
Building external works	665	(135)	530	376	154
Boundaries, communal areas, hardscapes, dra	0	0	0	0	0
Roofing	300	150	450	383	67
Bedroom extensions	200	(120)	80	0	80
Plastering	0	0	0	0	0
Housing & Health Safety Cat 1 & 2	0	0	0	0	0
Disabled adaptations	550	0	550	475	75
Minor works	145	30	175	109	66
Sheltered sites	0	0	0	0	0
Contingency	350	(127)	223	0	223
Capitalised salaries	336	0	336	0	336
sub-total planned maintenance	**7,446**	**-1,347**	**6,099**	**3,831**	**2,268**
total capital programme	**25,116**	**(12,145)**	**12,971**	**8,014**	**4,957**
Percentage capital programme spend to date				**62%**	

HRA Poole Neighbourhood - Capital programme 2021/22

	Original budget £000	Budget adjustment £000	Forecast spend £000	YTD spend £000	Budget remaining £000
Major projects - construction					
Cladding	3,079	(159)	2,920	1,648	1,272
New Build - Infill Projects	1,100	(1,077)	23	5	18
New Build - Extra Care	0	0	0	0	0
New Build - Montacute	0	5	5	4	1
Old Town Tower Block Works	13,552	(2,302)	11,250	7,173	4,077
Herbert Avenue Modular	2,335	(2,287)	48	11	37
Cynthia House	2,175	(935)	1,240	785	455
Sprinkler Installations	213	(5)	208	163	45
Hillborne School Development	75	8	83	82	1
Moorview Garages Development	0	0	0	0	0
Egmont Road	0	0	0	12	(12)
Sopers/Cavan Crescent Development	0	0	0	2	(2)
Other					
Small Projects/Acquisitions	1,500	1,294	2,794	2,516	278
New computer system	250	0	250	60	190
sub-total major projects	**24,279**	**(5,458)**	**18,821**	**12,462**	**6,359**
Planned maintenance					
External standard doors	172	0	172	94	78
Fire safety programmes	481	40	520	371	149
Kitchen replacement programme	863	0	863	679	184
Heating & hot water systems	1,219	0	1,219	686	533
Bathrooms	272	0	272	151	121
Building envelope	318	0	318	162	156
Electrical and lighting works	405	20	425	338	87
Door entry system	27	0	27	10	17
Structural repairs and works	8	38	45	44	1
Lift improvements & replacements	18	(18)	0	0	0
Outbuildings (inc garages)	45	(25)	20	9	11
Asbestos	95	10	105	87	18
Insulation / Energy conservation / Environmenta	155	55	210	156	54
Windows	637	0	637	390	247
Building external works	290	(285)	5	1	4
Boundaries, communal areas, hardscapes, dra	150	(35)	115	96	19
Roofing	305	(55)	250	220	30
Bedroom extensions	0	0	0	0	0
Plastering	79	16	95	76	19
Housing & Health Safety Cat 1 & 2	138	(98)	40	16	24
Disabled adaptations	360	(110)	250	170	80
Various programmes (under £100k)	154	101	255	231	24
Sheltered sites	100	(90)	10	8	2
Contingency	250	(250)	0	0	0
Capitalised salaries	611	0	611	458	153
sub-total planned maintenance	**7,151**	**(687)**	**6,464**	**4,454**	**2,010**
total capital programme	**31,430**	**(6,145)**	**25,285**	**16,916**	**8,369**
Percentage capital programme spend to date				**67%**	

CABINET

Report subject	**Housing Revenue Account (HRA) Budget Setting 2022/23**
Meeting date	9 February 2022
Status	Public Report
Executive summary	The Housing Revenue Account (HRA) is a separate account within Bournemouth, Christchurch and Poole (BCP) Council's budgets that ring-fences the income and expenditure associated with the council's homes in the Bournemouth and Poole neighbourhoods. Housing management services are currently provided by an in-house service in Bournemouth and by Poole Housing Partnership in Poole. A review of how we manage council homes within the BCP Council area is underway through the Housing Management Model review. Consultation with residents on the preferred option to create a new service combining the best of services from both neighbourhoods has concluded. The information that has been gathered will be used to help design the potential new single service within the council which could be in place later this year. This report seeks approval for the proposed budget for the HRA for 2022/23 and the key principles on which it is based. It sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2022/23 rent year. These proposals and the actions within the attached delivery plans support the priorities set out in the Council's Corporate Strategy. Emphasis will be placed on building safety and achieving carbon reduction targets through improvements to homes. Funding of £1 million will be made available through the capital programme to support carbon reduction. There is a significant development programme to provide homes for rent through the HRA which will be approved through the Council's New Build Housing and Acquisition Strategy (CNHAS).
Recommendations	**It is RECOMMENDED that:** **(a) Revenue budgets for 2022/23 and provisionally for 2023/24 to 2026/27 are set using the following principles:** (i) That dwelling rents are increased by 4.1 per cent (CPI for

	September 2021 + 1 per cent) from 4 April 2022 in line with the Department of Levelling Up, Housing and Communities Policy statement on rents for social housing published in February 2019 (Rent Policy Statement). (ii) That garage rental charges are increased by 4.1 per cent from the 4 April 2022. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 4.1 per cent from 4 April 2022. (iii) That leasehold services are charged to leaseholders in line with actual costs incurred. (iv) That the changes to service charges are agreed as set out in appendix 2. (v) That the annual bad debt charge is increased to £0.4 million. (vi) That the depreciation budget is set at £11.7 million. (vii) That HRA reserves should be maintained at a minimum level of 5 per cent of total expenditure at £1.8 million in line with good practice. **(b) Capital budgets for 2022/23 and provisionally for 2023/24 to 2026/27 are set using the following principles:** (i) That the planned maintenance programme as set out in Appendix 5 is agreed. (ii) That the major project capital programme as set out in Appendix 6 is agreed. **(c) 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.**
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 Karen Rampton – People and Homes
Corporate Director	Jess Gibbons – Chief Operations Officer
Report Authors	Lorraine Mealings – Director of Housing BCP Council Seamus Doran – Head of Neighbourhood Management, BCP Council Shirley Haider – Finance Manager, BCP Council Su Spence - Chief Executive, Poole Housing Partnership

	Richard Sumner – Senior Accountant, Poole Housing Partnership
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 2022/23 rent year.
2. The Council housing stock is situated within the Bournemouth and Poole neighbourhoods and comprises 9,560 rented properties (5,058 in Bournemouth and 4,502 in Poole), 1,139 leasehold properties and 33 low-cost home ownership properties (as of 1 April 2021) with a rent roll of £45 million in 2022/23. 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 homes. The account is separate from the wider General Fund budget, which is funded by a variety of income flows, including council tax.
4. BCP Council's HRA was formed on 1 April 2019 when the council was created and combined the former HRA's of the legacy 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 Department of Levelling Up, Housing and Communities.
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 Housing Directorate 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 a review into the housing management service has commenced and is well underway.
7. Residents have been consulted on the preferred model, a single in-house service across BCP Council combining the best of the two existing services, and Cabinet and Full Council approval will be sought in early 2022 to confirm the future model and provide a headline implementation timeline.
8. The information from the consultation with residents and other stakeholders will help shape any new service. Residents will continue to be involved in the process through the normal resident engagement channels and through a Joint Residents Group consisting of tenants and leaseholders from both neighbourhoods.
9. An independent consultant from the Housing Quality Network continues to provide support for the project and a Councillor Working Group provides strategic direction. Officers from both neighbourhoods are working together to identify how services are

delivered differently particularly where these create significant inequalities. This will help to prioritise the alignment work that needs to commence. There is also work being undertaken outside the housing management model review to achieve consistency in performance monitoring particularly in relation to building safety and compliance.

10. The current approach to the HRA allows the two neighbourhoods to manage the different services that currently exist. The 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 provision 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 overall single HRA.
11. 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 per cent of expenditure. In 2022/23 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £1.8 million.
12. 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. Additional borrowing by the HRA in 2022/23 is forecast to be £29.1 million.
13. HRA major capital project planned spend is included within Appendix 6. This includes housing developments approved as part of the BCP Council Newbuild Housing & Acquisition Strategy (CHNAS) as well as indicative budgets for Hillbourne and Oakdale, which require further councillor approval (currently planned for Summer 2022).
14. 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.
15. The Housing Directorate and the Commissioning Directorate are working together closely to determine the need for specialist housing schemes for BCP Council across a wide range of client groups, e.g., older people, those with learning difficulties and young people and are considering how new build programmes can meet these needs as well as the repurposing of existing schemes. This work cuts across both the HRA and General Fund.

National Policy Context

16. There are a several national policies that will have a significant impact on the HRA over the coming years.

17. <u>White Paper</u>

18. In November 2020 the government published The Charter for Social Housing Residents – Social Housing White Paper. It is a policy document that sets out the proposals for future legislation and changes to polices that will impact social housing landlords. It states that a home should always be more that a roof and four walls:

    "A home should provide safety, security and dignity. An opportunity to put down roots and contribute to our community so we can enjoy social and civic lives. Regardless of who you rent from, your landlord should treat you fairly and with respect. And if things go wrong there should be a swift and effective means of redress."

19. These expectations have not always been met for social housing tenants and the White Paper seeks to change that. The tragedy at Grenfell Tower in June 2017 raised critical questions for everyone involved in social housing, including residents, landlords, developers, and local and national government. The government has also been listening intensely to social housing residents across the country about the changes that they want to see. The social housing Green Paper in 2018 sought views on a wide range of potential changes, and alongside it the government launched a Call for Evidence about how social housing is regulated.

20. Many residents reported positive experiences, but others did not. There were concerns about safety and quality; of complaints being handled slowly or poorly; and about residents feeling they were not listened to, or not treated with respect. All of this has contributed to the White Paper.

21. It sets out proposals to ensure that the social housing regulatory regime works effectively with the building safety regime, including proposals with the Building Safety Bill, by changing and strengthening the Regulator of Social Housing (the Regulator) role which will lead to changes to the existing regulatory standards. The Regulators role will move from one that is reactive to a more proactive one which will include inspections. It also proposes measures for social landlords to demonstrate performance to residents, how complaints are dealt with, resident engagement and a review of the decent home standard.

22. There is also support for more social housing tenants to own their own home.

23. The White Paper will have a significant impact on the way in which services are delivered to residents and how social landlords engage with them especially on health and safety matters. It also makes it clear that social landlords should consider how they can contribute to the wider aspirations that are set out to ensure that social housing residents have the opportunity to contribute to their community and that they create homes and neighbourhoods that residents feel happy and secure in.

24. However, the White Paper cannot be seen in isolation and there are other changes, some referred to in the paper, that will also have a significant impact.

25. <u>Building Safety Bill</u>

26. The government has introduced new legislation to improve building safety following recommendations from an independent review of building regulations and fire safety after the Grenfell Tower Fire in 2017.

27. The Building Safety Bill was introduced to Parliament on 30 June 2021, and it is expected that the bulk of its provisions will be in place by April to October 2023 as much of the detail will need to be set out in secondary legislation.

28. The Bill will strengthen the regulatory system for building safety by establishing a comprehensive new building safety regime governing the design, construction and occupation of higher-risk buildings. This will be achieved by ensuring there is greater accountability and responsibility for the design and construction of buildings and thereafter throughout the lifecycle of buildings.

29. The Bill sets out the role of the Accountable Person for higher-risk buildings in occupation. This will be the council and it will need to appoint someone to discharge the new obligations. Part of this will be to appoint a Building Safety Manager for each higher risk building who will be required to manage and prevent fire risk, maintain safety for the building and engage with residents on matters of building safety.

30. Six HRA buildings in Poole meet the current definition of higher risk, i.e., over 18 metres or seven storeys tall. The new approved development for Princess Road, Westbourne will include 4 high rise buildings ranging from 6 to 9 storeys tall. It is also possible that the Building Safety Bill will be amended as it makes its way through Parliament to reduce the criteria of a higher-risk building to eleven metres. In any case, landlords will need to consider, following risk assessments, if other buildings in their housing stock should be considered as higher-risk even if they do not meet the statutory definition, for example, sheltered housing.

31. It is envisaged that a Building Safety Manager can oversee up to 10 buildings and additional costs will be incurred to ensure that this role is filled for all relevant higher-risk buildings.

32. <u>Environment</u>

33. The government has set its target to achieve net zero for carbon emissions by 2050. It has also set in law an ambitious climate change target to cut emissions by 78% by 2035 compared to 1990 levels.

34. The council’s Climate and Ecological Emergency Action Plan seeks to eliminate its own carbon footprint by 2030. The plan was approved for public consultation which has now closed.

35. The action plan included proposals for work to council retained buildings such as the installation of energy saving measures, use of renewable energy and water saving measures.

36. The impact on the HRA is currently being considered through the thirty-year business plan and work is being carried out to determine the Sustainability Strategy for meeting these challenges across our council homes. Additional funding of £1 million will be provided through the capital programme in 2022/23 to kickstart work in this area. At this stage it is not envisaged that any further specific funding will be required. Instead, as part of the ongoing process of asset management, future planned maintenance programmes will be focused on reducing carbon emissions and data is being analysed to understand the scale of the challenges across our homes.

37. The current governments 2019 election manifesto included a proposal for a £3.8 billion Social Housing Decarbonisation Fund over a 10-year period to improve the energy performance of social rented homes. In August 2021 the government

launched Wave 1, a new £160 million fund to support social housing providers in making their homes more energy efficient.

38. The fund requires social landlords to look at their homes to determine those that are most suitable for improvement. This will include those with the lowest rated energy performance certificates, i.e., D, E, F or G and any work must also improve heating efficiency. Funding of up to £16,000 was available for the least energy efficient properties, G, but social landlords would be required to co-fund another third of the cost bringing the total funding utilised to improve a home to £24,000.

39. The situation with existing property data, resources and short timescale meant the council did not apply for funding during Wave 1. It is likely that Wave 2 will be sometime in Autumn 2022 and work is already progressing to ensure that the information is available to submit a bid which meets the councils needs and secures much needed funding.

40. Digital switchover

41. By 2025 analogue telephone services will be switched off as the UK's telecom structure is upgraded to digital connectivity. This will have major implications for the technology enabled care sector and the millions of people who rely on telecare in the UK. The transition has already begun in some areas across the country to convert to digital.

42. Emergency alarm systems within independent senior living and sheltered housing schemes currently connect to BCP Lifeline through an analogue service. In the future emergency alarms will need to connect digitally. While some temporary measures can be put in place to allow analogue devices to work, emergency alarms systems will need to be removed and replaced with either new hard-wired systems or dispersed alarms.

43. The digital switchover will however provide services that are faster, more reliable with increased features. This will have an impact on the way in which technology enabled care can be delivered to residents and provides opportunities for innovation in meeting care needs in a more cost-effective manner to support wider council objectives.

Long term financial planning

44. Long term financial planning through the 30-year business plan financial model provides assurance that the HRA can meet the challenges presented by the national policy changes set out above as well as contribute towards the council's corporate strategy and meet its own strategic objectives.

45. There will also continue to be other long-term spending commitments within the HRA to continue to maintain existing homes, build new homes and provide services to residents.

46. Income to the HRA is primarily through rents and service charges to tenants and leaseholders. It is important that this level of income is maintained and maximised to ensure support for the 30-year business plan. Any proposals that affect the level of income collected can have a significant impact on long term financial planning and it is important that this is fully considered when policy decisions are made regarding income and expenditure.

47. The 30-year busines plan is being progressed and will evolve over time as policy options for longer term spending are tested through the plan's model. Changes to

council objectives and national policy will help inform future spending decisions. Work is ongoing to update data regarding homes to ensure that the business plan is robust.

BCP Council's Corporate Strategy

48. 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.

49. The Housing Management Model review work that seeks to align the existing housing management services into a single inhouse service has commenced. This review will consider how the new service will contribute to the transformation of services needed to meet the opportunities created by the council's new operating model. A report is due to come back to Cabinet shortly to confirm the housing management delivery model and broad implementation plan.

50. **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 can 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
    - Non-combustible cladding to improve insultation and comfort levels on tower blocks
    - New homes that are well insulated and energy efficient.

    Each project will be considered individually with consideration of the overall carbon savings which can be secured.

51. PV panels fitted to council homes continue to generate electricity for residents to use and to feedback into the national grid creating an additional income for the council's general fund. They also reduce the overall usage of fossil fuels, provide economic benefit to the council and residents, as well as supporting carbon reduction.

52. These measures will help lead towards a sustainable environment and meeting the council's ambitious target to eliminate its own carbon footprint. 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. Robust asset management to support the 30-year business plan will ensure that the necessary steps are taken to enable the HRA can meet the challenges.

53. To support this work proposals within the capital programme will set out the creation of funding of £1 million for 2022/23 towards the sustainability of homes. Existing property data will be updated to support the 30-year business plan and the council's objective to eliminate its carbon footprint.

54. Both neighbourhoods are working together to develop a strategy for sustainability in council homes which will feed into the 30-year business plan.

55. **Dynamic Places –** A key priority within the HRA is to develop new homes for those in housing need. CNHAS sets how the development of homes through the HRA will

help meet the council's priority to deliver at least 1,000 homes of mixed tenure types on council owned land across a five-year period.

56. 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, and the 15,000 new homes target set out in the council's Big Plan. There is an ambitious development programme over coming years as set out below and over the last year the following new homes have been completed or acquired:

    - Ibbertson Way garage site, Townsend, Bournemouth – 3 new general needs homes
    - Clifford Road, garage site, Winton, Bournemouth – 2 new general needs homes
    - Luckham Road, Charminster, Bournemouth – 9 general needs homes
    - Purchase and repair – 7 general needs homes acquired in Bournemouth
    - Purchase and repair – 12 general needs homes acquired in Poole

57. A specialist housing review is to be commissioned to analyse the supply and demand for those with specialist housing needs. The review will help to inform future provision of new homes, acquisitions and repurposing of existing homes.

