

Notice of Cabinet meeting

Wednesday 18 October 2017 at 10.30am

HMS Phoebe Committee Room, Town Hall, Bournemouth

Cabinet Member

Councillor John Beesley
Councillor Nicola Greene

Councillor Philip Broadhead

Councillor Blair Crawford
Councillor Anne Filer
Councillor Mike Greene
Councillor Jane Kelly
Councillor Robert Lawton
Councillor Pat Oakley
Councillor David Smith

Portfolio – area of responsibility

Leader of the Council, Resources and Chair

Deputy Leader of the Council, Education &
Children's Services and Vice-Chair

Local Government Reorganisation and Economic
Growth

Adult Social Care

Corporate Efficiency

Transport, Cleansing and Waste

Regeneration and Public Health

Housing

Tourism, Leisure and the Arts

Planning and Environment

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

The Public, press and any Councillor are welcome to attend this meeting.

For further information please contact: Matthew Wisdom, Deputy Head of Democracy, Legal and Democratic, Town Hall, Bourne Avenue, Bournemouth BH2 6DY. Tel: 01202 451107 E-Mail: matthew.wisdom@bournemouth.gov.uk

Councillors' Call-in to Overview and Scrutiny Panels - The record of decisions made at this meeting will be published by Friday 20 October 2017. Councillors may require items set out in Section II of the record of decisions to be called-in to the relevant Overview and Scrutiny Panel.

The deadline for receiving call-in requests is 5pm on Friday 27 October 2017.

Public involvement

The Council welcomes members of the public to contribute to the meeting:

- 1 by asking to speak on an agenda item or a community issue as a 'Deputation'; or
- 2 by asking a public question - any member of the public whose name appears on the Electoral Roll for Bournemouth - which includes a person under the age of 16 years living in Bournemouth and who is escorted by a qualifying adult; or
- 3 by presenting a petition in relation to items on the agenda.

A request to speak as a deputation, ask a question or present a petition must be sent in writing or email to Matthew Wisdom at the address shown on page 1 by no later than 10.30 am on Tuesday 17 October 2017.

Further information is available on the Council's web site:

<http://www.bournemouth.gov.uk/CouncilDemocratic/GetInvolvedHaveyoursay/PetitionsDeputations.aspx>

A hearing loop system is provided in the meeting room. There is disabled access to the building. Councillors and visitors with particular needs are advised to inform the Council before arriving at the meeting.

This agenda together with records of decisions and reports are available on the Council's web site at <http://www.bournemouth.gov.uk>

Audio recording and filming

This meeting may be audio recorded by the Council for subsequent publication on the Council's Website. Anyone may audio record, film, take photographs and/or use social media such as tweeting and blogging when this meeting is open to the public. Anyone wishing to record this meeting in anyway must do so in accordance with Council Procedure Rule 108 and the Council's protocol for filming and audio recording at public meetings and the Public Notice on Filming and Recording Meetings which can be found using the following link:

<http://www.bournemouth.gov.uk/CouncilDemocratic/CouncilMeetings/FilmingCouncilMeetings.aspx>

If you have any queries regarding this please contact the Democratic Services Officer at the meeting.

Business to be held in private

The Cabinet hereby gives notice of its intention to hold part of this meeting in private to consider item 10 which is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, in that it relates to the financial or business affairs of any particular person - including the authority holding that information.

The Cabinet has received no representations as to why the relevant part of the meeting should not be held in private.

Agenda

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

1 **Apologies**

2 **Declarations of interest**

Members are asked to declare in accordance with Procedure Rule 5:

- a. any disclosable pecuniary interests in any item under consideration at the meeting as required by the Localism Act 2011;
- b. any memberships of outside bodies where such membership involves a position of control or significant influence on the organisation concerned;

Members are also asked to state fully the nature of the interest(s). If any member has a query regarding possible interests, please contact the Head of Democracy in advance of the meeting.

3 **Confirmation of Minutes**

To confirm the minutes of the Cabinet meeting held on 6 September 2017, available to view on the Council's website at the following link:-

<http://www.bournemouth.gov.uk/CouncilDemocratic/CouncilMeetings/CommitteesPanels/Cabinet.aspx>

4 **Public items**

a **Public Questions**

The Head of Democracy will report on any public questions received by the notice deadline.

b **Deputations**

The Head of Democracy will report on any deputation requests received by the notice deadline.

c **Petitions**

The Head of Democracy will report on any petitions received by the notice deadline.

5 **Minutes of the Review of the Constitution Steering Group – 16 October 2017 – to be circulated at 5.**

6 **Bournemouth Refreshed Housing Strategy 2017-2020 – circulated at 6.**

7 **Medium Term Financial Plan 2018 to 2020 Refresh** – circulated at 7.

8 **Budget Monitoring Statements to 31 August 2017** – circulated at 8.

9 **Changes to the Cabinet Forward Plan**

Cabinet is asked to note the latest changes to the Forward Plan as agreed by the Leader of the Council. The latest Forward Plan is available to view on the Council's website at the following link:-

<http://www.bournemouth.gov.uk/CouncilDemocratic/CouncilMeetings/CommitteesPanels/Cabinet.aspx>

Item to be considered with the Press and Public Excluded*

* NOTE: In relation to the item of business appearing below, the Cabinet is asked to consider the following resolution:-

“That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 in Part I of Schedule 12A of the Act and that the public interest in withholding the information outweighs such interest in disclosing the information.”

10 **Bournemouth Asset Investment Strategy (BAIS) – Acquisition Opportunity** – circulated at 10.

The meeting will resume in public session

11 **Any other business** - not being a key decision - of which notice has been received before the meeting and by reason of special circumstances, which shall be specified in the record of decisions, the Chair is of the opinion that the items should be considered as a matter of urgency.

DESCRIPTION OF EXEMPT INFORMATION

Paragraph 3 – Information relating to the financial or business affairs of any particular person - including the authority holding that information.

Cabinet

Report Subject	Refreshed Bournemouth Housing Strategy 2017 -2020
Meeting date	18 October 2017
Cabinet Portfolio	Councillor Robert Lawton – Housing
Corporate Lead	Bill Cotton, Executive Director - Environment and Economy
Service Director	Gary Josey, Service Director for Housing and Communities
Status	Public
Classification	For decision
Key Decision	No
Impacts on Key Policy Framework	Yes
Report author	Lorraine Mealings ☎ 01202 454784 Head of Housing & Customer ✉ lorraine.mealings@bournemouth.gov.uk
Executive summary	<p>A refreshed Bournemouth Housing Strategy 2017-20 is presented (see Appendix One) which provides a mid-term refresh of the current Housing Strategy 2013-20.</p> <p>The Housing Strategy is a key document published by the Council to set the strategic direction and vision for Housing in Bournemouth.</p> <p>It is important to note that a number of more detailed strategies sit underneath this over-arching strategy such as the Homelessness Strategy and the Homes for Boscombe Strategy.</p>

	<p>The Housing Strategy needs to align well with other local related strategies such as the Local Plan and the Corporate Plan.</p> <p>The refresh was felt necessary because of considerable change in the housing landscape since 2013. Over the last few years there has been significant changes to national policy, increased demand on services amid increasingly challenging financial times for the Council and partner agencies to deliver services.</p> <p>This refresh sets a new vision for housing: -</p> <p><i>“To ensure positive housing outcomes for everyone, by proactively pursuing innovative and ambitious improvements across the housing sector. To ensure that good housing is part of why Bournemouth is a great place to live with thriving communities”.</i></p> <p>It also defines 5 revised priorities which will form the focus of resources: -</p> <ol style="list-style-type: none"> 1. Increase the right supply of new homes to meet local needs, including affordable housing 2. Ensure housing stock is managed and maintained efficiently, safely and effectively, including improvements to the private rented sector 3. Supporting area-specific regeneration plans 4. Preventing homelessness and improving health and wellbeing through housing 5. Making best use of resources and developing additional commercial opportunities <p>The refreshed document includes an ambitious delivery programme in order to deliver the vision and priorities. The delivery programme will ensure an ongoing and sustained focus on improving the housing outcomes across Bournemouth.</p>
<p>Recommendations</p>	<p>That Cabinet recommend to Council:</p> <ol style="list-style-type: none"> 1. To approve the Refreshed Bournemouth Housing Strategy 2017-20 (Appendix One) as a mid-term update to our existing Bournemouth Housing Strategy 2013-20

	<p>2. To approve the Vision for Housing (Chapter 2), the 5 new priorities (Chapter 3) and the indicative delivery plan (Chapter 7), within the Refreshed Bournemouth Housing Strategy 2017-20.</p>
Reasons for recommendations	<p>1. A mid-term refresh to the Housing Strategy is required in order to re-evaluate the current position and realign the long-term vision for the next few years. This follows a period of considerable change in the housing landscape since 2013; in terms of national and local housing policies, changes in demand and a transformed financial context.</p> <p>2. The Housing Strategy aims to set out the long-term vision for housing in Bournemouth across all issues and a delivery plan to achieve this. It is important that this is current and up to date.</p> <p>3. A current and up to date Housing Strategy is needed to help ensure a shared housing agenda across all partners.</p>

Background detail

What is the Housing Strategy?

1. The current Bournemouth Housing Strategy was published in 2013 and covers the 7 year period up until 2020.
2. The Council takes responsibility for leading this strategic vision and publishing the strategy although the delivery very much needs to be in partnership with a range of stakeholders across Bournemouth and beyond.
3. The Housing Strategy aims to set out the long-term vision for housing in Bournemouth across all issues and a delivery plan to achieve this.

Links with other strategies and policies

4. It is important to note that a number of more detailed strategies sit underneath this over-arching strategy, including :-
 - Homelessness Strategy 2016
 - Empty Homes Strategy 2016
 - Homes for Boscombe Strategy (being updated)
 - Private Sector Housing Strategy (to be published)
 - Housing Revenue Account Business Plan
 - Housing Revenue Account Development Strategy (being updated)

- Affordable Housing Planning Policy and Supplementary Planning Document
 - Allocations Policy
5. It also needs to accord with additional non-housing specific strategies and plans, with the key ones being :-
- Bournemouth Borough Council Corporate Plan
 - Bournemouth Borough Council Medium Term Financial Plan
 - Local Plan (being updated)
 - Dorset Local Enterprise Partnership Strategic Economic Plan
 - Neighbourhood Plan (to be published)
6. In terms of the Council's Corporate Plan, it is important that the Housing Strategy helps deliver the 5 key priorities within this, known as 'Ambition 2020'.
7. This refreshed document does not replace the existing Housing Strategy 2013-20 but rather provides an update on the current position and realigns the way forward accordingly.