58. **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 polices. 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.

59. Residents from both neighbourhoods are involved in the ongoing review of housing management services. The Joint Residents Group will help agree objectives, governance structures and future resident involvement. Residents' involvement will continue to influence service design and delivery in any new single service.

60. 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 across the BCP Council area.

61. 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 can include support to older tenants to help them live independently and reduce social isolation.

62. The proposals within the social housing white paper will raise expectations on social landlords to help deliver more than just a home to live in. It will seek ways for residents to have opportunities to contribute to their communities and enjoy social and civic lives. The proposed satisfaction measures from the Regulator will include satisfaction with the neighbourhood in which people live how landlords listen and keep residents informed.

63. Support can be provided to community and resident groups to enable them to meet their objectives for example through the provision of land to support community gardens.

64. **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.

65. There is a flexible approach to proving suitable homes for young care leavers and these can be adapted to meet their needs and that of carers.

66. **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.

67. Both neighbourhoods continue to make a good contribution to the Housing First programme which supports rough sleepers into permanent accommodation.

68. 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.

69. **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.

70. Residents are involved in the housing management review. It is envisaged that the proposals around governance and the structure of resident involvement within this review will continue to demonstrate accountability. The proposals within the Charter for Social Housing Residents will also increase the council's accountability as a landlord.

71. 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.

72. The services delivered within the HRA will also support the priorities within the new Housing Strategy:

    - Meeting future growth needs
    - Preventing homelessness and rough sleeping
    - Improving housing options, opportunities and choice for all
    - Empowering and co-creating neighbourhoods where residents wish to live and be part of the community
    - Improving safety and sustainability across Bournemouth, Christchurch and Poole's housing

Strategic Objectives

73. The strategic objectives previously agreed for the 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 as well as the need to ensure sustainable home which meet national and local climate emergency targets.

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 affordable housing through new build and acquisitions

74. These objectives 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.

75. The approach to HRA budget setting has focused on three key areas for 2022/23 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 support the affordable homes new build programme

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

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

78. Tenant dwelling rents

79. The rent to be charged to tenants is governed by a national rent policy and must be followed by all social landlords in order to be free from challenge from residents and to secure eligible housing benefit or universal credit. Since 2001 rents for the majority of social housing has been let at a social rent using the following information and increased annually with inflation:

- The relative property value as at January 1999
- The relative local earnings as at 1999 levels
- Size of the property

80. In 2011 the government introduced a new "Affordable Rent" which allowed rents (inclusive of service charges) to be set at 80% of market rent levels primarily for new or newly acquired homes. This was to improve the viability of housing schemes and encouragement the development of new homes.

81. Affordable rents are higher than formula rents and can only be charged with the agreement with Homes England. They should be re-set before being re-let to ensure that the rent charged to tenants is no more than 80% of the market rent.

82. The national policy sets the level by which tenant rents, both social and affordable, 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 of September plus 1 per cent.

83. The rent formula was superseded by an announcement in the July 2015 budget statement that all social rents would decrease by 1 per cent each year from 2016/17 to 2019/20. Rent increases from April 2020 of CPI + 1 per cent have resumed for a period of five years as set out in the national policy statement on rents.

84. 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 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.

85. The national policy statement states that the CPI plus 1 per cent limit on rent increases is a ceiling and landlords can decide to apply a lower increase, freeze rents or reduce them if they wish to do so. Landlords should also consider the local rental market, as well as the level of housing benefit or universal credit that are available to those who occupy their homes.

86. Decisions to apply a lower rent increase would have a significant long-term impact on the HRA and its ability to meet its strategic objectives, corporate objectives and the changes to national policy set out in this report. Modelling indicates that any decision to apply a lower rent increase would reduce the HRA balance by between £4 million and £7.6 million by 2029/30. Contact with other social landlords suggests that most will similarly be applying the CPI + 1 per cent increase.

87. Rents charged across both neighbourhoods are significantly lower than those charged in the private sector. They are also lower than local housing allowances, the maximum amount to which help with housing costs through housing benefit and universal credit will be paid.

88. 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.

89. 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 40 sales during the year. The part year income associated from these properties has been deducted from the income budget.

90. 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.

91. For 2022/23 it is assumed that 1 per cent of the Poole and Bournemouth 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 £0.4 million.

92. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The HRA will reflect the additional income expected from the delivery of 26

new homes from 2022/23. 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 4.1 per cent (CPI for September 2021 + 1 per cent) from 4 April 2022 in line with the Department of Levelling Up, Housing and Communities Policy statement on rents for social housing published in February 2019 (Rent Policy Statement).

93. Garage Rents and Service Charges

94. 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.

95. 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. The development on several has now been completed. 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.

96. The current level of garage charges has been benchmarked against other councils and are similar. It is therefore proposed to increase charges by 4.1 per cent 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. It is also aligned with the increase in rent charged for residential properties.

Recommendation a(ii) –
That garage rental charges are increased by 4.1 per cent from 4 April 2022. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 4.1 per cent from 4 April 2022.

97. 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.

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

99. The cyclical and reactive maintenance income budgets for leaseholders reflect actual works undertaken and are charged on a cost per case basis. These budgets in Poole reflect the works that have been undertaken on a year-on-year basis. Cyclical and reactive maintenance undertaken in Bournemouth is also charged on a cost per case basis.

Recommendation a(iii) -

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

100. 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.

101. Service charges are not governed by the same factors as rent. However, social landlords 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 gas or electricity where costs are set by utility companies and are determined based on actual usage. Charges for heating reflect actual personal usage.

102. Tenants should be consulted where new or extended services are introduced where this will result in additional charges to tenants.

103. Service charges are in place for the provision of a sheltered housing 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 3.1 per cent. The charges are not applicable in the Bournemouth neighbourhood and will be considered during alignment work between both neighbourhoods.

104. Charges for guest rooms on sheltered schemes have been increased by 4.1 per cent and then rounded down to the nearest 25 pence. Charges in both neighbourhoods have been aligned.

105. Charges are made to residents where electricity is used in communal areas. Charges are also made for communal heating that includes personal usage within a resident's own accommodation. Bills to energy suppliers are paid directly by the council.

106. Costs for gas and electricity have increased significantly across the country because of several factors:

    - Lack of natural gas being produced and an upsurge in demand as economies come out of lockdown
    - The winter of 2020/21 was longer and colder than expected using up reserves of gas
    - Lower output from renewable energy sources such as solar power and wind.

107. To help protect consumers from excessive costs the government introduced an energy price cap in 2019. This limits the rate a supplier can charge for their default (standard variable) tariffs. Energy suppliers cannot charge customers what they want while the cap reflects the wholesale market, so suppliers are not buying energy at a more expensive rate than they are selling.

108. The price cap changes twice a year and is announced in February and August. The changes do not actually take effect until around 2 months after the announcement. From October 2021 the average annual price for a customer on a standard variable tariff was set at a cap of £1,277 for both gas and electricity. Customers can pay more

than this if their usage is high but the tariff that they have to pay is always capped while on the standard variable rate.

109. While the price cap may apply to those residents who pay their own energy bills directly to suppliers, it does not apply to those residents who get their energy through a communal supply. They are therefore not protected from higher costs in the same way that other residents are.

110. Heating charges in the Poole neighbourhood are set at a standard charge for each property type and based on usage. In the Bournemouth neighbourhood the charges are normally set according to the usage on each scheme. These charges are not eligible for housing benefit or universal credit.

111. Charges for communal power are set according to the electricity used in both neighbourhoods and are increased according to usage. These charges are eligible for housing benefit and universal credit.

112. There have been significant increases in gas and electricity costs incurred by the council, but it is recommended that the charges relating to heating and power are limited to the change in the energy price cap from October 2020 to October 2021 which saw an increase of 22.6 per cent.

113. This reflects the significant increase in utility costs and enables the council to recover some costs while providing protection to those tenants who cannot rely on the price cap.

114. Energy is purchased by the council through a consortium that enables it to be obtained at a competitive rate, but it is anticipated that the costs of energy will continue to rise during 2022 and that the energy price cap will also increase significantly.

115. All residents will experience an increase in energy costs whether they pay their own bills or do so through a communal supply. Support is available through the winter fuel payment to those aged 67 or over and residents can also apply for help though the Household Support Fund administered by the Citizens Advice Bureau.

116. Scooter charges in the Poole neighbourhood will increase by 4.1 per cent. In Bournemouth the charge will not increase which will allow for alignment across both neighbourhoods over time.

117. The window cleaning charge in Bournemouth will reduce in line with costs incurred.

118. Water and sewage charges in Bournemouth are based on actual usage. While some residents will experience a reduction in this charge the increase for other residents will be capped at 4.1%.

119. A new previously agreed service charge policy has been rolled out in the Bournemouth neighbourhood since 2018. This policy introduced several new service charges and applied a cap that will continue to be applied until April 2023/24. The cap for these new charges will be set at £5.00 per week.

120. Service charges in the Bournemouth neighbourhood for communal gardening and cleaning are usually based on costs previously incurred. These charges have reduced significantly to reflect the reduction in the level of service caused by several factors including the Covid-19 pandemic.

Recommendation a(iv) –
That the changes to service charges are agreed as set out in appendix 2.

121. Arrangements relating to retained Photovoltaic (PV) solar panels and PV licencing costs remain unchanged and income and expenditure now sits in the general fund.

Revenue Expenditure

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

123. Management and Maintenance

124. 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.

125. 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 delivery. Both neighbourhoods therefore regularly review the level of costs incurred and ensure that funding is linked to service priorities.

126. 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.

127. Key current and future changes to service delivery and financial pressures can be summarised as follows

    a. Additional resources to help ensure the effective management of tenancies involving tenants with complex needs such as substance misuse

    b. Additional resources to support the delivery of the building safety requirements and compliance approach

    c. Retrofitting to ensure that the homes provided help meet carbon reduction targets.

    d. Resource identification to support delivery of the white paper requirements to ensure that BCP can deliver effective assurance to the Regulator

    e. Additional resources within the sheltered housing schemes to increase service levels to meet residents' expectations

    f. Additional resources to support the provision of affordable homes.

128. 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.

129. In 2020/21 the HRA contributed £2 million to the Councils Transformation Programme. This was on the provision that savings as a result of this would also be delivered to the HRA. This project had been brought forward to help deliver savings to the general fund because of the Covid-19 pandemic. This involves various workstreams, including reorganising some of the staffing teams into new centres of excellence, redesigning the IT architecture, reshaping the customer channels and much more.

130. Work has now commenced with the council's Strategic Implementation Partners to look at the whole housing service area including the HRA to agree a service redesign approach. This will focus on digitally delivery of services, data and insight and enabling services. This Housing Management Model review work also underway will be underpinned by the council's transformation objectives.

131. Overheads and other expenditure

132. 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.

133. The HRA recognises recharges for spend directly incurred 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 are reviewed on a regular basis to ensure they remain up to date and appropriate.

134. Management of bad debts

135. 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 several years and work to manage under occupation is now business as usual.

136. One key current risk is Universal Credit (U.C.) which went live for Poole in October 2017 and for Bournemouth in November 2017 with approximately 35% 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 housing benefit system and requires additional interventions and support from landlords.

137. 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.

138. The impact of Covid-19 has had some impact on the level of rent arrears and will need to be carefully monitored. There will also be increased pressures on household income in the following year with estimated of inflation expected to be much higher than it has been for a number of years. Continued assistance will be offered to those tenants who get into difficulty with paying their rent.

139. The level of arrears has increased, and the bad debt charge is to be increased to £0.4 million.

Recommendation a(v) –
That the annual bad debt charge is increased to £0.4 million.

140. 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.

141. 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(vi) –
That the depreciation budget is set at £11.7 million.

142. Reserves

143. 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 per cent 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 2022/23 this gives a minimum reserve requirement of £1.8 million.

Recommendation a(vii) –
That HRA reserves should be maintained at a minimum level of 5 per cent of total expenditure at £1.8 million in line with good practice.

144. Capital Financing

145. The budget to support interest paid on HRA debt will rise in future years as external borrowing is required. For 2022/23 the BCP HRA will require £29.1 million of external borrowing to fund its capital programme. Cashflow adjustments are being made between the neighbourhoods in order to minimise external borrowing costs.

146. Any surplus generated by the HRA will be used to fund capital expenditure or the provision of new homes. Projections show large surpluses in later years but expenditure against these has not yet been scheduled. As set out above there are several pressures on the HRA, notably carbon reduction, and these surpluses will be allocated to support spending. A minimum level of reserve will be maintained in line with good practice.

Capital Expenditure

147. 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.

148. Planned Maintenance Programme

149. 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 social rented and 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.

150. There are new areas of work that need to be delivered as part of the planned maintenance programme. Building safety is a key area and as set out above and additional work will be required to ensure that the homes provided as safe for residents.

151. 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.

152. 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.

153. 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.

154. The planned maintenance programme is proposed at £15 million. A breakdown of the programmes is included within appendix 5 and this 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.

155. Major works capital programme

156. The HRA is committed to delivering additional affordable housing across both Bournemouth and Poole and ensuring the current HRA land is used as effectively as possible. Whilst the majority of activity is new build, the Bournemouth and Poole neighbourhoods have also successfully acquired existing properties. These are usually via buy back of RTB properties but may be where other housing providers are looking to dispose of suitable stock. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money. Other major capital programmes not defined explicitly within this report will be brought for individual Cabinet approval as per the Financial Regulations.

157. 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.

158. 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. This funding can be achieved in part via borrowing additional resource. In the October 2018 budget, the Chancellor abolished the limit on HRA borrowing which allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code – removing the HRA borrowing cap. This provides an opportunity to expand our new

build ambitions across both Bournemouth and Poole to help further meet the needs of those on the housing registers. New build schemes will seek approval in line with the financial regulations.

159. Additional borrowing by the HRA during 2022/23 is forecast to be £29.1 million to help finance new build and major projects.

160. 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.

161. The new build and major projects programme totals £48.1 million for 2022/23.

162. New build and major projects – Bournemouth

163. Moorside Road, West Howe – 14, 3-bedroom houses.

164. Templeman House, Leedam Road, Kinson – 27 flats.

165. Craven Court, Knyveton Road, Boscombe – 24 ,1 and 2-bedroom flats. Existing residents being moved.

166. Duck Lane, Bearcross – 12, 2-bedroom flats. At planning stage.

167. Wilkinson Drive, Townsend – 11 homes for rent.

168. Cabbage Patch car park, St Stephens Road, Bournemouth Town Centre – 11, 1 and 2-bedroom flats.

169. Luckham Road/Charminster Road, Charminster – on site. 6, 1 and 2-bedroom flats and 3, 3-bedroom houses.

170. Northbourne Day Centre, Wimborne Road, Kinson – on site. Will provide 9 homes for rent including 1 and 2-bedroom flats and 2-bedroom houses.

171. Princess Road, Westbourne – 120 new homes including 1,2 and 3-bedroom flats for rent and shared ownership. At planning stage.

172. Mountbatten Gardens – 2 homes for rent.

173. Surrey Road – to be confirmed.

174. New build and major projects – Poole

175. 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 4 years and should complete in 2022/23.

176. Cladding, Sterte Court, Poole – the combustible cladding to the 2 tower blocks has been removed and work to provide a non-combustible cladding system will complete in April 2022 slightly later than planned.

177. Cynthia House – 22 new homes by 2022, flats and houses and a mix of shared ownership and affordable rent.

178. Herbert Avenue - this scheme will deliver 24 flats for use as temporary family accommodation.

179. Hillbourne –delivery of approximately 100 new homes on the old school site.

180. Oakdale - to be confirmed.

Recommendation b(ii)
That the major project capital programme as set out in Appendix 6 is agreed.

181. The 2021/22 capital programme was agreed at £45.5 million (revised to £28.1 million). 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.

182. Delivery Plan

183. 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 council's corporate priorities and the new Housing Strategy. The annual Delivery Plan for the Bournemouth Neighbourhood is also presented supporting the same priorities. Work is currently ongoing between the teams to align ways of working as appropriate across both neighbourhoods.

184. The agreed direction for the housing management model across both neighbourhoods will inevitably further align these delivery plans into one programme in due course.

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.

185. Financial modelling

186. The existing new build programme reflects the ambitious plan to provide much needed additional homes for rent and detailed consideration is being given to the delivery of new homes through shared ownership as well as affordable and social rent. 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.

187. Consultation

188. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2022/23 are set by government policy.

189. 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.

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

Options Appraisal

191. This report sets out the proposals for increases in rent and other charges to support the planned maintenance programme, new developments and 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 also 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 Housing Revenue Account to meet the objectives in the delivery plans as well as wider strategic objectives.

Summary of financial implications

192. 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 £47.7 million. The income from the HRA is used to support the Council's activities as a landlord and the proposed expenditure of £63.1 million on planned maintenance and new homes as well as £23.6 million on 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 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

193. 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 2022.

194. 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 per cent of expenditure. In 2022/23 this gives a minimum level of reserve of £1.8 million.

195. 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

196. There are no HR implications for this report.

Summary of public health implications

197. 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

198. Proposed revenue budgets for 2022/23 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.

199. The increase in energy costs will result in additional costs for residents. While those who pay directly to energy suppliers will be protected by some of the increase by the energy price cap, this does not apply to those who have to pay through a communal supply. The recommendation to increase these charges in line with the energy price cap will offer some protection against the rising cost of energy supplies. Support is available to those residents struggling with costs.