Structure of the Refreshed document

8. This refreshed document in Appendix One sets out:
- a new vision
 - five key priorities and how the focus has changed since 2013
 - current position statement on the national landscape and how this has changed since 2013
 - summary profile of current housing issues for Bournemouth
 - progress made since 2013
 - key areas of focus for delivery over the next few years

Vision for Housing and Key Priorities

9. The document sets a new vision for housing as follows:-
- "To ensure positive housing outcomes for everyone, by proactively pursuing innovative and ambitious improvements across the housing sector. To ensure that good housing is part of why Bournemouth is a great place to live with thriving communities".*
10. The document sets out 5 revised key priorities which will form the focus of resources, as follows: -
1. Increase the right supply of new homes to meet local needs, including affordable housing

2. Ensure housing stock is managed and maintained efficiently, safely and effectively, including improvements to the private rented sector
 3. Supporting area-specific regeneration plans
 4. Preventing homelessness and improving health and wellbeing through housing
 5. Making best use of resources and developing additional commercial opportunities
11. Whilst many of the priorities remain as they were in 2013, the focus for much of the activity has changed considerably. Enabling housing supply across all tenures is important and not just affordable housing, there is a greater necessity to improve the private rented sector, the scale and complexity of homelessness is very different to 2013 and a focus on finances is now critical for all activities.
12. An ambitious delivery programme is set out in order to deliver the vision and priorities, which involves an ongoing and sustained focus on improving the housing outcomes across Bournemouth.

Consultation

13. Whilst the consultation process for the development of this mid-term refresh has been more limited than that undertaken when publishing a new Housing Strategy, the following mechanisms and consultees have been invited to consider the issues and feedback has informed the final document :-
- Portfolio Holder for Housing
 - Community Overview and Scrutiny Panel
 - All Councillors
 - Cabinet
 - Council Service Directors and Executive Team
 - Council's Corporate Management Team
 - Council's Monitoring Officer
 - Council's 151 Officer and Finance
 - Heads of Service
 - Housing Senior Management Teams
 - Strategic Housing Options Team
 - Housing management team
 - Policy, Strategy and Performance Team
 - Bournemouth Housing Forum
 - Homelessness Strategy Group
 - Borough of Poole
 - Other Dorset Councils – Housing and Planning leads
 - Registered Providers (RPs)

14. It is intended that a full review, including more significant stakeholder consultation, will take place leading up to 2020, after which a new comprehensive Housing Strategy will be published.

Options

15. An alternative option would be to not pursue an update of the Bournemouth Housing Strategy. This would not give a clear and updated way forward, and not take into account the significantly changing landscape since 2013. The current strategic direction for housing would not be clear for the Council and its many partners. Resources, focus and efforts could then be focused on areas which are no longer appropriate.

Summary of finance and resourcing implications

16. There are a wide range of priorities and delivery actions outlined in the Refreshed Bournemouth Housing Strategy. Substantial partnership resources will clearly be required to meet these aspirations both in terms of capital and revenue funding. For the Council, this is across both the General Fund and the Housing Revenue Account.
17. Prudent management of budgets and robust appraisal of options will be required for each activity as we move forward, especially considering the very tight financial constraints.
18. It is likely that the delivery programme will evolve and be revised if the funding streams on which this Housing Strategy relies changes.

Summary of legal implications

19. Local authorities are required, in law, to have a Housing Strategy, which sets out "a vision for housing in its area" and "objectives and targets and policies" (Local Government Act 2003). This refreshed document provides an updated version.

Summary of human resources implications

20. Adequate staff capacity for the Council and its partner agencies is essential, in order to deliver this strategy. Due to the financial landscape, plans may need to be revised if staffing capacity reduces.

Summary of environmental impact

21. The findings from the Environmental Impact checklist undertaken for the publication of the Housing Strategy in 2013 are still appropriate. It is important to make sure that the impact of necessary housing

new-build is mitigated as much as possible through good design and planning.

Summary of equalities and diversity impact

22. The findings from the Equality Impact Needs Assessment undertaken in 2013 have been revisited and remain valid. It is important that one of the key priorities within this Refreshed Housing Strategy focuses on the health and wellbeing of residents who require additional care and support to live independently. It remains essential that resources are focused on providing specialist accommodation for people with different needs, including older people, young people, people with learning disabilities, people with mobility issues, care leavers, people facing domestic violence and teenage parents.

Summary of risk assessment

23. There are several significant risks evident in the context of defining and delivering this Housing Strategy. An updated risk assessment defines the high risk areas.
24. One of the key risks relates to very limited finances available for the Council, partner agencies and residents. For agencies such as the Council, there is a significant risk around the ability to deliver services and meet demand with ever decreasing resources. There is a significant risk around funding the staff capacity to deliver what is required.
25. For many residents, these financial difficulties continue, some being impacted by welfare reforms. This often leads to residents placing greater demands on services and increased risks around homelessness.
26. Another area of risk relates to legislative changes which have been occurring at pace over recent years and it is clear that these changes will continue.