200. Older and disabled residents will be positively affected by investment in dwelling insulation, energy efficiency to help reduce charges for heating and other utilities.

201. 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. Income is also used for new homes for those in need of affordable housing.

202. 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.

203. 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 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.

204. Support is available to residents to pay for housing costs if on a low income and colleagues are available to provide advice and support to help maximise income. Residents can also be signposted to other organisations that can help.

Summary of risk assessment

205. 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.

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

207. 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 per cent 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 costs 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.

208. The recommendations presented here assures compliance with the national rent setting policy and the key principles have been approved by the Department of Levelling Up, Housing and Communities. 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 Council 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 2022-23

3: Income and Expenditure Statement for 2022-23

4: HRA Balances for 2022-23

5: Capital Programme for 2022-23 to 2026-27

6: Major Project Capital Programme for 2022-23

7: Delivery Plan – (Bournemouth Neighbourhood)

8: Delivery Plan – Poole Housing Partnership (Poole Neighbourhood)

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APPENDIX 1
Housing Revenue Account
The Rent Increase Effect on Residents

		2021/22 52 week Basis £	2021/22 48 week Basis £	2022/23 52 week Basis £	2022/23 48 week Basis £	52 week Weekly Increase £	48 week Weekly Increase £	Increase as a %
Overall Average per Budget	**Bournemouth Neighbourhood**	**87.47**		**91.36**		**3.89**		**4.4%**
	Poole Neighbourhood	**87.81**	95.13	**91.46**	99.08	**3.65**	3.95	**4.2%**
Examples of Rent Increases General Properties								
Bournemouth Neighbourhood								
Hamilton Road	1 Bedroom flat	**75.30**		**78.39**		**3.09**		**4.1%**
Belle Vue Road	1 Bedroom flat	**75.77**		**78.88**		**3.11**		**4.1%**
Turbary Park	1 Bedroom flat	**80.82**		**84.13**		**3.31**		**4.1%**
Cunningham Crescent	1 Bedroom flat	**73.01**		**76.00**		**2.99**		**4.1%**
Florence Road	2 Bedroom flat	**83.12**		**86.53**		**3.41**		**4.1%**
Nothery Road	2 Bedroom House	**90.97**		**94.70**		**3.73**		**4.1%**
Ripon Road	3 Bedroom House	**109.03**		**113.50**		**4.47**		**4.1%**
Turnbull Lane	3 Bedroom House	**160.22**		**166.79**		**6.57**		**4.1%**
Dolphin Avenue	3 Bedroom Bungalow	**126.85**		**132.05**		**5.20**		**4.1%**
Cranleigh Road	4 Bedroom House	**113.03**		**117.66**		**4.63**		**4.1%**
Poole Neighbourhood								
Herbert Court	1 Bedroom flat	**77.28**	83.72	**80.45**	87.15	**3.17**	3.43	**4.1%**
Junction Road	1 Bedroom flat	**66.40**	71.93	**69.12**	74.88	**2.72**	2.95	**4.1%**
Rockley Road	1 Bedroom flat	**74.46**	80.67	**77.52**	83.98	**3.06**	3.31	**4.1%**
Sterte Court	1 Bedroom flat	**71.84**	77.83	**74.79**	81.02	**2.95**	3.19	**4.1%**
Cynthia Close	1 Bedroom flat	**78.78**	85.34	**82.01**	88.84	**3.23**	3.50	**4.1%**
Rodney Court	2 Bedroom flat	**90.20**	97.72	**93.90**	101.73	**3.70**	4.01	**4.1%**
Plumer Road	2 Bedroom house	**91.30**	98.91	**95.05**	102.97	**3.75**	4.06	**4.1%**
Christopher Crescent	3 Bedroom house	**100.99**	109.41	**105.14**	113.90	**4.15**	4.49	**4.1%**
Egmont Road	3 Bedroom house	**91.75**	99.40	**95.52**	103.48	**3.77**	4.08	**4.1%**
Haskells Road	3 Bedroom house	**90.86**	98.43	**94.59**	102.47	**3.73**	4.04	**4.1%**
Perry Gardens	4 Bedroom house	**113.39**	122.84	**118.04**	127.88	**4.65**	5.04	**4.1%**
Independent Senior Living serviced properties								
Bournemouth Neighbourhood								
Cornish Gardens	Studio Flat	**64.63**		**67.28**		**2.65**		**4.1%**
Castle Dene Court	1 Bedroom flat	**75.88**		**78.99**		**3.11**		**4.1%**
Southbourne Road	1 Bedroom flat	**77.29**		**80.46**		**3.17**		**4.1%**
Deacon Gardens Bear Cross	1 Bed Bungalow	**86.24**		**89.78**		**3.54**		**4.1%**
Sheltered Housing Officer serviced properties								
Poole Neighbourhood								
Millfield	1 Bedroom flat	**76.01**	82.34	**79.13**	85.72	**3.12**	3.38	**4.1%**
South Road	1 Bedroom flat	**78.76**	85.32	**81.99**	88.82	**3.23**	3.50	**4.1%**
Trinidad House	1 Bed Bungalow	**77.38**	83.83	**80.56**	87.27	**3.18**	3.44	**4.1%**
Waterloo House	1 Bed Bungalow	**85.48**	92.60	**88.98**	96.40	**3.50**	3.80	**4.1%**

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 4.1% due to new affordable properties being brought on line in 21/22. These new properties typically have rents higher than average rents.

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APPENDIX 2
Housing Revenue Account
Service Charges For 2022/23

	2021/22 £	Uplift	2022/23 £	
1. Garage Rents				
Proposed Charges - Tenants				
Bournemouth	£11.12	4.1%	£11.58	
Poole Old Town	£12.04	4.1%	£12.53	
Remainder of Poole	£6.84	4.1%	£7.12	
Charges - Leaseholders				
Bournemouth (excl VAT)	£13.10	4.1%	£13.64	
Charges - Non-Tenants				
Poole Old Town (excl VAT)	£16.67	4.1%	£17.35	
Remainder of Poole (excl VAT)	£10.47	4.1%	£10.90	
Bournemouth (excl VAT)	£13.10	4.1%	£13.64	
2. Garage Bases Bournemouth only				
Charges -Tenants	£2.34	4.1%	£2.44	
Leaseholders	£3.79	4.1%	£3.95	
Private	£4.55	4.1%	£4.74	
3. Garage Plots Bournemouth only				
Charges -Tenants	£2.34	4.1%	£2.44	
Private	£2.81	4.1%	£2.93	
4. Sheltered Housing Service Charges inc Lifeline				
General - Poole	£7.38	3.1%	£7.61	
Willow Park - Poole	£7.38	3.1%	£7.61	
Belmont Court - Poole	£18.08	3.1%	£18.64	
5. Supporting People Service Charge - Poole				
Personal charge	£7.47	3.1%	£7.70	
6. Guest Bedrooms in Sheltered Accommodation				
	1 night	2 nights	3 nights	4-7 nights
Cost per room with no ensuite - includes cleaning	£21.50	£30.00	£38.75	£48.25
Cost per room with ensuite - includes cleaning	£25.75	£36.50	£47.25	£58.00
7. Heating Charges - Poole				
1 bed	£9.38	22.6%	£11.50	
2 bed	£11.26	22.6%	£13.80	
3 bed	£13.15	22.6%	£16.12	
Trinidad Village (combined heating & Communal supply)	£12.27	22.6%	£15.04	
Bournemouth	£1.39 - £8.77	22.6%	£1.70 - £10.75	
8. Communal Supply				
Standard Charge - Poole	£0.90 - £4.71	22.6%	£1.10 - £5.77	
Standard Charge - Bournemouth	£0.06 - £5.49	22.6%	£0.08 - £6.73	
10. Laundry				
Standard Charge - Bournemouth	£0.74	4.1%	£0.77	
11. Scooter Charges				
Scooter Charge point - Bournemouth	£1.09		£1.09	
- Poole	£51.68 p.a.	4.1%	£53.80 p.a.	
12. Window Cleaning				
Standard Charge - Bournemouth	£0.61	-66%	£0.21	
13. Communal Cleaning				
Standard Charge - Bournemouth	£0.06 - £1.49	Average -54%	£0.04 - £1.37	
14. Communal Gardening				
Standard Charge - Bournemouth	£0.23 - £3.06	Average -29%	£0.07 - £4.40	
15. Water and sewage				
Bournemouth	£1.25 - £6.78	Average -14%	£0.72 - £6.81	
16. Communal Telephone and Internet Charges				
Bournemouth Extra Care only	£1.45	11.5%	£1.62	
17. Communal bulk refuse removal				
Bournemouth	£0.02 - £2.64	Average -33%	£0.02 - £3.53	

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APPENDIX 3
Housing Revenue Account
Income & Expenditure Statement

	BCP Council HRA						
	Budget 2021/22 £000's	**Forecast Outturn 2021/22 £000's**	**Budget 2022/23 £000's**	**Budget 2023/24 £000's**	**Budget 2024/25 £000's**	**Budget 2025/26 £000's**	**Budget 2026/27 £000's**
Income							
Dwelling Rents (gross)	(43,236)	(43,279)	(45,043)	(47,070)	(48,600)	(50,058)	(51,560)
Non-Dwelling Rents (gross)	(192)	(176)	(192)	(207)	(213)	(217)	(220)
Charges for Services and Facilities	(2,137)	(1,842)	(2,103)	(2,171)	(2,223)	(2,272)	(2,321)
Contributions to Expenditure	(388)	(410)	(405)	(413)	(419)	(425)	(431)
Total Income	**(45,952)**	**(45,707)**	**(47,743)**	**(49,861)**	**(51,455)**	**(52,971)**	**(54,532)**
Expenditure							
Repairs and Maintenance	9,814	9,391	10,449	10,723	10,950	11,169	11,392
Supervision and Management	12,616	12,357	13,179	13,531	13,815	14,090	14,371
Rent, rates, taxes and other charges	382	402	427	438	448	458	468
Bad or Doubtful debts	385	385	400	400	400	400	400
Capital financing costs (debt management costs)	182	182	186	189	192	194	197
Depreciation - Council Dwellings & Land and Property	11,543	11,543	11,704	11,855	11,956	12,048	12,142
Total Expenditure	**34,923**	**34,260**	**36,344**	**37,138**	**37,762**	**38,360**	**38,970**
Net Cost of HRA Services - (Surplus) / Deficit	**(11,030)**	**(11,447)**	**(11,398)**	**(12,723)**	**(13,693)**	**(14,611)**	**(15,562)**
Capital Charges							
- Interest Payable	5,696	5,724	5,493	5,752	5,900	5,900	5,900
- Interest Receivable	(137)	(47)	(47)	(47)	(47)	(47)	(47)
Total Capital Charges	**5,559**	**5,677**	**5,446**	**5,704**	**5,853**	**5,853**	**5,853**
Net Operating Expenditure - (Surplus) / Deficit	**(5,471)**	**(5,770)**	**(5,953)**	**(7,019)**	**(7,840)**	**(8,758)**	**(9,709)**
Appropriations							
Revenue contribution to capital outlay (RCCO)	5,464	5,711	5,913	6,988	7,810	2,776	5,574
Transfer to HRA reserve	6	59	40	31	30	5,982	4,135
Total Appropriations	**5,470**	**5,770**	**5,953**	**7,019**	**7,840**	**8,758**	**9,709**
(Surplus) / Deficit on the HRA for the Year	**(1)**	**(0)**	**0**	**(0)**	**0**	**0**	**0**

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APPENDIX 4
Housing Revenue Account
HRA Balances

BCP HRA

HRA Reserves	Budget 2021/22 £000's	Forecast Outturn 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's	Budget 2024/25 £000's	Budget 2025/26 £000's	Budget 2026/27 £000's
HRA Reserve							
Bought forward balance at 1st April		(1,746)	(1,805)	(1,845)	(1,876)	(1,906)	(7,888)
Intra-HRA transfers							
Surplus for the year		(5,770)	(5,953)	(7,019)	(7,840)	(8,758)	(9,709)
Contribution to capital expenditure (RCCO)		5,711	5,913	6,988	7,810	2,776	5,574
Carried forward balance at 31st March		(1,805)	(1,845)	(1,876)	(1,906)	(7,888)	(12,023)
Major Repairs Reserve							
Bought forward balance at 1st April		(7,515)	(1,082)	0	0	0	0
Intra-HRA transfers		0	0	0	0	0	0
Depreciation for the year		(11,543)	(11,704)	(11,855)	(11,956)	(12,048)	(12,142)
Utilised to finance capital expenditure		17,976	12,786	11,855	11,956	12,048	11,156
Carried forward balance at 31st March		(1,082)	0	0	0	0	(986)
New-build reserve							
Bought forward balance at 1st April		(15,524)	(4,744)	0	0	0	0
Intra-HRA transfers							
Utilised to finance capital expenditure		10,780	4,744	0	0	0	0
Other movements		0	0	0	0	0	0
Carried forward balance at 31st March		(4,744)	0	0	0	0	0
RtB receipts for re-provision							
Bought forward balance at 1st April		(8,018)	(6,499)	0	0	0	(1,149)
Current year RtB receipts for re-provision		(2,200)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)
Utilised to finance capital expenditure		3,719	8,899	2,400	2,400	1,251	1,006
Carried forward balance at 31st March		(6,499)	0	0	0	(1,149)	(2,543)
Other capital receipts, grants & S106							
Bought forward balance at 1st April		(1,594)	(713)	(713)	(3,158)	(3,158)	(713)
Current year receipts		(1,604)	(1,675)	(2,445)	0	0	0
Utilised to finance capital expenditure		2,485	1,675	0	0	2,445	0
Carried forward balance at 31st March		(713)	(713)	(3,158)	(3,158)	(713)	(713)
Closinging reserves and capital receipts							
HRA reserve		(1,805)	(1,845)	(1,876)	(1,906)	(7,888)	(12,023)
Major Repairs Reserve		(1,082)	0	0	0	0	(986)
New-build reserve		(4,744)	0	0	0	0	0
RtB receipts for re-provision		(6,499)	0	0	0	(1,149)	(2,543)
Other capital receipts		(713)	(713)	(3,158)	(3,158)	(713)	(713)
Total closing reserves and capital receipts		(14,843)	(2,558)	(5,034)	(5,064)	(9,750)	(16,265)
Capital expenditure							
Planned Maintenance		12,563	14,989	13,740	14,296	13,877	13,895
Major Projects		28,109	48,078	43,195	21,246	4,643	3,840
Total Capital expenditure		40,672	63,067	56,935	35,542	18,520	17,735
Funding of Capital expenditure							
HRA Reserve		5,711	5,913	6,988	7,810	2,776	5,574
Major Repairs Reserve		17,976	12,786	11,855	11,956	12,048	11,156
New-build reserve		10,780	4,744	0	0	0	0
RtB receipts		3,719	8,899	2,400	2,400	1,251	1,006
Other grants, capital receipts & S106 cont'ns		2,485	1,675	0	0	2,445	0
Borrowings		(0)	29,051	35,691	13,376	0	0
Total Funding		40,672	63,067	56,935	35,542	18,520	17,735

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APPENDIX 5
Housing Revenue Account
Capital Programme for 2021/22 to 2026/27

	BCP HRA						
	Budget 2021/22 £000's	Forecast 2021/22 £000's	Budget 2022/23 £000's	Estimate 2023/24 £000's	Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's
Planned Maintenance Programme							
External Standard Doors	522	322	272	272	272	272	272
Fire Safety Programmes	1,081	770	1,248	987	1,223	960	910
Kitchen Replacement Programme	1,713	1,613	1,900	1,892	1,921	1,850	1,800
Heating and Hot Water Systems	1,869	1,619	1,069	1,187	1,382	1,380	1,430
Bathrooms	1,172	922	1,005	864	791	775	775
Building Envelope	318	318	324	335	343	350	350
Electrical and Lighting Works	665	725	648	504	664	550	550
Door Entry System	77	62	77	78	79	80	80
Structural Repairs \ Works	43	80	58	58	58	59	60
Lift Improvements & Replacements	158	140	168	329	189	200	220
Building External - all schemes	890	505	790	790	790	790	790
Out buildings (inc. garages)	110	50	95	97	98	99	100
Asbestos	95	105	100	104	105	105	105
Insulation / Energy Conservation / Environmental improvements	265	320	1,250	252	253	254	255
Roofing	605	700	915	880	990	990	1,000
Windows	1,637	1,537	1,800	1,800	1,800	1,800	1,800
Housing & Health Safety Rating Systems - Category 1 & 2	138	40	138	138	138	138	138
Plastering	79	95	81	84	86	88	90
Modifications to Boundaries, Communal Area, Hardscapes and Drainage	215	150	200	204	204	204	204
Bedroom Extensions	200	80	50	50	50	50	50
Capitalized Salaries	947	947	952	974	988	1,001	1,014
Disabled Adaptations & Stairlifts	910	800	950	950	950	950	950
Minor Works	299	400	350	361	372	382	402
Sheltered sites	100	40	50	50	50	50	50
Contingency	600	223	500	500	500	500	500
Planned Maintenance Programme Expenditure	**14,707**	**12,563**	**14,989**	**13,740**	**14,296**	**13,877**	**13,895**
Major Projects							
Major Projects Expenditure	**45,545**	**28,109**	**48,078**	**43,195**	**21,246**	**4,643**	**3,840**
TOTAL CAPITAL EXPENDITURE	**60,252**	**40,672**	**63,067**	**56,935**	**35,542**	**18,520**	**17,735**