Background papers

- Bournemouth Housing Strategy 2013-20
- Bournemouth Homelessness Strategy 2016
- Bournemouth Empty Homes Strategy 2016

Can be found at -

<https://www.bournemouth.gov.uk/Housing/homelessness/homelessness-strategies-policies-and-performance.aspx>

Refreshed Bournemouth Housing Strategy 2017 -2020



October 2017

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Foreword

Much has changed in the world of Housing since Bournemouth Borough Council's current Housing Strategy was published in 2013. And it continues to develop. I am therefore pleased to introduce this Refreshed Housing Strategy, which ensures our strategic approach is fully up-to-date and relevant.

Getting our Housing approach right is essential for the Council to develop thriving communities. We remain committed to the delivery of real housing solutions whilst ensuring that resources are used efficiently and effectively in these continued times of budget pressures.

Change also brings about the opportunity for innovation and Bournemouth continues to develop innovative practice to ensure we can respond dynamically to change and challenges along the way.

This document sets out how far we have already come with the existing Strategy, and how we will continue to develop our Housing approach to meet the needs of our communities.

Cllr Robert Lawton

Cabinet Member for Housing, Bournemouth Borough Council



Executive Summary

- The Housing Strategy is a key document which sets out the long-term vision for housing in Bournemouth across all issues and sets out a delivery plan in order to achieve this vision.
- It needs to align well with local related strategies, and a number of more detailed strategies sit underneath this over-arching strategy including the Homelessness Strategy 2016 and the Empty Homes Strategy 2016.
- This refreshed document does not replace the existing Housing Strategy 2013-20 but rather provides an update on the current position and realigns the way forward accordingly following a period of considerable change in the national housing landscape over the last few years.
- The Vision for Housing is as follows :- “To ensure positive housing outcomes for everyone, by proactively pursuing innovative and ambitious improvements across the housing sector. To ensure that good housing is part of why Bournemouth is a great place to live with thriving communities”.
- This refreshed Strategy has distilled the strategic choices into 5 key priority areas :-
 1. Increase the right supply of new homes to meet local needs, including affordable housing
 2. Ensure housing stock is managed and maintained efficiently, safely and effectively, including improvements to the private rented sector
 3. Supporting area-specific regeneration plans
 4. Preventing homelessness and improving health and wellbeing through housing
 5. Making best use of resources and developing additional commercial opportunities
- Compared with the priorities set back in 2013, there is now a greater focus on the Council’s role in encouraging housing supply across all tenures, not just affordable housing. There is an increased focus on improving the private rented sector and more focus on homelessness services in light of increasing levels and new legislation. Also, the scale of financial challenges is much more significant than was the case in 2013.
- The current national backdrop has changed considerably over recent years and is summarised in Chapter 4. Key issues include new legislation including the Housing and Planning Act 2016, increased Local Government budget pressures, the shared services agenda across Councils, greater focus on delivering more new homes, significant changes to affordable housing, continued welfare reforms, rising levels of homelessness, greater powers to regulate the private rented sector and changes to planning policy to speed up housing supply.
- Chapter 5 sets out a brief profile of the key housing issues for Bournemouth.

- Chapter 6 sets out progress made around the 8 priorities set out in 2013. Significant progress has been made, which is set out in some detail.
- From here, Chapter 7 importantly sets out the delivery plan for delivering the 5 realigned priorities and Vision for Housing.
- In terms of the priority for ensuring the right supply of new homes, the proactive enabling role for the Council needs to be further developed. The Council needs to continue building new homes on its own land as well as encouraging delivery through contact with the private sector. The review of the Local Plan will be key.
- Looking at the need to continue effectively managing our existing Council housing, there is a need for continued efficiencies amid reducing rents. We need to develop greater links with Registered Providers in the area and consolidate our approach to improving the private rented sector through a new private sector housing strategy. We need to continue to ensure that fire safety measures are prioritised for all housing types and tenures.
- To deliver the regeneration agenda, a revised Homes for Boscombe Strategy will be published and options in West Howe need to be explored in more detail.
- Around the priority of preventing homelessness and ensuring the health and wellbeing of residents, plans need to be in place for the new Homelessness Reduction Act and resources need to be focused on reducing rising homelessness. The impact of welfare reforms needs careful monitoring and mitigation, and there are numerous projects required to meet the additional care and support needs of our residents.
- And finally, in relation to the 5th priority of making best use of our resources, the commercialisation agenda needs to continue. Digital solutions to service delivery need a greater focus and more joint working with neighbouring Councils, most notably the Borough of Poole, will be key.
- In conclusion, it is clear that the current climate is a difficult one. There are significant financial challenges for the Council and partner agencies, increasing affordability concerns and homelessness amongst our residents, increasing service demands from residents needing support and a rapidly changing and uncertain national policy landscape.
- This climate however presents both opportunities and threats which need to be carefully considered. This refresh hopes to proactively review these and presents an ambitious and innovative vision for Bournemouth going forward.
- It is important that this Refreshed Housing Strategy is supported by all partners working across Bournemouth in order to be a real success and collectively overcome the challenges ahead.

1 : Introduction

- **What is the Housing Strategy?**

The current Bournemouth Housing Strategy was published in 2013 and covers the 7 year period up until 2020.

The Council takes responsibility for leading the strategic vision and publishing the strategy although the delivery very much needs to be in partnership with a range of stakeholders across Bournemouth and beyond.