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APPENDIX 6
Housing Revenue Account
Major Project Capital Programme

Bournemouth Neighbourhood

	Budget	Forecast	Budget	Estimate	Estimate	Estimate	Estimate	Council Approval Category		
	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	No further approval	Conditional Approval	Further approval required
Major Projects - Bournemouth										
Moorside Road	3,050	2,000	1,939	-	-	-	-	1,939	-	-
Templeman House	2,750	666	3,000	1,716	-	-	-	4,716	-	-
Craven Court	1,850	-	2,750	2,436	-	-	-	5,186	-	-
Duck Lane Phase 2	1,600	350	1,400	612	-	-	-	2,012	-	-
Wilkinson Drive	1,450	549	1,816	362	-	-	-	2,178	-	-
Cabbage Patch car park	1,400	500	1,790	-	-	-	-	1,790	-	-
Luckham Road/Charminster Rd	1,143	1,152	-	-	-	-	-	-	-	-
Northbourne Day Centre	1,114	650	1,141	-	-	-	-	1,141	-	-
Princess Road (HRA element)	750	750	10,000	11,248	-	-	-	21,248	-	-
Mountbatten Gardens	-	326	149	-	-	-	-	149	-	-
Beaufort Road / Cranleigh Road	-	-	600	1,580	1,780	-	-	-	-	3,960
Surrey Road	-	-	350	580	1,380	-	-	-	-	2,310
Ibbertson Way Garages	295	119	-	-	-	-	-	-	-	-
Barrow Drive Garages	99	-	-	-	-	-	-	-	-	-
Clifford Road garages	-	75	-	-	-	-	-	-	-	-
Acquire & Repair	1,500	1,500	1,500	1,500	1,500	1,500	1,500	7,500	-	-
New Build & Acquisition TBC	669	231	200	200	200	200	200	1,000	-	-
Capitalised Salaries	-	420	433	446	459	473	487	2,299	-	-
Major Projects Expenditure - B'mouth	**17,670**	**9,288**	**27,068**	**20,680**	**5,319**	**2,173**	**2,187**	**51,158**	**-**	**6,270**

Poole Neighbourhood

	Budget	Forecast	Budget	Estimate	Estimate	Estimate	Estimate	Council Approval Category		
	2021/22 £000's	2021/22 £000's	2022/23	2023/24	2024/25	2025/26	2026/27	No further approval	Conditional Approval	Further approval required
Major Projects - Poole										
Project Admiral	15,255	11,250	4,022	285	-	-	-	4,307	-	-
Sterte Court Cladding	3,251	2,920	397	-	-	-	-	397	-	-
Sterte Court Sprinklers	213	208	-	-	-	-	-	-	-	-
Cynthia House	2,175	1,240	2,785	109	-	-	-	2,894	-	-
Herbert Avenue	2,697	48	2,656	469	-	-	-	3,125	-	-
Hillbourne School site	140	83	6,655	10,625	5,916	953	153	-	-	24,302
Oakdale	-	-	1,920	4,490	6,420			-	-	12,830
Egmont Road infill	-	-	310	1,365	-	-	-	-	-	1,675
Redhorn Close infill	-	-	70	1,140	790	-	-	-	-	2,000
Dale Close infill	-	-	25	421	205	-	-	-	-	651
Lake Avenue infill	-	-	25	497	433	-	-	-	-	955
Junction Road infill	-	-	25	474	223	17	-	-	-	739
Cavan Crescent / Sopers Lane	-	-	440	1,140	440	-	-	-	-	2,020
New Build - Infill	1,100	23	-	-	-	-	-	-	-	-
Small Sites programme - Acquisitions	2,794	2,794	1,500	1,500	1,500	1,500	1,500	7,500	-	-
Canford Heath Road	-	5	-	-	-	-	-	-	-	-
Information Technology Capital Costs	250	250	180	-	-	-	-	180	-	-
Major Projects Expenditure - Poole	**27,875**	**18,821**	**21,010**	**22,515**	**15,927**	**2,470**	**1,653**	**18,403**	**-**	**45,172**
Total Major Project Expenditure - BCP HRA	**45,545**	**28,109**	**48,078**	**43,195**	**21,246**	**4,643**	**3,840**	**69,561**	**-**	**51,442**

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Delivery Plan

2022/23

BCP
Council

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This Delivery Plan sets out the key actions for the Housing Revenue Account (HRA) within the Bournemouth Neighbourhood for 2022/23.

The actions are linked to BCP Council's 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 also support the council's priorities through the new Housing Strategy:

1. Meeting future growth needs
2. Preventing homelessness and rough sleeping
3. Improving housing options, opportunities and choice for all
4. Empowering and co-creating neighbourhoods where residents wish to live and be part of the community
5. Improving safety and sustainability across Bournemouth, Christchurch and Poole's housing

Compliance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver a programme of works to meet all FRA remedial actions within a reasonable period of time making use of the new Keystone Risk Management Module.	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 2023.	HRA compliance meeting	Modern Accessible and Accountable Council				
To help define the strategic direction in the management of fire safety across the BCP housing stock.	BCP Council Fire Safety Board	Modern Accessible and Accountable Council				
To help agree a joint approach to compliance issues across the BCP housing stock.	Joint Compliance meetings	Modern Accessible and Accountable Council				
Ensure a new resident engagement strategy for fire safety is embedded across service delivery areas.	HRA Management Group	Connected Communities				
Ensure that all actions arising for the audit into compliance are implemented.	HRA compliance meeting	Modern Accessible and Accountable Council				
To ensure that all properties have an up-to-date electrical safety test that is more than 5 years old and.	HRA compliance meeting	Modern Accessible and Accountable Council				
Deliver a programme of water safety testing and remedial actions through the In-House team.	HRA compliance meeting	Modern Accessible and Accountable Council				
Deliver a programme of emergency and communal lighting testing and maintenance through the In-House team.	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 followed by all staff and that complaints are recorded on Northgate.	HRA Management Group	Modern Accessible and Accountable Council				
Ensure analysis of all complaints received to ensure that lessons are learnt.	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				

Continue to 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				
Ensure that a rent setting policy is published and implemented.	Housing Management review	Modern Accessible and Accountable Council				
Improve the assurance around social and affordable rents charged to tenants using the Northgate housing system.	Via Housing Leadership team	Modern Accessible and Accountable Council				
Prepare for and implement collection of data for proposed tenant satisfaction measures from the Regulator of Social Housing.	HRA Management Group	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/Performance Management Framework	Modern Accessible and Accountable Council				
Review the flat block inspection procedure to ensure that it contributes effectively to compliance issues.	HRA Management Group	Modern Accessible and Accountable Council				

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				
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 119 new homes for rent, shared ownership, private rent and a 20-bed hostel.	HRA Management Group	Dynamic Places				
Progress development on Cabbage Patch car park, St Stephens Road 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 built to Passiv Haus standards.	HRA Management Group	Dynamic Places				
Progress development on Wilkinson Drive site, Townsend to provide 11 homes for rent.	HRA Management Group	Dynamic Places				
Complete construction of 2 homes for rent on Mountbatten Gardens, Townsend	HRA Management Group	Dynamic Places				
Progress development on Godshill Close to provide 2 homes for rent.	HRA Management Group	Dynamic Places				
Continue 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
Implement performance measures to ensure that all homes 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 as set out in a Sustainability Strategy for Council Housing.	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 and to eliminate the council's carbon footprint by 2030, 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				
To replace 150 gas boilers	End of Quarter Performance Reporting meeting	Dynamic Places				
Fit 300 new fire doors	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 99.5% 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 repairs service.	End of Quarter Performance Reporting meeting	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				
To ensure that tenants are supported to maintain their tenancies and prevent homelessness.	Neighbourhood Management Group	Dynamic Places				

Housing Management and Maintenance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver residents magazine in 2022/23.	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 bring forward a range of choices for residents to be involved and have their say in how services are delivered.	HRA Management Group	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 and compliance.	HRA Management Group	Modern Accessible and Accountable Council				
Ensure that communal areas are maintained to high standards so that they can be enjoyed by residents and impact positively on their neighbourhood.	HRA Management Group	Modern Accessible and Accountable Council				
Deliver or support a range of preventative community work, e.g. estate 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%.	End of Quarter Performance Reporting meeting	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 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				
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 with an ambition to tun around within 25 days.	Neighbourhood Management Group	Modern Accessible and Accountable Council				
To agree a target for securing additional benefits for residents experiencing financial hardship.	Neighbourhood Management Group	Modern Accessible and Accountable Council				
To increase the number of colleagues delivering support to residents in independent senior living accommodation.	Via Housing Leadership Team	Dynamic Places				
Develop one plan for alignment of strategies, policies and procedures as part of housing management model work, including HRA asset management strategy.	Housing Management review	Modern Accessible and Accountable Council				
Review use of Flexible Fixed Term tenancies and renew the Tenancy Management Strategy.	Housing Management review	Modern Accessible and Accountable Council				
Maintain regular contact with registered providers within the BCP area to share issues and good practice.	RP Housing Management	Modern Accessible and Accountable Council				

	Liaison Group					

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 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 work closely across the Bournemouth and Poole neighbourhoods to deliver the housing management model review with the recommendations to deliver a combined service within the Council.	Housing Management Review	Modern Accessible and Accountable Council				

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DELIVERY PLAN
2022/23

Poole Housing Partnership Ltd

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				
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				
To complete the 600 EICR tests that will become due during 2022/23	H&S Dashboard	Modern Accessible and Accountable Council				
Ensure PHP have all known documents to meet Building Safety Bill requirements in a digital format ahead of the new Bill expected in first quarter of 2022/23	via SMT reports	Modern Accessible and Accountable Council				
Ensure PHP meet the requirements of the new Building Safety Bill across existing stock and new build. This includes local actions of confirmation of Accountable Person and Building Safety Manager Building safety	via SMT reports	Modern Accessible and Accountable Council				
To ensure compliance with GDPR and Data Protection Acts	Board KPI Dashboard	Modern Accessible and Accountable Council				
Ensure complaints are dealt with in accordance with the complaints policy and agreed timescales	Board KPI Dashboard	Modern Accessible and Accountable Council				
To implement actions and recommendation from joint BCP/PHP working group on Disrepair	via SMT reports	Modern Accessible and Accountable Council				
To understand the requirements of the new PEEPs legislation expected in 22/23 and implement appropriate service measures to deliver against these	via SMT reports	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				

Key Deliverable – New Build and Major Projects

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Complete 80% of the construction programme of the temporary accommodation development at Herbert Avenue.	Major Projects Report	Dynamic Places				
Complete the major works refurbishment of the Project Admiral tower blocks	Major Projects Report	Dynamic Places				
Complete the construction of the new build project at Cynthia House	Major Projects Report	Dynamic Places				
Complete the 2-stage procurement process and enter into full D&B contract with the construction partner for the Hillbourne housing new build project.	Major Projects Report	Dynamic Places				
Complete site possession and set-up and commence construction of the new estate infrastructure and building foundations on the Hillbourne housing site	Major Projects Report	Dynamic Places				
Complete the delivery of a new façade at Sterte Court	Major Projects Report	Dynamic Places				
Continue to work with the BCP Development Team to deliver against the CNHAS standards and deliver the in year update as required	Major Projects Report	Dynamic Places				
Development of the Egmont Rd, project. Obtain planning approval, complete the procurement of the construction partner and commence construction on site.	Major Projects Report	Dynamic Places				

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 31st March 2023	Board KPI Dashboard	Dynamic Places				
Deliver a cyclical maintenance programme that meets all of PHP'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, uses PPE where appropriate and maintains social distancing	via SMT report	Modern Accessible and Accountable Council				
Update the 30 year asset management plan and set out the key risks for the next 5 years	Asset Management Plan	Dynamic Places				
Explore procedures, procurement and delivery networks to start to deliver against net zero carbon due by 2030 across the current stock and maximise the use of £500k and other external funding to support this during 2022/23	Asset Management Plan	Sustainable Environment				
To replace 74 bathrooms and 200 kitchens across the stock, supporting effective decent homes. –	SMT KPI Dashboard	Dynamic Places				
To replace 200 resident gas boilers ensuring effective maintenance and delivery of the programme.	SMT KPI Dashboard	Sustainable Environment				
To replace 500 fire doors and 60 front doors	SMT KPI Dashboard	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 – are we keeping this one?	SMT KPI Dashboard	Brighter Futures				
Ensure that response repairs completed at first visit meet agreed target with Board and residents	Board KPI Dashboard	Brighter Futures				
Deliver satisfaction with response repairs delivered as per the agree target	Board KPI Dashboard	Brighter Futures				

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	Fulfilled Lives				
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	Fulfilled Lives				
To work with colleagues across BCP to agree a tenancy sustainment approach that supports BCP Council objectives.	via CE Updates	Fulfilled Lives				
To work with BCP council to roll out the homelessness strategy across Poole	via CE Updates	Fulfilled Lives				
To maximise opportunities to acquire properties within the HRA that support BCP Council to tackle homelessness and supports the wider housing strategy.	Via CE Updates	Fulfilled Lives				
To deliver the Herbert Avenue scheme that can be used to support wider homelessness prevention approach across BCP.	Major Projects Report	Fulfilled Lives				

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Key Deliverable – Housing Management and Maintenance

Actions	Measurement	BCP Corporate Strategy	Q1 RAG	Q2 RAG	Q3 RAG	Q4 RAG
Deliver one resident magazine in 2022/23 celebrating PHP's successes	Via CE Updates	Connected Communities				
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				
Incorporate digital engagement into the Resident Engagement Strategy and use the HQ Engagement Tool in line with consumer standards, alongside a menu of options enabling us to deliver a programme aimed at increasing the level of digital inclusion and residents accessing on line services.	VFM Statement	Dynamic Places				
Publicise the tenant portal and work with residents to increase usage and improve customer experience. (with a minimum target of 20% registered).	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 customer insight and develop Team capabilities to be able to measure the workload, monitor call volumes and subject matter, and work towards supporting a more digitally enabled front line service offer, tailored to the needs of the customer.	via SMT report	Modern Accessible and Accountable Council				
Develop work on the draft Tenant Satisfaction Measures – collecting and evidencing satisfaction to drive improvements, working in line with the requirements of the White Paper.	via SMT report	Modern Accessible and Accountable Council				
Deliver income collection levels to the agreed key performance indicator level	Board KPI Dashboard	Modern Accessible and Accountable Council				
To have arrears at no more than 3% of total rent due.	Board KPI Dashboard	Modern Accessible and Accountable Council				
To ensure that the organisation responds to the emerging requirements of the Breathing Space legislation and updates performance targets and working practices 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				
Respond to the Housing Consultation results, working with residents and staff across both neighbourhoods to consider the qualitative commentary feedback, and how this informs any changes in service design or standards and using these to develop adjusted working arrangements	Housing Management review	Connected Communities				

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To bring forward a range of choices for residents to be involved and have their say in how services are delivered.	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 make recommendations on changes to the existing Sheltered Housing stock within Poole and the preferred approach to digital transformation and service delivery model for Older People Housing across the 2 neighbourhoods	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 review the work of the Tenancy Sustainment Board, using the collated data to inform recommendations to the Board regarding service delivery and linking in with the BCP Support Sub Group	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 25 days for both general needs and 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				
Work with BCP on developing 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 takes account of required health and safety standards in response to COVID19	via SMT report	Modern Accessible and Accountable Council				
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 in preparation for the bringing together of the housing management service	Via CE Updates	Modern Accessible and Accountable Council				
Regularly review the Neighbourhood Inclusion Strategy targets to ensure it provides all residents with opportunities to engage in, and challenge, the standards of service that every tenant should expect, as set out in the Social Housing White Paper	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	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				
Review and develop the working of the 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				
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 achieve a financial breakeven at the end of the year.	Budget Report	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				
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				

CABINET

Report subject	**Bus Operator Enhanced Partnership Plan and Scheme (National Bus Strategy)**
Meeting date	9 February 2022
Status	Public
Executive summary	The Council and the bus operators have agreed to enter into an Enhanced Partnership (EP), and this is required by end of April 2022. Failure to form an EP would result in no new sources of bus funding from the government's £3bn budget and cessation of other government support for bus services. The establishment of an EP requires several stages including the development of draft documentation; public engagement; negotiation between partners; and statutory consultation of key stakeholders before the EP can be formed. Due to the timescales set by government, it is not possible for Cabinet to consider the EP Plan (including EP Scheme) before the end of April 2022. The purpose of this report is to seek delegated authority in regard to decision making for the formation of an Enhanced Partnership Plan and Enhanced Partnership Scheme.
Recommendations	**It is RECOMMENDED that:** **(a) Cabinet delegates authority to the Director of Transport and Engineering in consultation with the Portfolio Holder for Sustainability and Transport to form an Enhanced Partnership Plan and Enhanced Partnership Scheme by the end of April 2022, to meet the challenging timescale required by the Department for Transport within the National Bus Strategy for England.**
Reason for recommendations	The National Bus Strategy for England sets out an ambition for every local transport authority and bus operator in England to be in a statutory Enhanced Partnership or a franchising arrangement (entering an EP does not preclude franchising in the future, however, achieving franchising is lengthy and complex with significant financial risk).