The Housing Strategy is a key document which aims to set out the long-term vision for housing in Bournemouth across all issues and sets out a delivery plan in order to achieve this vision.

- **How the Housing Strategy complements other strategies and plans**

It is important that the Housing Strategy, and the vision and activities it contains, aligns well with local related strategies. A number of more detailed strategies sit underneath this overarching strategy including :-

- Homelessness Strategy 2016
- Empty Homes Strategy 2016
- Homes for Boscombe Strategy (being updated)
- Private Sector Housing Strategy (to be published)
- Housing Revenue Account Business Plan
- Housing Revenue Account Development Strategy (being updated)
- Affordable Housing Planning Policy and Supplementary Planning Document
- Allocations Policy

It also needs to accord with additional non-housing specific strategies and plans, with the key ones being :-

- Bournemouth Borough Council Corporate Plan
- Bournemouth Borough Council Medium Term Financial Plan
- Local Plan (being updated)
- Dorset Local Enterprise Partnership Strategic Economic Plan
- Neighbourhood Plan (to be published)

In terms of the Council's Corporate Plan, it is important that the Housing Strategy helps deliver the 5 key priorities within this, known as 'Ambition 2020' -

<https://bournemouth.gov.uk/councildemocratic/AboutYourCouncil/PlansandPerformance/CorporatePlan.aspx>:-

1. Developing the future of local government in Bournemouth
2. An efficient Council
3. An active community
4. An improving environment
5. A thriving economy

It is clear that the Housing Strategy needs to cut across many different portfolios and issues to be most effective.

- **What is this refreshed document?**

It is important to note that this refreshed document does not replace the existing Housing Strategy 2013-20 but rather provides an update on the current position and realigns the way forward accordingly.

This refresh has been developed following a period of considerable change in the housing landscape; in terms of national and local housing policies, changes in demand and a transformed financial context. A mid-term update was therefore considered appropriate in order to re-evaluate the current position and realign the long-term vision for the next few years. As with any strategy, the plan evolves over time and this document aims to clarify direction for the remainder of the strategy period up until 2020.

Whilst the consultation process for the development of this mid-term refresh has been more limited than that undertaken when publishing a new Housing Strategy, the following mechanisms and consultees have been invited to consider the issues and inform the final document :-

- Portfolio Holder for Housing
- Community Overview and Scrutiny Panel
- All Councillors
- Cabinet
- Full Council
- Council Service Directors and Executive Directors
- Council's Corporate Management Team
- Heads of Service
- Council's Monitoring Officer
- Council's 151 Officer
- Housing Senior Management Teams
- Policy, Strategy and Performance Team
- Bournemouth Housing Forum
- Homelessness Strategy Group
- Borough of Poole
- All other Dorset Councils – Housing and Planning leads
- Registered Providers (RPs)

It is intended that a full review, including more significant stake-holder consultation, will take place leading up to 2020, after which a new comprehensive Housing Strategy will be published.

2 : Vision for Housing

“To ensure positive housing outcomes for everyone, by proactively pursuing innovative and ambitious improvements across the housing sector. To ensure that good housing is part of why Bournemouth is a great place to live with thriving communities”.

3 : Strategic Choices

Key Priorities

This refreshed Bournemouth Housing Strategy has realigned its priorities and distilled the strategic choices into 5 key priority areas. These will form the focus of resources over the next few years and are as follows :-

1. Increase the right supply of new homes to meet local needs, including affordable housing
--

The Council has a role in enabling further housing supply in order to help meet local housing demands and contribute to the area's economic prosperity. This needs to involve the construction of new homes across all tenures and sizes; affordable housing and in the private sector. This needs to involve sustainable construction that help build thriving communities. The Council will maximise the use of its own land and borrowing capacity to build, as well as encourage and promote development by others.

2. Ensure housing stock is managed and maintained efficiently, safely and effectively, including improvements to the private rented sector

The Council retains its Council housing stock and continues to ensure that it is well managed and maintained. It will strive towards managing future efficiencies within the Housing Revenue Account (HRA) in a planned way, amid tight financial constraints. Proactive work with Registered Providers/Housing Associations is also key. The Council will further enhance its work to raise standards across the large, buoyant and growing private rented sector.

3. Supporting area-specific regeneration plans

The Council will continue its targeted focus on the two regeneration areas of West Howe and Boscombe. This is alongside developing more targeted approaches for other specific areas such as Lansdowne where there is a vision for growth.

4. Preventing homelessness and improving health and wellbeing through housing
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In a climate of increasing homelessness both locally and nationally, the Council will channel resources to prevent homelessness wherever possible and in line with new legislation. The Council will continue to address the care and support needs of those with specialist needs and who need assistance to live independently.

5. Making best use of resources and developing additional commercial opportunities

In increasingly challenging financial times, the Council will continue to proactively seek innovative and efficient ways of working. It will diversify its income generation activities to continue delivering vital services to its diverse communities. It will also continue to develop the shared services agenda with the Borough of Poole and other neighbouring Councils.