	Improving bus services to attract more passengers is a joint aim of the bus operators and the Local Transport Authority. A Bus Service Improvement Plan has been jointly agreed with the bus operators, which subject to government funding, will result in more people travelling by bus. The next stage is an Enhanced Partnership Plan and Enhanced Partnership Scheme which need to be in place by the end of April 2022.
Portfolio Holder(s):	Councillor Mike Greene, Cabinet Member for Sustainability and Transport
Corporate Director	Jess Gibbons, Chief Operations Officer
Contributors	John McVey, Sustainable Transport Policy Manager Richard Pincroft, Head of Transportation including Sustainable Travel Julian McLaughlin, Director of Transport and Engineering
Wards	All BCP Council Wards
Classification	For Decision

Background

1. In March 2021 the government published 'Bus Back Better, a National Bus Strategy for England'. This followed a general decline in bus patronage since the 1950s whilst traffic congestion and emissions have continued to increase. COVID-19 has caused a significant shift from public transport to the private car. To avoid the worst effects of a car-led recovery – cities and towns grinding to a halt; pollution, road injuries, respiratory illness and carbon emissions all rising – the government wants the country to shift back quickly, by making radical improvements to local public transport as normal life returns. Government considers buses are the quickest, easiest and cheapest way to do that.
2. Greater emphasis will now be placed on partnership working, where Local Transport Authorities (LTAs) and bus operators form statutory partnerships to define bus networks, service levels, and fares strategies. The government expects all LTAs to develop Bus Service Improvement Plans (BSIPs) and set up Enhanced Partnerships (EPs), as defined in the Bus Services Act 2017. The strategy represents the greatest change since 1985 and provides the opportunity to give LTAs more control.
3. Through the strategy, LTAs and bus operators are asked to commit to forming a statutory Enhanced Partnership (EP) and to jointly develop a Bus Service Improvement Plan (BSIP). Dependent on how ambitious the BSIP is, LTAs and bus operators will benefit from £3bn of total government funding over 5 years.
4. On 30 June 2021 BCP Council committed to forming an Enhanced Partnership with the bus operators across the BCP area. In line with government's tight timescale, on 31

October 2021, BCP Council published its Bus Service Improvement Plan (BSIP), developed jointly with the bus operators.

5. At its meeting on 1 September 2021 Cabinet resolved to support the formation of an Enhanced Partnership with the bus operators as a replacement to the existing voluntary Quality Bus Partnership. Cabinet also supported delegated authority to the Director of Transport and Engineering in consultation with the Portfolio Holder for Sustainability and Transport to negotiate, seek stakeholder views and then publish a Bus Service Improvement Plan (BSIP) on behalf of the Council by the end of October 2021 in line with the requirements of the National Bus Strategy for England.

6. A BSIP was published by the required deadline. In addition, a confidential funding request pro-forma (£multi-million) was simultaneously submitted to the Department for Transport (DfT) setting out indicative capital and revenue spend required to implement the plan in future years.

7. A 'Bus Back Better, Improved Bus Services' consultation was undertaken between 30 November 2021 and 7 January 2022. The consultation requested the views of the public and stakeholders on a range of actions set out in the BSIP.

8. The next stage is to develop and agree an Enhanced Partnership Plan (EP Plan) and an Enhanced Partnership Scheme (EP Scheme) with the bus operators, taking into account the results of the consultation. These must be in place by the end of April 2022 (note DfT wrote to all LTAs on 11 January 2022 extending the deadline from 1 April to end of April 2022). The content of the EP Plan will, in the main, reflect the BSIP. The EP Scheme sets out in detail the commitments of the parties to deliver the plan.

9. Once the draft EP Plan and EP Scheme have been prepared, a statutory consultation of key stakeholders on the draft EP Plan and EP Scheme must be undertaken. If this results in further changes to the EP Plan and EP Scheme then the bus operators must be given a further 28 days to consider these prior to the plan and scheme being adopted.

10. The government recognises the time pressures that LTAs are under and recommends that the EP Scheme is limited at this stage as it can be changed later, for example if new funding has been identified, using a bespoke variation mechanism.

11. No decisions relating to bus services that are subsidised by the council are included in the recommended delegation and as such would be subject to a separate report/decision in the future.

12. The latest draft of the EP Plan and EP Scheme is on the BCP Council website.

13. Proposed Timetable (including consultations)

31.10.2021	Bus Service Improvement Plan (BSIP) Published
01.11.2021-30.01.2021	Drafting of EP Plan and EP Scheme in consultation with Bus Operators
30.11.2021-07.01.2022	Public consultation on BSIP objectives
31.01.2022-27.02.2022	Statutory consultation on EP Plan and EP Scheme (key stakeholders only)
By 30.04.2022	Approval to 'make' EP Plan and Scheme and publish

Summary of financial implications

14. Failing to form an Enhanced Partnership with the bus operators will preclude the LTA and bus operators from receiving any new sources of funding from the £3bn budget to support buses and bus passengers (no further details available). It will also be an end to the annual ringfenced Bus Service Operator's Grant (BSOG) of £294,368 which is paid to the Council to part fund operator provided bus services.

15. A funding request was submitted to government on 31 October 2021 alongside the BSIP (capital and revenue). It is not clear when the outcome of this will be notified and therefore the facilities and measures set out in the EP Scheme will only be those that can be delivered from established funding streams. No additional BCP Council resource is requested.

Summary of legal implications

16. Enhanced Partnerships are statutory arrangements created by the Bus Services Act 2017. All parties have a stronger commitment to joint working than the voluntary Quality Bus Partnership arrangement previously in place.

Summary of Human Resources Implications

17. Government funding was provided to support the delivery of the BSIP and development of the Enhanced Partnership Plan and Enhanced Partnership Scheme. This has been utilised by employing specialist transport consultants as well as supporting internal resource. The funding request submitted to government on 31 October 2021 included an element for employee costs associated with operating the Enhanced Partnership.

Summary of sustainability impact

18. In its recently published Decarbonising Transport Plan, the government set out its vision for a net zero transport system which will benefit us all. In the plan, public transport and active travel will be the natural first choice for our daily activities. We will use our cars less and be able to rely on a convenient, cost-effective and coherent public transport network. The bus can be the most efficient user of road space and a vital part of an environmentally friendly local sustainable transport system. Actions taken by the council that negatively impact on bus service provision will make it more difficult to achieve this vision. It would also be contrary to the Council's own 2030 zero carbon priority set out in the Corporate Strategy.

Summary of public health implications

19. Urban traffic speeds are falling by on average 2% every year, causing NOx emissions to rise. Diesel cars are the single biggest contributor to NOx levels, responsible for 41% of all NOx emissions from road transport. Buses are amongst the cleanest vehicles on our roads with many now achieving Euro VI emissions standards. Improving local bus services contributes to the BCP Council priority of developing an eco-friendly and active transport network with positive implications for public health.

Summary of equality implications

20. An Equalities Impact Assessment (EIA) was undertaken on the Statutory Enhanced Partnership and considered by the EIA Panel on 22 July 2021 and it shows a positive impact. A further EIA will be undertaken on the EP Plan and Scheme.

21. Summary from the EIA Panel:

The recommended decision to enter into an Enhanced Partnership between BCP Council and local bus operators is the first required step in our obligations under the government National Bus Strategy. The decision in itself has no specific impacts but the progression of the Enhanced Partnership from April 2022 as a result of the decision will have equality impacts. As the overall aim of entering into the partnership is to improve local bus services, when developed there are significant anticipated positive equality impacts – based on the profile of people that use bus services. These benefits will not just affect existing people who use buses but also potential users as the strategy aims to encourage people that have not necessarily used bus before to do so.

The profile of people that use buses from both national and local evidence are groups the Equality Act is intended to benefit by advancing equality of opportunity between people who share a protected characteristic and those who do not. Much older, much younger age groups, people with a disability, women, other ethnic groups, other religions, other sexual orientations and residents from more deprived areas are all more likely to use buses, compared to others in their protected groups. When the strategy is developed improved bus services will give wider transport choice to all, but notably improve opportunities for the groups listed above.

Wider benefits to our communities through improved transport to access employment, education, healthcare, retail and leisure opportunities will also result in positive equality implications. Visitors to our area will also benefit from an enhanced public transport network.

The initial intended recommendation to decide to enter into an Enhanced Partnership is the first stage in realising the equality benefits suggested above. Further assessment will be needed as the partnership formally starts and develops to determine equality impacts when specific actions are discussed, agreed and implemented.

Summary of risk assessment

22. None identified.

Appendices - none

Background papers

1. Bus Back Better - A National Bus Strategy for England
2. BCP Bus Service Improvement Plan (BSIP)
3 Draft Enhanced Partnership Plan and Enhanced Partnership Scheme

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CABINET

Report subject	**School Admissions Arrangements 2023/24 for community and maintained schools**
Meeting date	9 February 2022
Status	Public Report
Executive summary	BCP Council is legally required to determine its admissions arrangements for the school year 2023/24. Permission to publicly consult to change the arrangements was agreed by council members. The change that required consultation was the reduction of the published admission number at Burton Primary School from 60 to 45 to enable the school to organise classes efficiently. It is recommended that following the conclusion of the public consultation, the arrangements are determined by council members.
Recommendations	**It is RECOMMENDED that:** **(a) Cabinet consider any comments from Children's Services Overview and Scrutiny Committee, if any, concerning Schools Admissions Arrangements 2023/2024 for community and maintained schools; and** **(b) Cabinet support the determination of the arrangements as set out in Appendix 1 and 2 of this report.**
Reason for recommendations	The Council is legally required to have admission arrangements for its community and voluntary controlled schools. The governing body of Burton Primary School has asked that its published admission number be reduced to enable the school to organise classes efficiently.

Portfolio Holder(s):	Cllr Nicola Greene, Portfolio Holder for Council Priorities and Delivery
Corporate Director	Elaine Redding, Interim Corporate Director, Children's Services
Report Authors	Sarah Rempel, Director of Education, Children's Services
Wards	Council-wide
Classification	For Decision

Background

1. The Council and those schools which are deemed to be an 'admission authority' are required each year to set arrangements explaining how and when they decide to whom they will offer a school place. The Council is admission authority for community schools and voluntary controlled schools. All other categories of school including academies, studio schools, foundation schools and voluntary aided schools are their own admission authority. The Council must also set an administrative scheme setting out for parents and schools how the application and offer process will be coordinated.
2. The Council and all other school admission authorities are required to operate their admission arrangements in accordance with the Department for Education's School Admissions Code (2021).
3. The Council is required to publicly consult on the arrangements that will apply across the whole area for the 2023/24 academic year.
4. The Council is required to have an admission policy for community and voluntary controlled schools located in Bournemouth, Christchurch and Poole.

Admissions Arrangements and Published Admission Numbers

5. The admissions policy must explain how to apply for a place and once an application is received how it will be processed. It must contain clear oversubscription criteria should there be more applications for places than there are places available. The number of places available at a main point of entry for each school – the published admission number (PAN) – must also be set and included in the policy for parents.
6. The proposed arrangements are attached at appendix one. There are no proposed changes to how the policy operates or its oversubscription criteria. Associated policies in relation to admission out of year group and admission of Looked After Children also remain unchanged.
7. The proposed published admission numbers (PAN) for 2023/24 for each of the maintained primary schools are attached at appendix two. The proposed change that has triggered the requirement to consult is a reduction in PAN at Burton CE Primary School. There are no changes to the PAN for other schools from those set for the 2022/23 year by the preceding local authorities as there are sufficient school places.

8. Reducing its PAN to 45 will enable Burton Primary School to organise its class groupings efficiently and ensure that the class size limit of 30 in Reception to Year 2 can be maintained. Forecasts show primary numbers dropping in West Christchurch over the next five years, so this will not result in a shortage of places.
9. The school governing body has requested that a reduction of PAN is consulted on.

Consultation

10. The admission arrangements are currently being consulted on. The consultation period is 1 December 2021 until 31 January 2022. The statutory period for consultation required by the School Admissions Code is a minimum of 6 weeks. Additional time has been provided as school holidays fall during the consultation period.
11. The consultation is available on Have Your Say and the School Admissions webpages. All schools in the Relevant Area, neighbouring local authorities and relevant dioceses have been notified. Schools and early years settings have been asked to inform families of the consultation and information is available at children's centres and libraries. Social media and newsletter emails have publicised the consultation.
12. As of 17 January 2022 there have been no responses received. Given the proposed change to reduce the PAN at Burton Primary School is supported by the school itself and will not impact on the availability of school places in the Christchurch planning areas, it is anticipated that there will be no objections to the proposal in the final two weeks of the consultation.

Options Appraisal

13. The reduction in the published admission number at Burton Primary School could have been rejected without consultation, however the school has made a case that a reduction would help it organise its classes more efficiently. It is therefore proposed that the reduction is put forward for consultation.
14. Other changes could be proposed to the admission policies for community and voluntary controlled schools, however there is currently no case for making such changes. It is therefore proposed that the existing admission policy is confirmed.

Summary of financial implications

15. There are no direct financial implications to this report. There is a cost to the administration of the admission system, however this will not be affected by confirming the admission policy. School budgets are driven by the number of pupils on roll to a considerable extent. The setting of published admission numbers assists schools in planning their budgets and organising class groupings.

Summary of legal implications

16. Sections 13, 13A and 14 of the Education Act 1996 require councils that are Education Authorities to: ensure that efficient primary, secondary and further education is available to meet the needs of their population; ensure that their education functions are exercised with a view to promoting high standards ensuring fair access to opportunity for education and learning, and promote the fulfilment of learning potential; and secure that sufficient schools for providing primary and secondary education are available for their area.

17. The Education and Inspections Act 2006 requires an Education Authority to publish any proposed alterations to existing school places provision and the process for consultation on such proposals is governed by Regulation.

Summary of human resources implications

18. There are no human resources implications to this report. No changes to the staffing of the admissions team will be required as a result of confirming the admissions policy

Summary of sustainability impact

19. The admissions policy gives high priority to parental preference, however the use of catchment areas and home to school distance tends to encourage parents to seek places in local schools, thus reducing home to school travel.

Summary of public health implications

20. There are no direct public health implications arising from this report. Children with education health and care plans naming a particular school and looked after children are given the highest possible priority in the admissions process.

Summary of equality implications

21. An EIA conversation has been completed and is attached at Appendix 3.
22. The admissions policy of all state funded schools, whether maintained by the local authority or by the Secretary of State for Education must be set in accordance with the School Admissions Code. This provides detailed guidance on what over-subscription criteria may be used.
23. No adverse impacts on applicants with protected characteristics under the Equality Act arise as a direct result of the proposed admissions arrangements.

Summary of risk assessment

24. There are few risks associated directly with this report. The school admissions process generally runs smoothly every year. An admissions policy is required by law. If a parent is not offered a place at a preferred school, there is an appeals process organised by the relevant admissions authority. Where there are complaints about admissions policies in general these may be referred to the Office of the Schools Adjudicator, an independent official appointed by the Secretary of State for Education.
25. Pupil number forecasts indicate that there will be sufficient places in the primary phase for the Council to be able to fulfil its statutory duty to offer a place to all applicants in 2023/2024.
26. A bulge in secondary numbers will be at or just past its peak in 2023/34. Mitigation has already been put in place to ensure that the Council will be able to offer a place to all applicants as the bulge goes through the school system. All secondary schools in BCP are their own admission authority.

Background papers

School Admissions Code (Department for Education 2021)

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001050/School_admissions_code_2021.pdf)

Admission of Children of Crown Servants (Department for Education 2021) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/461481/Admission_of_children_of_crown_servants.pdf)

Fair Access Protocols Guidance for school leaders, admission authorities and local authorities (Department for Education 2021) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1012993/FAP_Guidance.pdf).

Appendices

Appendix 1: Draft Coordinated Admissions Scheme

Appendix 2: List of maintained schools in Bournemouth Christchurch and Poole and their published admission numbers (PANs)

Appendix 3: EIA Conversation

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COMMUNITY AND VOLUNTARY CONTROLLED INFANT, JUNIOR AND PRIMARY SCHOOLS

ADMISSIONS POLICY 2023/24

The admission authority for all community and voluntary controlled mainstream schools in the Bournemouth, Christchurch and Poole Council area is the Local Authority. This policy applies to applications for school places starting in September 2023 and should be read in conjunction with the parents' guide available at bcpcouncil.gov.uk/schooladmissions from 12 September 2023.

Children with an Education, Health and Care Plan issued by a local authority naming a school where a child should receive his/her education will be admitted to that school before preferences are considered for admission in September.

Where there are more applications than places available the following criteria will be used, in numerical order, to decide the priority list for the offering of places up to the school's Published Admission Number:

1. "Looked After Children" or "previously Looked After Children" (note 1) including children who appear to have been in state care outside of England (note 2).
2. Children who BCP Council accepts have an exceptional medical or social need and where there is a need for a place at one specific school (note 3)
3. Children who live in the school's catchment area who have a sibling who is already on the roll of the school and will continue to attend the school at the time of admission (note 4)
4. Children living within the school's catchment area who are attending a recognised feeder school and are on that school's roll at the time of application (note 5)
5. All other children who live in the school's catchment area
6. Children who live outside the school's catchment area who have a sibling who is already on the roll of the school and will continue to attend the school at the time of admission (note 4)
7. Children living outside the school's catchment area who are attending a recognised feeder school and are on that school's roll at the time of application (note 5)
8. Children living outside the school's catchment area and whose parents wish them to attend a CE voluntary controlled school on denominational grounds (note 6)
9. Children of staff where the member of staff has been employed for two or more years at the school applied for at the time the application for admission is made or who have been recruited to a vacancy to meet a demonstrable skills shortage as at the date of application (in year) or relevant closing date under the LA co-ordinated scheme (normal year of entry) and who still intend to be employed at the school at the time of the child's admission (note 7)
10. All other children who live outside the school's catchment area.

If a school is oversubscribed in any of the categories above, children in the oversubscribed category who live closest to the school will be given priority (notes 8, 9 and 10).