Comparison with previous priorities

Whilst many of the core services and ways of working remain as they did in 2013, the focus in many respects has changed significantly :-

- For **priority 1**, the **cross-tenure Housing Supply agenda**, and particularly the Council's role in this, has grown in importance over the last few years. The new housing targets calculated by the most recent Strategic Housing Market Assessment (SHMA), latest Household Projections and the current national consultation on a new methodology for calculating Local Plan housing targets all suggest the need for increased housing supply at a level significantly higher than current Local Plan targets. This has brought a greater focus on the Council's enabling role beyond just affordable housing and developing on Council land, but in the wider sense of encouraging the construction of homes across all tenures.
- For **priority 2**, this refreshed Housing Strategy recognises the need to provide a greater focus on **improving the private rented sector**. The sector is large in Bournemouth and is growing. More is needed to further improve practices and make use of the government's recent legislative changes to tackle rogue practices. With regards to social housing, the government's policy landscape has meant a need to deliver **greater efficiencies** in a context of reducing income alongside increasing demand.
- For **priority 4**, the **scale and complexity of homelessness** and people's support and care needs continues to increase, leading to the need for an even greater focus on delivering services that meet these needs. This includes the Council taking on more of a direct landlord role in housing homeless households and embedding an even greater preventative approach in line with new legislation.
- For **priority 5**, the **increasing financial challenges** mean that the focus on finance is an even greater part of service planning going forward. Different approaches are now needed to help ensure that finances are available to meet the needs of Bournemouth residents.

4 : Current Backdrop

Since Bournemouth published its Housing Strategy in 2013, the national housing policy and funding agenda has changed significantly, as has the wider economic context. A number of government statements, new legislation and policy documents have occurred over the last 4 years. These include the Housing and Planning Act 2016, the Welfare Reform and Work Act 2016, the Housing White Paper 2017 and the Homelessness Reduction Act 2017.

In addition to the external factors at play, there are also a number of significant internal factors that will help shape our approach in the future. For example, the staff capacity and experience we have, as well as the culture of the organisation.

An analysis of these issues, opportunities and threats is summarised below as a backdrop to help develop our future direction :-

- **Budget Pressures**

The climate of financial austerity continues, with widespread implications across all areas of activity. The ability to deliver services to residents in this context is difficult. This is the case for Councils, other public bodies and the many voluntary sector agencies who provide valuable additional services locally. The agenda of continued savings necessitates innovative responses and efficiencies.

The availability of government funding for public bodies has reduced significantly over recent years. For Councils, this has meant reducing central government grant funding, with the expectation of no central government grant for Councils by 2020/21.

The un-ringfencing of the Supporting People grant continues to impact on Councils. Whilst Bournemouth retains a Housing Related Support programme, the scale of this has inevitably reduced because of the savings needed across services.

Despite these financial pressures, housing activity remains a high priority for the Council because of its importance across a significant number of portfolios that impact on the daily lives of our residents (e.g. health & wellbeing, employment, poverty).

- **Commercialisation**

This extremely challenging financial context has meant that many Councils have sought out commercial opportunities to generate income. In some instances, this has involved the setting up of housing companies, often wholly owned by Councils, to build and/or let new homes through companies. Councils are increasingly taking on the wider private sector landlord and private developer roles.

Bournemouth Council has been at the forefront of this activity and currently has three housing related companies in operation to help deliver efficient services and provide income generation in the longer term. Bournemouth Building Maintenance Limited (BBML), Seascope South Limited and Seascope Homes and Property Limited are the three wholly owned companies. The former two companies provide maintenance and construction services, whilst the later provides a tenancy management vehicle.

- **Shared services**

Due to increasing financial pressures, as well as the ambition to define Bournemouth as part of a growing economy on the south coast, the Council continues to progress a programme of shared services with its immediate neighbours. A 'Case for Change' was submitted to central government in February 2017 requesting approval for Local Government Reorganisation. This involves the creation of two new Unitaries to cover Dorset. Bournemouth is proposed to form part of the 'urban' Unitary together with Poole and Christchurch. At the time of writing, a decision has not yet been made by government but a programme of shared services with the Borough of Poole is being developed in the meantime. These changes will affect all services and careful consideration needs to be given to this agenda as plans for housing are developed.

- **Increasing Housing Supply for all**

There has been growing focus on the need for more homes across all tenures. The national Elphicke-House report published in 2015 was instrumental in highlighting the key role that Councils could and should take to enable the delivery of new homes across all tenures.

The Housing White Paper – 'Fixing our Broken Housing Market' - published in February 2017 sets out the macro principle of supply and demand, where the additional supply of new homes would meet housing demands and help dampen increasing house prices. The link between housing growth and wider economic growth is becoming increasingly clear.

The Housing White Paper proposes a range of different measures including a national standardised methodology for calculating housing requirements in Local Plans which is currently out to consultation, a new Housing Delivery Test, greater encouragement of higher density housing in urban areas, use of modern methods of construction, supporting the growth of self and custom-build homes, and more freedom for developers if housing targets are not met. The role set out for Councils includes making full use of their own land and borrowing.

- **Affordable housing**

In 2016 it was suggested that the Homes and Communities Agency (HCA) would only fund low cost home ownership housing rather than affordable or social rented units. However, the current programme includes scope for grants for affordable rented units to help meet housing needs. The profile of future affordable housing has changed to include the Starter Homes product although the Housing White Paper proposed a softening of this policy in terms of the proportion of such homes required through the planning system.