If the distance measurement is equal for two or more applicants the place will be allocated by the drawing of lots (note 11).

Please ensure you read notes 1 to 11 and the remainder of this policy for further information.

Admission arrangements

Admission will be in accordance with the agreed scheme for co-ordinated admission arrangements 2023/24.

Starting Reception in 2023/24

All children can start in Reception on a full-time basis in September 2023. Parents/carers may discuss with the Headteacher whether or not their child should start on a part-time basis. The final decision will rest with the parent/carer of the child.

Delayed or deferred start

For children born between 1 September and 31 March, parents can delay their child's start date until later in the school year but not beyond the point at which they reach compulsory school age (i.e. by the start of the term following their fifth birthday). For children born between 1 April and 31 August, parents can also delay their child's start date; but not beyond the beginning of the final term of the school year (i.e. the term that starts after the Easter/Spring holidays) for which the offer was made.

The school place offered cannot be delayed until the following academic year – it must be taken up in the academic year for which it is offered. Parents and carers who do not take up the offer of a place during the Reception year will need to re-apply for a school place the following year. Places offered but not taken up by the beginning of the final term (i.e. the term that starts after the Easter/Spring holidays) will be withdrawn.

If parents/carers want to apply for the following year they would normally be expected to apply for a place in Year 1. Parents and carers need to be aware that Year 1 in the school they were originally offered could be full at this stage.

Applications for a place in a year group different to that determined by date of birth, including delayed entry to reception for summer born children

Applications for children to be educated in a year group different to that determined by their date of birth, including delayed admission to reception for summer born children, will be considered on their individual merits by a specialist panel comprising: a Senior Officer from the School Admissions Team, a senior member of the SEND Team where a child has/is believed to have special educational needs and the Headteacher of the school applied for.

Details of what you need to do to apply for a different year group can be found in the policy document "Policy for responding to parental requests for admission to community and voluntary controlled schools to a year group different to that determined by their date of birth, including delayed admission to reception for summer born children" available online at bcpcouncil/schooladmissions or from the School Admissions Team.

Parents considering this are advised to contact the Local Authority at the earliest possible opportunity (preferably before 30 November 2022) to ensure a decision has been made by the Local Authority before the national closing date for applications to

Reception.

Excepted pupils for infant classes (Years R, 1 and 2)

Infant classes must not contain more than 30 pupils with a single school teacher. Additional children may be admitted under limited exceptional circumstances. These children will remain an 'excepted pupil' for the time they are in an infant class or until the class numbers fall back to the current infant class size limit. The excepted children are:

- children admitted outside the normal admissions round with Education, Health and Care Plans specifying the school;
- looked after children and previously looked after children admitted outside the normal admissions round;
- children admitted after initial allocation of places, because of a procedural error made by the admission authority or local authority in the original application process;
- children admitted after an independent appeals panel upholds an appeal;
- children who move into the area outside the normal admissions round for whom there is no other available school within reasonable distance;
- children of UK service personnel admitted outside the normal admissions round;
- children whose twin or sibling from a multiple birth is admitted otherwise than as an excepted pupil;
- children with special educational needs who are normally taught in a special educational needs unit attached to the school, or registered at a special school, who attend some infant classes within the mainstream school.

In Year Fair Access

All the admission authorities in BCP Council have established an In Year Fair Access Protocol. The purpose of the In Year Fair Access Protocol is to ensure that – outside the normal admissions round – unplaced children, especially the most vulnerable, are offered a place at a suitable school as quickly as possible. Cases are considered by a Panel comprising Headteachers and/or their representatives. When seeking to place a child, the Panel will consider all schools in a fair, equitable and consistent manner. Decisions of the Panel may mean that individual schools admit children above the Published Admission Number. Admission authorities will not normally be asked to admit a child to an infant class where there are already 30 children in the class.

In Year Admissions – Looked After Children

A Looked After Child (see Notes) may be admitted to a school above the Published Admission Number (PAN) if it is felt by the local authority that a particular school is the most appropriate placement to meet the needs of the individual child. BCP Council has adopted a Protocol for dealing with in year admissions of Looked After Children.

Home Address

The home address where a child lives is considered to be a residential property that is the child's main or only address during term time. Applicants can be asked to provide additional evidence in order to verify addresses and/or other details provided. It is at the discretion of the local authority what evidence is required (evidence may include, but is not limited to, Child Benefit, GP registration, evidence of home ownership/tenancy etc.).

The final decision on the home address of a child will be made by BCP Council. If any information supplied by an applicant is judged by the local authority to be fraudulent or intentionally misleading, the Council may refuse to offer a place, or if already offered, may withdraw the offer.

Applications from separated Parents/Carers

Only one application can be considered for each child. Where parents/carers are separated it is essential that agreement is reached by both parties concerning the nominated preferred schools. Where a child spends part of their week with one parent and part with the other, only one address can be used. This must be the address at which the child spends most of their time during term time. Applicants can be asked to provide additional evidence in order to verify addresses and/or other details provided. It is at the discretion of BCP Council what evidence is required (evidence may include, but is not limited to, Child Benefit, GP registration, evidence of home ownership/tenancy etc.). The final decision on the home address of a child will be made by the Council. If any information supplied by an applicant is judged by BCP Council to be fraudulent or intentionally misleading, the Council may refuse to offer a place, or if already offered, may withdraw the offer.

Changes of address

When applying for point of entry, BCP Council will not accept a change of address once the National Closing Date has passed. The National Closing Date for point of entry year groups (Reception, Year 3 and Year 5) is 15 January 2023. This means if your moving date is after 15 January 2023, we will use your old address to categorise your application. You will need to tell us your new address so we can update your child's record. If you move house after you have submitted your application but before the National Closing Date, you **must** inform us **before** the 15 January 2023 to ensure your application is considered from your new address.

Applications for children of multiple births

If there are insufficient places to accommodate all the children of a multiple birth (i.e. twins, triplets etc) in any year group and one child can be admitted, the other siblings of the multiple birth will be admitted over the school's Published Admission Number. If it is in an infant class (Years R, 1 and 2) the additional children over the PAN will be considered as excepted pupils for the entire time they are in an infant class at the school or until the class numbers fall back to the infant class size limit in accordance with the School Admissions Code.

Waiting Lists

The LA operates a limited waiting list policy. Each added child will require the list to be ranked again in line with the published oversubscription criteria. Priority will not be given to children based on the date their application was received or their name was added to the list. Parents can apply to have their child's name placed on a waiting list for the academic year for which the school place was refused. If parents wish to keep a child on a waiting list beyond this term they will need to submit a new application for the next academic year. There is no guarantee of a school place by remaining on the waiting list.

Appeals

If the LA is unable to offer a place at a school that has been applied for, the parent has the right to appeal to an independent Appeals Panel. Details will be included in the letter refusing the school place. The decision of the Panel is binding on all parties.

Notes

1. A "Looked After Child" means any child who is in the care of a local authority in accordance with Section 22 (1) of the Children Act 1989. A child who was "previously a Looked After Child" means a child who after being Looked After became subject to an Adoption Order under the Adoption Act 1976 or under Section 46 of the Adoption and Children Act 2002, a Residence Order or Child Arrangement Order under Section 8 of the Children Act 1989 or Special Guardianship Order under Section 14A of the Children Act 1989. Applicants can be asked to provide additional evidence in order to verify the previously looked after status of a child. It is at the discretion of BCP Council what evidence is required. The final decision will be made by the Council. If any information supplied by an applicant is judged by BCP Council to be fraudulent or intentionally misleading, the Council may refuse to offer a place, or if already offered, may withdraw the offer.

2. A child is regarded as having been in state care in a place outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society. Applicants can be asked to provide additional evidence in order to verify the previously looked after status of a child. It is at the discretion of BCP Council what evidence is required. The final decision will be made by the Council. If any information supplied by an applicant is judged by BCP Council to be fraudulent or intentionally misleading, the Council may refuse to offer a place, or if already offered, may withdraw the offer.

3. If applying under medical or psychological grounds, written advice from an NHS Consultant (for medical grounds), or an NHS Consultant Psychiatrist (for psychological grounds) that documents the child or young person's medical or psychological needs must be included with the application. Children will <u>only</u> meet this criterion <u>if</u> the school(s) named on the application form is assessed by BCP Council to be the only school(s) that can meet any specific medical or psychological needs identified.

4. "Sibling" means:
    - a full brother or sister who lives with one or both parents or carers in the same property during the school week.
    - a half-brother or half-sister who lives with one or both parents or carers in the same property during the school week.
    - an adoptive brother or sister who lives with one or both parents or carers in the same property during the school week.
    - a foster brother or sister who lives with one or both parents or carers in the same property during the school week.
    - non-blood related children who, together, all live with one or both parents or carers in the same property during the school week.

    For Christchurch Infant School and Mudeford Infant School the sibling link will apply to Christchurch Junior School and Mudeford Junior School and vice versa.

5. Children who are on roll at the recognised feeder Infant School and are applying to the recognised receiver Junior School. This applies to Mudeford Infant & Junior Schools and Christchurch Infant & Junior Schools only.

6. In order to qualify for consideration under this category, parents/carers will need to show that at least one adult family member and the child to whom the application relates to have been attending their local church at least once a month for a minimum of a year prior to the closing date for applications. The application must also be supported by a Supplementary Information Form signed by the vicar/priest/minister or leader of the church confirming this.

   In the event that during the period specified for attendance at worship the church has been closed for public worship and has not provided alternative premises for that worship, the requirements of these [admissions] arrangements in relation to attendance will only apply to the period when the church [or relevant place of worship] or alternative premises have been available for public worship.

7. Staff are defined as all Bournemouth, Christchurch and Poole Council employed teaching and support staff at the preferred school. 'Children of staff' refers to situations where the staff member is the natural parent, the legal guardian or a resident step parent. If applicants wish to be considered under this criterion then a letter from the Headteacher confirming the above applies to the applicant must be provided at the time of application.

8. With the exception of Hillbourne Primary School the distance between the child's home and preferred school will be determined by the shortest straight line measurement calculated using the LA's geographical information system in use at the time of allocation (the system at the time of setting the policy is Servelec Synergy, and takes the measurement between the address mapping points of the school and the applicant's home). NB. School transport is based on walking distances.

9. **For Hillbourne Primary School** the distance from home to school is measured using the shortest, safe and practicable walking route using the centre line of roads and footpaths (excluding paths identified for the sole use of bicycles i.e. cycleways). Roads and footpaths measured are normally public. If your property is only accessible via a private road or footpath, this road or footpath may be included in the measurement.

   The starting point for the measurement is taken from your home address. This has been geolocated using the geocoded address point obtained from the local authority's Local Land and Property Gazetteer. The total distance measured is a combination of 2 measurements using 3 points:

   i) Geocoded home address point

   -to-

   ii) Centre of nearest road/footpath

   -to-

   iii) Nearest approved school access point that is for use by pupils

   All measurements are obtained from the local authority's Admissions System. The GIS maps used are provided by Ordnance Survey and represent the position as at the beginning of the annual admission cycle i.e. September in the year prior to admission. Any alterations to Ordnance Survey map references, footpaths or roads added after this time will not be taken into consideration. No measurements obtained through other sources (e.g. search engines, mapping systems) will be accepted.

10. For applicants living on islands or residing permanently on a boat within Poole Harbour, the distance measurement will be a straight line from the geocoded home address point to either:

    1. the nearest public landing steps at Poole Quay, or

    2. a point on the mainland that the applicant proves to the satisfaction of the local authority that he/she can access

    The total distance measured is a combination of 3 measurements using 4 points:

    i) Geocoded home address point

    -to-

    ii) Public landing steps or other approved access point on the mainland

    -to-

    iii) Centre of nearest road/footpath

    -to-

    iv) Nearest approved school access point that is for use by pupils using a straight line or walking route distance dependent upon the school applied for.

    If an applicant advises the local authority that the child would or could use the Sandbanks/Studland Chain Ferry in the journey to school, then the distance will be measured on that basis from the geocoded home address point and will include the distance travelled by the ferry.

11. If there are insufficient places to accommodate all applicants and the distance criterion is used, the local authority will use random allocation for applicants living an equal distance from the school (up to three decimal points) or at the same address or in the same block of flats who are eligible for the remaining places. Applicants will have their names drawn as lots to see who should be offered the place(s). The person drawing the names will be an officer within the local authority who has no involvement in the school admissions process.

COMMUNITY AND VOLUNTARY CONTROLLED INFANT, JUNIOR AND PRIMARY SCHOOLS

PUBLISHED ADMISSION NUMBERS 2023/24

School Name	Published Admissions Number 2023/24
Burton CE Primary School	45
Christchurch Infant School	120
Hillbourne Primary School	60
Mudeford Community Infant School	60
Mudeford Junior School	66
Somerford Primary School	30

COMMUNITY AND VOLUNTARY CONTROLLED
INFANT, JUNIOR AND PRIMARY SCHOOLS

COORDINATED ADMISSION SCHEME FOR 2023/24

All schools in Bournemouth, Christchurch and Poole together with the Local Authority have, in accordance with statutory requirements, agreed to coordinate the main entry admission and transfer process for 2023-24. The agreed scheme enables an application to be made on a single application form.

The coordinated scheme applies to the following admission points of entry:

Point of Entry	National Closing Date (Applying on Time)
Entry in Reception at all First, Infant Primary and All-Through schools	15 January 2023
Entry into Year 3 at Junior schools	15 January 2023
Entry into Year 5 at Broadstone Middle School	15 January 2023
Entry into Year 7 at all secondary schools with the exception of Corfe Hills School and LeAF Studio School	31 October 2022
Entry into Year 9 at Corfe Hills School and LeAF Studio School	31 October 2022

BCP Council will coordinate with other local authorities to ensure that a child receives only a single offer of a school place. It will seek to offer the highest preference able to be agreed subject to the receipt of information in sufficient time and the other local authorities' schemes providing for this.

Parents/carers should complete an application and name four different schools in the order they would like their child to attend. Parents/carers must submit their application to their home local authority by the published closing date specified in the table above.

Preferences on faith grounds

Parents/carers expressing a preference on faith grounds must check the relevant school policy to find out how to provide evidence of religious faith and practice. Parents/carers will be required to complete a Supplementary Information Form and submit the Form before the published closing date. Where baptismal evidence is required, parents/carers must check how this is provided to the school. All relevant evidence must be submitted before the published closing date. The Supplementary Information Forms can be downloaded from the BCP website or from the relevant school website.

Changes or applications received after the closing date

Applications or any change of preference received after the national closing date for applications will be considered as a late application unless otherwise specified within the school's admissions policy.

Applications that are considered late will be processed after all on-time applicants have been notified of their result. Late applications received before the published late closing date will be processed in accordance with the timetable (see below).

Any applications received after the published closing date for late applications will be processed as quickly as possible after the timetable (see below) has been completed. Once processed, they will be immediately added to the waiting list(s) if a place is not available.

Living or applying for schools outside BCP Council

Parents/carers who live outside BCP Council who wish to apply for a school will need to complete their home local authority's application form in accordance with timescales published in that Local Authority's scheme.

BCP Council will send a list of all applicants to all school Admission Authorities within the council's area. It will send applications for schools in other local authorities to the relevant local authority to administer.

Information from other admission authorities

Where a parent/carer lists a school which is its own admission authority, or a school in another local authority as one of their preferences, information is electronically transferred to the relevant school or local authority. The admission authority will then be required to rank in order, the applications they received in accordance with their admission arrangements and decide whether they can offer the child a place.

Once the decisions have been made by the relevant admission authority, they are returned to the Local Authority by the deadline specified (see timetable below). The LA then compares the provisional offer lists; if a child's name appears on more than one offer list, the LA will then refer to the preference order on the parent/carer application to see which school the family wants the most. Then, in accordance with the order of preference on the application form, the child's name will be retained on the list of the highest preference school able to offer a place and removed from the lower preference school(s) offer list(s).

Places freed up by this process will then be offered to applicants who are next on a school's ranked order of priority.

When preferences cannot be met

For those applicants who are not able to be offered any of their preferred schools:

- if they are resident in BCP Council, they will be offered a place at the nearest school to their home address which still has places available with agreement from the relevant admissions authority; or
- if they are resident outside of BCP Council, they will be referred to their own local authority to discuss schooling.

Those applicants who apply after the national closing date go through a similar process again, resulting in further offers being made in accordance with the agreed late application timetable.

Outcome of application

BCP Council will advise parents/carers who applied online by uploading the outcome to the online system. Parents/carers will be able to view the outcome of their application online on the relevant national offer date. BCP Council will issue letters to all parents on the national offer dates.

Waiting list

The length of time a child's name is on the waiting list cannot be taken into account when places become available. Places are offered in accordance with the oversubscription criteria in the school's published admissions policy.

Waiting lists for the point of entry must be held until 31 December 2023. Not all schools hold waiting lists after this time. Parents will receive information in their notification letter about how the waiting lists are managed.

All waiting lists held for the academic year 2023/24 will expire on 31 August 2024. Parents/carers must submit a new school application form for 2024/25 and any subsequent years. Applications can be submitted from 1 June 2024.

Appeals

School Admission Authorities will inform BCP Council of the outcome of any appeals within 2 working days.

Timetable for On Time Applications 2023/24

	Secondary	Junior/Middle	Reception
Closing date for applications	31/10/22	15/01/23	15/01/23
BCP Council (BCP) to exchange applicant information with other local authorities (LAs) by BCP to exchange applicant information with other school Admission Authorities (AAs) in Council's area, with the exception of any applications received from outside the area, by	18/11/22	03/02/23	03/02/23
BCP sends a list of all applicants from outside the area to other AAs in BCP	25/11/22	20/02/23	20/02/23
AAs to send electronically a list of pupils to BCP in the order to be considered, together with the relevant criteria for each applicant	06/01/23	03/03/23	03/03/23
First exchange of offers between BCP and other LAs for applicants resident in their respective areas by	20/01/23	17/03/23	17/03/23
Deadline for final exchange of offers between LAs for applicants resident in their respective areas	03/02/23	31/03/23	31/03/23
BCP to inform other AAs of final allocation of places by	24/02/23	13/04/23	13/04/23
BCP issues notification letters to all applicants and on-time notifications to be uploaded on	01/03/23	17/04/23	17/04/23
Parents accept/decline offer by	15/03/23	02/05/23	02/05/23

Timetable for Late Applications 2023/24

	Secondary	Junior	Reception
Closing date for late applications	27/01/23	10/02/23	10/02/23
BCP Council (BCP) to exchange applicant information with other school Admission Authorities (AAs) in BCP	10/02/23	10/03/23	10/03/23
AAs to send electronically a list of pupils in the order to be considered, together with the relevant criteria for each applicant	03/03/23	24/03/23	24/03/23
BCP to inform other AAs of final allocation of places	17/03/23	10/05/23	10/05/23
BCP issues notification letters to all applicants on	24/03/23	12/05/23	12/05/23
Parents accept/decline offer by	07/04/23	26/05/23	26/05/23

Please note
At the end of the above timetable, BCP Council will continue to coordinate the allocation on a regular basis until the end of the school year.

IN YEAR ADMISSIONS

With the agreement of the school admission authorities, BCP Council coordinates all applications for school places in the council's area except Highcliffe School. Parents are advised to contact Highcliffe School directly for an application form.

One application form will be available for parents/carers wishing to apply for any school located in BCP Council. The application will invite parents to list up to four schools ranked in the order they would like their child to attend. The parents/carers should then submit the application to the BCP Council.

Parents/carers applying for a church school who request a place on faith grounds must provide a completed Supplementary Information Form. The Supplementary Information Form (SIF) is available from the school or a copy can be downloaded from the BCP website. Details of where to return the SIF are set out in the information on each school's websites regarding their admission arrangements.

For applications for schools in the council's area (with the exception of Highcliffe School who process their own applications), BCP Council should aim to notify the parents of the outcome of their application in writing within 10 school days. All parents must receive a notification in writing within 15 school days. The exception to this is where a parent applies for a place in a Grammar School. In these cases, the school must notify the parent in writing within 15 school days of the date for the assessment.

Admission Authorities will inform BCP Council within 3 school days of the outcome of the application. BCP Council will send out an offer or refusal letter (except for Highcliffe School which will send the letter to the parent, copied to the Local Authority).

Information regarding schools that do not process applications in a timely manner may be passed on to the Schools Adjudicator and/or relevant Department for Education agencies (e.g. RSC, EFSA). The need to request direction may also be considered.

All Admission Authorities will inform BCP Council of the results of any appeal hearings within 2 working days of the appeal outcome.

Applications to start in September 2023 for places in a year group different to the point of entry

With the exception of applications for Grammar Schools, these applications will not be processed until after 1 June 2023.

Any applications received prior to 1 May 2023 will be too early to be processed and the parent will be asked to submit a new application after 1 June 2023. Applications received between 1 May and 1 June 2023 will be retained by the School Admissions Team and processed after 1 June 2023.

Applicants applying before 1 June 2023 will be informed that their application will not be processed until after this date. This does not constitute a refusal to offer a school place at any of the preferred schools and therefore there will be no right of appeal until such time as the application has been processed.

Grammar School applications will need to be processed early to allow sufficient time for testing and, if appropriate, to allow appeals to be heard before the end of the Summer Term. Therefore applications for grammar school will be processed as and when received.

Looked After Children

A "Looked After Child" means any child who is in the care of a local authority in accordance with Section 22 (1) of the Children Act 1989. BCP Council has adopted a Protocol for dealing with In Year applications for Looked After Children. All applications will be processed in accordance with the Protocol.

Waiting lists

New waiting lists are normally created from September each year.

Where waiting lists are held, BCP Council will ensure any places that become available are offered in accordance with the oversubscription criteria within the published admissions policy of the school.

The waiting list for 2023/24 will expire on 31 August 2024. Parents/carers must submit a new application for 2024/25 and any subsequent years. Applications for the new waiting list can be submitted from 1 June 2024. Any children for whom a new application has not been received by 31 August will be removed from the waiting list on this date. Parents can apply at any point after 1 September to have their child placed back on any school's waiting list.

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Equality Impact Assessment: Conversation Screening Tool

What is being reviewed?	School Admission Arrangements 2023/24
What changes are being made?	• Reduce the published admission number (PAN) at Burton CE Primary School from 60 to 45 • Clarify how an application is managed if a family moves home during the application period • Clarify that families who wish to a remain on a waiting list longer than one academic year need to reapply for the next academic year.
Service Unit:	Children's Services
Participants in the conversation:	Angie Hill, Acting Team Manager, School Admissions, Children's Services Tanya Smith, Head of Service – School Places, Funding and Admissions, Children's Services Carly Williams, Team Leader, School Admissions, Children's Services
Conversation date/s:	6 December 2021
Do you know your current or potential client base? Who are the key stakeholders?	Parents and carers of children and young people aged 4-16 Local school partners
Do different groups have different needs or experiences?	The policy continues to ensure that school admission applications are considered based on the statutory requirements of the School Admissions Code. The Code promote fairness and equity in the operation of admissions. The School Admissions Code requires Looked After Children, Previously Looked After Children and children with an Education, Health and Care Plan (EHCP) are prioritised. The School Admissions Code enables children entitled to Pupil Premium and children with medical needs to be prioritised within oversubscription criteria.
Will this change affect any service users?	The reduction in the Published Admission Number will not impact service users as there is sufficient capacity in BCP Council to provide school places for all applicants for Reception places. The clarification of how change of address and waiting lists are managed does not change the processes already in place.
What are the benefits or positive impacts of the change on current or potential users?	School admission arrangements are statutorily required to be determined annually. The proposal is a pro-active measure which will help ensure the financial stability of the school while creating the right conditions for raising standards.
What are the negative impacts of the change on current or potential users?	Existing children on roll are unaffected by the proposal. They will remain on roll and will continue to age through the school as intended. Since the school is undersubscribed and based on existing demographic data indicating lower numbers, the proposed change will not adversely impact the existing patterns of admission

	and the school will continue to provide local places for local children.
Will the change affect employees?	No. The processes used to allocate school places remain the same. It is for the headteacher to manage the resources associated with staffing in line with class organisation.
Will the change affect the wider community?	School admission arrangements are statutorily required to be determined annually. The changes will not impact current or potential users as it is anticipated the reduction in Published Admission Number at Burton Primary School will not affect the number of families who apply for a place there (the school is undersubscribed).
What mitigating actions are planned or already in place for those negatively affected by this change?	A public consultation of the draft policy runs from 1 December 2021 until 31 January 2022 as required by the School Admissions Code. Key stakeholders will be targeted during the consultation. Responses from the consultation will be considered and where appropriate, amendments to the policy will be made.
Summary of Equality Implications:	All school applications will continue to be process in line with the requirements of the School Admissions Code. All families can apply for any school at any time and their applications will be considered in line with the school admissions policy. Families will have the opportunity to access an independent appeal process if they are unhappy with the decision of their application.

Form Version 1.2

CABINET

Report subject	**Mainstream Schools and Early Years Funding Formulae 2022/23**
Meeting date	9 February 2022
Status	Public Report
Executive summary	The council receives the ring-fenced dedicated schools grant (DSG) to fund the separate early years and mainstream schools funding formulae. The content of each formula is highly regulated by the Department for Education (DfE) and stakeholders must be consulted. Consultations have been undertaken with each sector, with the School's Forum considering the outcomes on 13 January 2022 and making recommendations to the council. The early years formula (for ages 2, 3 and 4) in BCP is for a sector comprised largely of private, voluntary, and independent settings with a small number of nursery classes in mainstream schools and academies. The DSG funding rates have increased by 4% overall for 2022/23. The mainstream schools formula (for reception to year 11) is applicable equally for maintained schools and academies. Funding for the for 2022/23 formula has increased by 3.9% from a combination of higher funding values, data changes and rising pupil numbers. There is surplus funding, estimated at £0.751 million, in the schools block available to transfer to high needs.
Recommendations	**It is RECOMMENDED that Cabinet recommends to Council:** **(a) The early years funding formula as set out in table 2 of paragraph 44 to increase the budget for the SEND inclusion fund paid to providers with the balance of additional funding allocated to the formula base rates.** **(b) The local mainstream formula is to continue to adopt the national funding formula (NFF) as set out in the appendix.** **(c) Surplus school block funding estimated at £0.751 million is transferred to support pupils with high needs.** **(d) The minimum funding guarantee for specialist providers is set at 0% to allow maximum budget flexibility.**

Reason for recommendations	Recommendation 1 acknowledges the support to early years providers from the Schools Forum and balances the risks of overspending funding allocated by government for early years and making appropriate provision for children identified as needing extra support in mainstream settings. Recommendation 2 adopts the recommendation of the School's Forum and is consistent with the government's plans to transition all schools to the NFF over time. Recommendation 3 reflects the decision of schools forum and the constraints on any higher level being achieved. Recommendations 4 is to facilitate flexibility in the high needs budget.
Portfolio Holder(s):	Councillor Drew Mellor, Leader, Finance and Transformation Councillor Mike White, Children and Young People Councillor Nicola Greene, Council Priorities and Delivery
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nicola Webb, Assistant Chief Finance Officer nicola.webb@bcpcouncil.gov.uk Sarah Rempel, Director of Education Sara.rempel@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. The DSG is allocated by the DfE through 4 separate funding blocks – early years, schools, high needs, and central school services with a total estimated for 2022/23 of £322 million provided in the settlement announced on 16 December 2022. This total includes the separate supplementary grant. The main driver of funding levels is pupil numbers.
2. A summary of the schools settlement for 2022/23 is provided in table 1 below.

Table 1: School Funding Settlement 2022/23

Funding Block	2021-22 Forecast	2022-23 Forecast	Annual Change		Reason for Change
	£000's	£000's	£000's	%	
Early Years	20,233	21,034	801	4.0%	Increase in funding rates
Schools *	228,880	244,942	16,062	7.0%	Demographic/ funding growth
Central	2,058	1,978	(80)	(3.9%)	Demographic growth / funding reduction
High Needs	47,822	54,346	6,524	13.6%	Demographic/ funding growth
Total	**298,993**	**322,300**	**23,307**	**7.8%**	

**The schools total includes the supplementary grant of £6.834 million.*

3. Each funding block has its own national funding formula (NFF) methodology to allocate funding to the local authority with the School and Early Years Finance Regulations 2022 (England) imposing some restrictions in how funding can be allocated to early years providers and schools as well as detailing the central expenditure that can be charged to the grant within each block.

Early Years Block

4. The DSG early years block funding rates have increased by 4% for 2022/23. Funding is for a sector largely comprised of private, voluntary, and independent settings with a small number of nursery classes in mainstream schools and academies.
5. Early years funding for 2022/23 has been estimated by the DfE based on the January 2021 census with the prior year comparative in table 1 adopting the same approach as both years remain estimated. Funding is to be finalised in summer 2022 and 2023 for each year respectively. Funding rates have increased for 2 year olds by £0.21 (3.9%) per hour and for 3 and 4 year olds by £0.17 (3.8%) per hour.
6. Included within the DSG but outside the early years funding formula there are prescriptive amounts included in the total early years funding in table 1:
    a. early years pupil premium (EYPP) which has increased by 7p (13%) from 53p to 60p per hour for eligible children
    b. disability access fund for one off payments to settings for eligible children which has increased by £185 (30%) from £615 to £800.

Schools Block

7. Funding through the schools block is for mainstream schools and finalised each year in the December settlement. The mainstream schools NFF in 2022/23 has increased by 3.9% from a combination of higher funding values and data changes (2.4%) and rising pupil numbers (1.5%). This funding is to be supplemented in 2022/23 by a separate grant with the increase for mainstream schools 7% overall.
8. The July 2021 announcements for the mainstream schools NFF provided the details of the updated formula for 2022/23, which included small changes in how data is used alongside increased unit values for formula factors. The school level NFF allocations calculated by the DfE in July use census data from the previous year. These allocations are totalled and divided by pupil numbers to derive the primary and secondary school phase unit funding levels for 2022/23. These are then applied to the October 2021 census pupil numbers to determine the final schools NFF funding to the council in December. The separate funding allocation for agreed in-year pupil growth is also provided in December.
9. The BCP local mainstream formula in 2020/21 and 2021/22 adopted the NFF methodology and unit values in full. The government's aspiration is that all schools are to be funded according to a national formula with the DfE consultation over summer 2021 indicating that from 2023/24 all councils could be required to make progress towards it each year. Approximately 50% of councils are currently already using the NFF as the local formula.

Supplementary Grant

10. The £6.8 million supplementary grant will be rolled into the DSG from 2023/24. It is to fund additional cost pressures for schools from those foreseen at the time of the July

2021 DSG funding announcements. The allocation is indicative only, being calculated using preliminary data from the October 2021 census. The final data will be available in early 2022 and allocations will be confirmed in spring.

11. The grant is payable only to public sector schools. This means that further education colleges, sixth form colleges, independent learning providers, as well as private and voluntary sector early years providers are not eligible to receive this funding.
12. Schools have the flexibility to prioritise their spending to best support the needs of their pupils and staff and address cost pressures, including those associated with the new health and social care levy.
13. The funding consists of three elements, which are based on factors already in the schools NFF – basic per pupil rate, lump sum and FMS6 (entitled to free school meals in at least one year in the previous six).
14. There are no decisions for Schools Forum or Council regarding the supplementary grant.

Central School Services Block

15. The funding for the central school service block is reducing annually as BCP historic funding is protected through the transition to the lower national formula level.

High Needs Block

16. High needs funding has increased by 13.6% for 2022/23 but historically it has not kept pace with rising demand within the statutory framework for education provision.
17. The high needs block largely funds the costs of meeting the needs of individual pupils through top up funding for those in mainstream schools and funding for pupils in special schools and other specialist providers. The pressures on this budget have been identified as a national issue following legislative changes in 2014 which significantly increased the number of pupils eligible for additional funding through education, health, and care plan (EHCP) assessments.
18. The high needs funding gap has grown each year in BCP with the projection for 2021/22 being a shortfall in funding of £12.9 million. In 2022/23 the funding gap is estimated to increase to £16.7 million if current trends continue. This is additional to the accumulated deficit brought forward of £7.8 million at April 2020. Without further mitigating actions the total deficit at the end of the 2022/23 financial year is projected at £37.4 million.
19. Fundamental to reducing the funding gap is the need to create more local special school places (on top of the 200 created since 1 April 2019) as well as mainstream schools becoming more inclusive to avoid the need to place in more expensive specialist providers.
20. Any transfer of funding from the school block to support high needs is for one year only so that the amount is not locked into the budget. There has been sufficient funding in the school block in previous years to fund all schools at the NFF, provide for an appropriate level of growth fund with a sufficient surplus available to transfer £1.1 million (0.5%) to high needs. In 2022/23 this is no longer the case due to data changes with surplus funding being only £0.751 million (0.3%).

Schools Forum

21. The School's Forum is a statutory consultation body of the council 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.
22. The forum includes representation from stakeholders across BCP. Members are drawn from the early years sector, each phase of school (primary, secondary, special, and alternative provision), each status (maintained and academy) plus an age 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.
23. The regulations set out the responsibilities for decision-making between the Council and the Schools Forum, including any consultation requirements.
24. The School Forum make recommendations, following consultations with each sector, regarding the early years and mainstream formulae with the decisions to be made by Council.
25. The Schools Forum decides the level of central expenditure retained from each funding block, except for 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.
26. Schools Forum has been clear that all mainstream schools are to receive their full NFF allocations before any level of transfer to high needs can be considered. The DfE have also been clear that no transfer can take place above the 0.5% limit and have rarely agreed transfers not supported by the Schools Form. This means that any level of transfer is limited to the surplus available within the schools block and no more than 0.5% of school block funding.
27. The council could decide to transfer funding to high needs 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.

Early Years Single Funding Formula (EYSFF)

28. The council is required to operate an EYSFF for all providers. The formula is applicable for the 2, 3 and 4 year old free entitlement for education and childcare in pre-schools, day nurseries, independent schools, childminders, and in nursery classes within a small number of maintained schools and academies.
29. The early years formula for 2021/22 passed on in full the increase from government for that year to providers through an increase in the formula base rate, which is the same for all providers. In 2022/23 some of the extra funding is needed to increase the SEND inclusion fund paid to providers based on the needs of individual children as the current level of the inclusion fund is insufficient.

2022/23 Local Formula

30. The formula for 2-years-olds is a mandatory single base rate (eligibility is restricted to children from low income families).
31. 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 other discretionary specific supplements permitted.

32. The principles of the formula were agreed through consultation in previous years, namely:
    - 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 enables providers to forecast funding levels 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.