The government has stated their intention to extend the Right to Buy to Housing Associations, which will be funded by a High Value Homes Levy collected from Councils as defined in the Housing and Planning Act 2016. The guidance is that Councils can choose how they generate these funds but it is suggested that they do so by selling their higher value Council homes. Bournemouth has transferred some of the maintenance budget into reserves in readiness for this but it is inevitable that the sale of homes will be required in the longer term to pay this levy. Whilst implementation is uncertain, if introduced, it will clearly reduce the amount of affordable homes available, both in terms of Council and Housing Association stock.

Councils and Registered Providers were required from 1 April 2016 to reduce their rents by 1% each year for four years. This reduced income stream presents significant risks to the overall financial viability of the social housing sector. It will reduce funds available to deliver

our ambition of building additional affordable housing and will reduce the ability to manage and maintain our existing stock.

National planning policy has changed so that affordable housing contributions can only be applied to schemes involving 11 or more homes. This replaces Bournemouth's previously established policy seeking affordable housing contributions where viable on smaller sites.

- **Home ownership**

As noted above, there has been a shift in focus by the government towards home ownership, with the policy of Right to Buy to be extended to Housing Associations and the Starter Homes agenda. It is notable however that the Housing White Paper slightly softened this policy shift.

- **Welfare reform**

A series of welfare reforms have been implemented over the last five years which mean that benefit claimants have seen a gradual reduction in their income levels. Measures have included the following:-

- rolling out the lower 'shared accommodation rate' to those under 35 years of age instead of just those under 25 years of age
- Housing Benefit paid directly to the tenant rather than the landlord
- 'under-occupancy charge' for Council and Housing Association rents where Housing Benefit is reduced if there are spare bedrooms
- 'Universal Credit' has been piloted and is being gradually rolled-out, effectively consolidating some means tested benefits into one monthly payment
- Housing Benefit Local Housing Allowance (LHA) level frozen for four years (whilst private rents continue to rise)
- Housing Benefit for working age claimants now only backdated for one month rather than previous 6 months rule
- 'Benefit Cap' levels reduced twice for families and singles, currently at £384 per week for families/couples and £257 a week for singles
- no longer automatic entitlement to Housing costs within Universal Credit for under 22 year olds
- Housing Benefit personal allowances limited to 2 dependent children
- the length of time Housing Benefit can be paid for someone temporarily being away from their home reduced from 13 weeks to 4 weeks for many claimants
- no longer including a Family Premium within the Housing Benefit claim for those with a child/children
- the cessation of the Work-Related component within Employment Support Allowance has seen a reduction in income of £29.05 per week
- review of Disability Living Allowance has seen many claimant's entitlement end and many of those who have moved on to the new Personal Independence Payments (PIP) have experienced a reduction in income
- Benefits are cut ('sanctions') for periods of up to 156 weeks when claimants have not complied with required activities such as job seeking

The policy of welfare reforms continues with several more significant reforms to be implemented. The impact will need to be closely monitored and mitigated where appropriate:-

- 'full service' Universal Credit roll-out in Bournemouth is planned to start in November 2017. This will be rolled out by postcode with half beginning November and the rest mid-January 2018
- effectively top slicing additional Housing Benefit for supported housing from 2019 and devolving the budget to Councils to directly commission these services

Whilst designed to encourage people into training and employment, these changes have also increased levels of homelessness due to people's reduced ability to afford housing costs. The changes have also influenced the housing market by increasing the reluctance of many landlords to let their properties to households who are benefit reliant and/or have support needs.

- **Homelessness**

Many factors have led to gradually increasing homelessness levels, both nationally and locally. The most severe form of homelessness - rough sleeping - increased nationally by 16% from 2015 to 2016, and 134% since 2010. This is compounded by austerity measures in care and support services whereby access is more difficult, leading to a notable increase in both the scale and the complexity/severity of homeless cases.

The Homelessness Reduction Act, given Royal Assent in April 2017, will place greater prevention duties on Councils for a higher number of people in a wider range of situations, and will require much earlier interventions 'up-stream'. Whilst the principles of the legislation are widely supported, there is significant concern that funding will be insufficient for Councils to deliver the new and extended statutory homeless duties. Nationally 'New burdens' funding of £61M for the first two years has been proposed. Individual Council allocations are yet to be confirmed.

The Homelessness Reduction Grant that the Council receives from central government is un-ringfenced. The total received by Bournemouth has remained the same over previous years although it is significant that the many other funding streams for the Council have significantly decreased.

- **Health and social care**

The changes to health and social care funding arrangements and policy continue and have transformed the landscape for social care provision. The Care Act 2014 brought about some significant changes that are still being rolled out. New proposed arrangements for joint commissioning across sectors and geographical boundaries provides opportunities and challenges that impact on housing. The health, care and support needs of individuals are key factors to consider in terms of the local housing provision and policies.

- **Private rented sector**

The Housing White Paper emphasises the important role that the private rented sector has to play in the housing market. There is greater focus nationally on enabling more private rented sector accommodation to help meet housing demands.

In addition to this, several elements of the Housing and Planning Act 2016 involve measures to help raise standards amongst landlords and agents. This includes measures such as banning orders for rogue landlords. There is a proposal for banning lettings fees charged by lettings agents and the extension of mandatory licensing introduced perhaps during 2017.