Consultation and Recommendation from the Schools Forum for 2022/23

33. Initial consultation took place with provider representatives in a sub-group of the School's Forum to help shape the wider consultation with the sector. This group recommended that alongside the council's preferred option, further options should be presented in how the additional funding (21p per hour for eligible 2 year olds and 17p per hour for 3 and 4 year olds) should be allocated. In all options there was to be no change to the existing deprivation supplement or central expenditure allocations.
34. Option 1 was noted as the council's preferred option. To raise the provider base rate by 12p per hour for eligible 2 year olds and 8p per hour for 3 and 4 year olds. The remainder of the increase in funding from the DfE to fund the pressures within the inclusion fund which is equal to an increase of 9p towards SEND inclusion for all ages. This is equivalent to growth in the inclusion budget needed of £0.4 million. In this option there is to be no change to the value of tier funding per hour received by providers from the inclusion fund which would continue to be paid at current rates of £2.00 per hour for eligible children (tier 1) and £6.30 per hour for eligible children (tier 2).
35. Option 2 is to raise the provider base rate by 16p per hour for eligible 2 year olds and 12p per hour for 3 and 4 year olds. To maintain affordability within the early years level of funding overall, the inclusion funding rates to providers would need to be reduced to limit the budget increase needed. Tier 1 would be funded at £1.60 per hour (instead of £2), and tier 2 would be funded at £5.04 per hour (instead of £6.30).
36. Option 3 is to raise the provider base rates by the full increase from the government. To maintain affordability, the inclusion funding rates would need to be further reduced compared with option 2 to maintain the SEND inclusion fund at the current level. Tier 1 would need to reduce to £1.10 per hour, tier 2 to £3.46 per hour.
37. The council's preferred option acknowledged that providers continue to face significant funding pressures and that central government funding is largely considered insufficient by many operating across the sector. Therefore, it was recognised in the consultation that there was not a perfect option. Nonetheless, the council's preferred option sought to achieve a balance between increasing the basic rate and meeting the needs of vulnerable children through increasing the SEND inclusion fund. This was considered best achieved with option 1.
38. The formal consultation ran for 4 weeks, ending on 11 January 2022. A consultation paper was distributed to the 314 providers and four virtual consultation events were held. Responses were provided via an on-line survey with a 30% response rate achieved, including childminders (which represent 50% of possible responders but each provide for only a small number of children). The sector feedback for groups and school based

settings in isolation is 37%. There was a majority in disagreement for all options as funding is considered by the sector to be inadequate overall.

39. The Schools Forum considered the outcome of the consultation at the 13 January 2022 meeting and recommended that the growth needed for the inclusion fund of £0.4 million should be funded from the high needs block. It was suggested as one potential use of the surplus schools block funding to be transferred but no decisions could be made until the mainstream top up funding banding review had concluded later in the year.

Proposed EYSFF 2022/23 for Council Decision (option1)

40. The high needs block is a significant concern for the council and all measures need to be considered to limit the funding gap with the growing caseload of children needing support beyond that provided through mainstream funding mechanisms.

41. Sufficiency of childcare is also a concern and a balanced approach is needed. Schools Forum support for the sector is welcomed and the recommendation for the formula has taken this into account. It is proposed that option 1 is implemented from 1 April 2022 but the base rate is to be uplifted by any allocation from the schools block transfer that is formally agreed by Schools Forum later in the year. If agreement is not reached prior to 31 March 2022 then any increase that is agreed will be paid retrospectively from 1 April 2022 without requiring any further decisions from Council.

42. It should be noted that the decision to use surplus school block funding for high needs is applicable for one year only. Allocating funding to the EYSFF formula base rate will reduce the increase possible from changes to early years funding in future years without a corresponding reduction in the inclusion fund.

43. A review of the caseload estimated for the inclusion fund is underway to ensure appropriate thresholds are being applied consistently and that funding provided from other sources is well-understood across the sector. Inclusion funding is not provided under the statutory framework for EHCPs. Any EHCPs for children in the early years age groups are funded by the high needs block following statutory processes and is in addition to the inclusion fund within the EYSFF.

44. The 2021/22 base rate for 2 year olds is increased by £0.12 (2.3%) per hour and for 3&4 year olds by £0.08 (1.9%).

Table 2: Proposed EYSFF - Hourly Funding Rates 2022/23

Children Aged 2:

2021/22			2022/23		
Allocation from Funded Rate *	**EYSFF Provider Rate**	**Funding Elements**	**Allocation from Funded Rate ***	**EYSFF Provider Rate for approval**	**Note**
£5.16	£5.16	Base Rate	£5.28	£5.28	Every child
£0.07	£2.00 or £6.30	Inclusion Fund	£0.16	£2.00 or £6.30	Per eligible child
£0.16		Central Functions	£0.16		
£5.39	**DSG Funding Per Hour**		**£5.60**		

Children Aged 3 and 4:

2021/22			2022/23		
Allocation from Funded Rate *	**EYSFF Provider Rate**	**Funding Elements**	**Allocation from Funded Rate ***	**EYSFF Provider Rate for approval**	**Note**
£4.18	£4.18	Base Rate	£4.26	£4.26	Every child
£0.13	£0.53	Deprivation	£0.13	£0.53	Per eligible child
£0.11	£2.00 or £6.30	Inclusion Fund	£0.20	£2.00 or £6.30	Per eligible child
£0.02		Central Functions	£0.02		
£4.44	**DSG Funding Per Hour**		**£4.61**		

**The shaded grey allocations from the DSG funding levels are shown for context.*

Deprivation eligibility is 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. The supplement is added only to the funding rate of the entitled child.

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 special education needs coordinator (SENCO) with band 1 at £2.00 and band 2 at £6.30.

Mainstream School Funding Formula

45. The schools funding block of £238 million provides for the mainstream school formula and the central growth fund that must be established for agreed in-year pupil growth from September 2022. Some pupil growth is provided to schools through the formula (circumstances set out in DfE guidance) and there is no expectation that the overall level of growth funding should match the related NFF allocation. The Schools Form agreed the policy and resulting level of the growth fund for 2022/23 at the 13 January 2022 meeting.

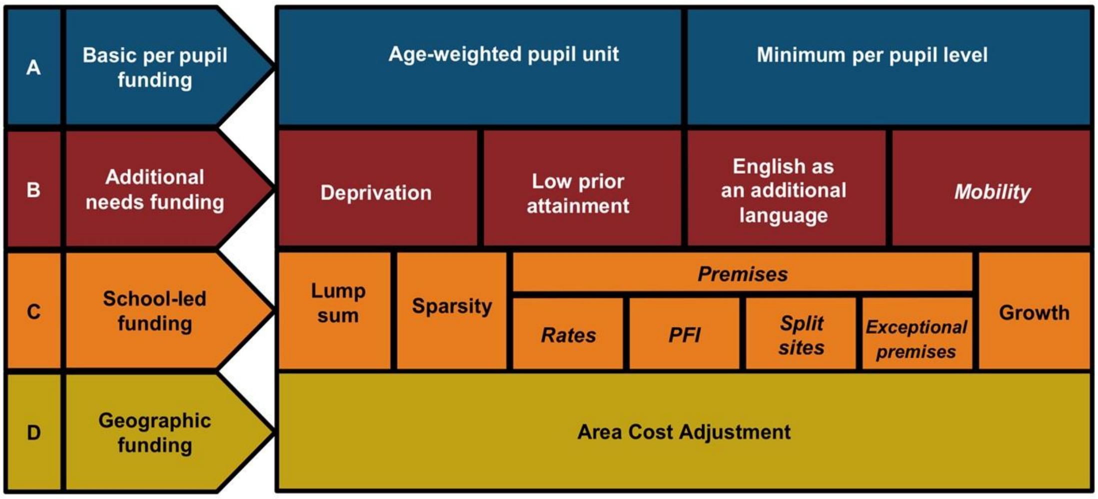
46. After the level of the growth fund is agreed, the balance of funding is available for the mainstream formula and any transfer to high needs. A summary of the position is set out in table 3.

Table 3: Schools Funding Allocations 2022/23

Allocation of Funding	£000's
Schools funding allocation– table 1	244,942
Less supplementary grant	(6,834)
DSG schools block	**238,108**
Growth fund agreed by Schools Forum	(513)
Transfer to high needs agreed by Schools Forum (0.3%)	(751)
Total for individual school budgets using NFF	**236,844**

47. The Schools NFF to provide funding for mainstream schools comprises factors as shown in Figure 1.

Figure 1: Factors in the schools national funding formula



Note that the PFI factor and area cost adjustment are not applicable to BCP

48. The detail of the NFF factors and funding values is included in Appendix 1.

49. 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.

50. The APT format is aligned to the NFF, but there are some 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 the previous year. The NFF uses this mechanism but instead compares to the previous year NFF rather than the local formula.

51. 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, deprivation factors and use of the NFF minimum per pupil funding levels (MPPFL) for each school phase) 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.

52. The impact of adopting the NFF as the local formula for 2022/23 to fund the 91 BCP mainstream schools is as follows:

    a) **Minimum per pupil funding level (MPPFL**) impacts on 47 schools (last year 50). Budgets are increased to the MPPFL where the NFF allocations otherwise would provide less funding than national mandatory minimum levels (typically for schools with high performing pupils from more affluent backgrounds). The significant uplift for the primary phase last year drew more schools into this category compared with 2020/21. This year the reverse is true with the MPPFL's increasing by only 2% with most formula factors increasing by 3%.

b) **Minimum funding guarantee (MFG) per pupil funding protection of an increase of 2%** for 12 schools (last year 16) where the NFF provides less than a 2% increase from the previous year allocation (typically schools with higher levels of deprivation).

c) The remaining 32 schools (last year 24) are fully **formula funded** with changes in NFF allocations compared with 2021/22 driven by a 3% uplift on most NFF formula factor unit values and data changes from the October 2021 school census.

35. Surplus funding in the schools block has reduced from £1.3 million in 2021/22 to an estimated £0.751 million in 2022/23. More pupils have qualified for deprivation funding compared with last year and with more schools now fully funded by the formula rather than the MPPFL or MFG, data movements have a greater impact on the level of funding. In addition, an all-through academy has restructured to form separate primary and secondary schools. This has meant the allocation of additional funding of £0.3 million through the MPPFL from the disaggregation of the primary data from the secondary school. The DSG schools block allocation will not reflect these data changes until 2023/24 as it uses data lagged by one year to calculate the primary and secondary units of DSG funding.

Consultation and Recommendation from the Schools Forum

53. The consultation with schools was undertaken over 3 weeks, closing on 17 December 2021. A consultation paper and link to the online survey were sent out to all schools by e-mail. A virtual consultation meeting was held on 9 December, aided by a presentation, that was well-attended by schools.

54. Responses were received from all categories of schools (mainstream and special, academy and maintained) representing 51 schools (56%). Some multi academy trusts responded on behalf of all their schools in BCP with the response rate and data taking this into account.

55. All schools agreed that the NFF methodology and unit values should remain as the local mainstream funding formula.

56. Most schools (75% of responses) agreed surplus schools block funding should be transferred to high needs up to the limit of 0.5% (£1.2 million). Note that at the time of most responses, the additional £6.8 million (3%) from the spending review for mainstream stream would have been unknown. Reasons for disagreeing include:

    a. There is a collective responsibility to support the high needs places required across BCP, but there is more the LA could do to reduce the cost of providing these places and could work more closely with the schools providing higher than average exclusion rates to address this.

    b. Being inclusive and keeping more children in mainstream schools can be done only with adequate funding. It was appreciated that the band funding could increase from the review underway, but concern expressed that schools could make better use of the funding directly.

    c. The funding was allocated for schools and academies and is needed for those schools to make a small additional contribution to the work of mainstream settings, assisting them to retain increasing numbers of high needs pupils, until wider capacity improves.

57. The Schools Forum meeting on 13 January 2022 received details of the DSG settlement in December, mainstream school budget calculations using the NFF as the local formula, and feedback from the consultation with schools.

58. The Schools Forum recommended that the local formula adopt the NFF in full and agreed that surplus school's block funding, estimated at £0.751 million, could be transferred to support high needs. However, in agreeing the transfer Schools Forum wanted to decide how it is applied to the benefit of mainstream provision (potentially including early years) rather than it being used to reduce the high needs block annual gap or accumulated deficit.

2022/23 Proposed mainstream formula and transfer to high needs

59. The mainstream formula for 2022/23 in the appendix for Council approval is equivalent to the NFF for all schools.

60. The surplus schools block funding for 2022-23 is to be transferred to support high needs, estimated at £0.751 million as the maximum affordable and as approved by the Schools Forum.

Minimum Funding Guarantee (MFG) for Maintained and Academy Specialist Providers

61. The MFG must also be set for the funding rates of special schools and alternative provision between 0% and +2%. It can be set at a different level than for mainstream schools.

62. The MFG for specialist providers has been set at 0% for some years now due to the pressures on the high needs budget with special schools band funding not increased. A review of the funding mechanism for these schools is needed as this approach is not sustainable in the longer term. A special maintained school responding to the consultation commented that BCP need to consider the impact of static funding, resulting in real terms cuts. While mainstream schools are rightfully receiving rises, the ability of special schools to support the developments to tackle the high needs deficit will be hampered when support staff pay increases, (which for special schools are a very significant proportion of their costs) have not been provided for in funding levels. Recruitment constraints and inflation were all referenced.

63. In December 2021 additional funding of £1.9 million was allocated to the high needs block of the DSG from the autumn spending review (on top of £4.6 million growth in funding from the high needs NFF to provide the £6.5 million increase overall shown in table 1). It is likely that some of this will need to be allocated to increase top up funding rates for special schools and alternative providers as cost pressures for all schools have grown since the initial July 2021 DSG funding announcements.

64. To maintain maximum funding flexibility, it is proposed that an MFG is set at 0% for specialist providers in 2022/23 whilst a review of funding levels takes place during the year with the aim of allocating some of the additional funding to special school funding rates.

Options Appraisal

65. Options were considered in the consultation processes with the early years sector, schools, and Schools Forum.

Summary of financial implications

66. The early years and mainstream formulae are set within the funding envelope of the DSG and therefore have no impact on the general fund.
67. The 0.3% transfer of funding from the schools block to high needs is the maximum affordable with all schools receiving their full NFF allocations and able to be agreed by the Schools Forum. The impact of the growing accumulated DSG deficit is considered further in the Budget and Medium Term Financial Plan (MTFP) 2022/23 report on the agenda.
68. A higher level of transfer from the school block up to the maximum permitted level of 0.5% would require the approval of the DfE as it does not have the support of the Schools Forum. The DfE if approached would not be expected to override the decision of the Schools Forum, especially as no progress has yet been made in reducing the high needs funding gap.

Summary of legal implications

69. The consultations undertaken and the formulae recommendations are compliant with the School Funding Statutory Framework for 2022/23.
70. Funding rates for early years in 2022/23 must be provided to the sector by 31 March 2022.
71. School budgets must be finalised and notified to maintained schools by 28 February 2022 with the DfE timetable the same for academy budgets.

Summary of human resources implications

72. There are no human resources implications for the council. Any implications from funding levels are for early years providers and schools.

Summary of sustainability impact

73. None.

Summary of public health implications

74. 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 leading to reduced health equalities locally.

Summary of equality implications

75. An equalities impact assessment has not been undertaken. The DfE have undertaken equality impact assessments in determining the structure of the funding formulae and how funding is to be allocated. The local formulae are aligned with the national schemes.

Summary of risk assessment

76. There are no risks to the council from the implementation of the funding formula within the Regulations and published guidance. However, the main risk relates to the high needs funding gap as proposals to close this gap have not yet been developed within children's services with the deficit continuing to grow. This deficit for 2022/23 is required to be held as a separate negative reserve not impacting on the general fund.

This position may change, and the accumulated deficit may eventually exceed council general fund reserves.

Background papers

Schools Forum Meeting – 13 January 2022

http://ced-pri-cms-02.ced.local/ieListDocuments.aspx?MId=5095&x=1

Appendix

National (and proposed local) mainstream schools funding formula 2022/23

Appendix

National and Proposed Local Mainstream School Funding Formula 2022-23

Factors within the NFF	2021-22	2022-23
Basic Entitlement - Primary	£3,123	£3,217
Basic Entitlement - Secondaries	KS3 £4,404 KS4 £4,963	KS3 £4,536 KS4 £5,112
Deprivation - FSM data	£460 FSM £575 Primary FSM6 £840 Secondary FSM6	£470 FSM £590 Primary FSM6 £865 Secondary FSM6
Deprivation IDACI bands	Range £215 to £865	Range £220 to £890
Prior Attainment Primary	£1,095	£1,130
Prior Attainment Secondary	£1,660	£1,710
EAL Primary	£550	£565
EAL Secondary	£1,485	£1,530
Lump Sum Primary	£117,800	£121,130
Lump Sum Secondary	£117,800	£121,130
Mobility	£900 Primary £1,290 Secondary	£925 Primary £1,330 Secondary
Sparsity	NFF method	NFF method
Minimum per pupil funding levels (MPPFL)	Primary £4,180 KS3 £5,215 KS4 £5,715	Primary £4,265 KS3 £5,321 KS4 £5,831
Minimum increase per pupil (MFG)	+2%	+2%
Other Factors (funded at cost)		
Business Rates	At cost	At cost
Joint use agreements (2 schools)	£101,017	£101,017
Split sites (2 schools)	£230,288	£230,288

Schools' business rates will be paid by the ESFA to billing authorities directly on behalf of all state funded schools from 2022/23 onwards.

Exceptional premises and split sites factors are funded by the ESFA at historic levels outside the NFF for 2 schools (split site) and 2 different schools (joint use). Their use has previously been agreed by the ESFA based on evidence provided of additional costs of operating over a split site or from the provision of joint use with the community of sports facilities. A formulaic approach has been signalled by the ESFA for 2023/24 for factors currently funded outside the NFF to achieve greater national consistency.