- **Planning policy**

There are several new policy changes for the planning system to help speed up the delivery of new homes. Whilst having the potential to increase housing supply, they may reduce the quality and sustainability of additional housing numbers.

The Housing and Planning Act 2016 sets out many of these measures and planning was a key focus in the Housing White Paper. The changes involve government intervention if Councils do not update their Local Plans in a timely way and if key targets are not being delivered. The paper proposes a less onerous planning system to help speed up applications and completions, a standardised revised methodology for calculating housing which is currently out to consultation, a new Housing Delivery Test with penalties for Councils for under-delivery and a more robust duty to cooperate across boundaries. The Housing White Paper notes that the National Planning Policy Framework will be updated to reflect the proposed changes. There has been the introduction and encouragement nationally for Neighbourhood Plans to be set within local communities, one of which is being developed in Boscombe.

- **Devolution**

There are emerging devolution deals taking place between individual Councils and central government which are locally specific. In order to be able to deliver the government agenda, Councils are asking for greater local powers over decision-making and funding.

Alongside this, national funding sources are being devolved to Councils, notably around the area of welfare reform. For example, the Temporary Management Fee has been devolved to Councils from 1 April 2017 and named as the new Flexible Homelessness Grant. Whilst this gives local flexibilities, this particular grant is needed initially to fund existing benefit commitments and the allocation is only for two years. Central government consultation on the future of supported housing funding states that Housing Benefit for supported housing will similarly be devolved to Councils from 2019.

- **Brexit**

The Brexit decision to leave the European Union in June 2016 was triggered in March 2017 and will involve two years of talks. The full details of the changes are not yet known but will no doubt have some impact on elements of housing. For example, it could impact on the financial viability of providers in the housing market, perhaps the movement of people and therefore housing demands in and out of the UK, and arguably also wider economic stability.

- **Digital delivery of services**

Both nationally and locally, the focus on the delivery of services through digital solutions is gaining momentum. This move is partly necessitated through budget pressures where digital solutions are often less expensive than delivering services through face to face or phone channels. But also, this move is necessitated by our customers' expectations around the ability to interact with us on a 24/7 basis using digital technology.

It is unlikely that digital solutions will be the only customer contact channel but we can work to ensure that online is the channel of choice wherever possible. Digital solutions range from simply providing information online through webpages, to customers fully transacting with us online without the need for any face to face contact.

- **Internal capability**

It is important to note the internal capabilities of Bournemouth Council as well as its key partners. There will be staff capacity challenges across the Council over the next few years as the teams manage issues of significant change including the development of shared services with neighbouring Councils. Capacity is also already a very real issue for the many partner organisations who help to deliver the Housing Strategy.

However, the teams remain ambitious and motivated to deliver the best services possible within the resources available and to seek continual improvements and better ways of working. It is recognised that the staff teams in place are a critical resource for success.

The Council has a strong history of apprenticeships across its housing services and the current staff team as a whole has a significant amount of experience and expertise. Staff skills have been diversified over recent years to bring in additional commercial skills to help develop new ways of working including pursuing income generation opportunities.

5 : Bournemouth's Housing Profile

Bournemouth has a relatively short history, with the vast majority of homes built after 1919. Current population estimates suggest that there are **197,700 people** and the 2014 household projections estimate that there are currently **90,100 households** in Bournemouth. There is a **growing population** with a projected increase to 238,200 people by 2039. The Town is constrained by the **Green Belt** and the coast, contains more flats than houses and is densely populated. Bournemouth has a strong tourism industry.

The Local Plan currently defines the need for an additional 14,600 new homes in Bournemouth between 2006 and 2026, on average 730 per year. There is a **lack of large strategic sites** for development and the majority of new homes are being built on 'windfall' sites, which have not been specifically identified in the Local Plan and have been previously-developed. **Completion rates have largely been on target** with the Local Plan. The innovative and ambitious **Town Centre Vision** has contributed towards housing delivery, involving the Bournemouth Development Company as a joint venture between the Council and Morgan Sindall Investments Limited.

The latest Strategic Housing Market Assessment suggests the need for an additional 250 more homes per year above our existing targets. The proposed national standardised methodology for setting Local Plan targets, which is currently out to consultation, suggests that even **higher numbers of new homes will be needed each year**. This will be very challenging to deliver.

Since the Council became a Registered Provider with the Homes and Communities Agency (HCA) in 2009, a **Housing Development Team** has enabled over 200 new homes to be completed within the Housing Revenue Account (HRA). This team is now also taking a more active role in residential development on surplus Council General Fund (non Council Housing) land and enabling increased housing supply on private sector sites.

Bournemouth is diverse in many ways and includes some areas of **deprivation**. Boscombe and West Howe are two areas which have been formally recognised as requiring regeneration. The former is dominated by private rented stock, including a high proportion of Houses in Multiple Occupation (HMOs), whilst the latter is dominated by Council owned stock.

The overall percentage of social housing in Bournemouth is relatively low when compared nationally – approximately 10% of the total housing stock. Bournemouth **retains its Council housing stock**, with approximately 5,100 rented units, and a further 500 leasehold flats where residents have previously purchased the property under the Right To Buy legislation. The Council's property data and tenant feedback show that stock condition and customer satisfaction are very high. A further 3,500 units of housing are owned by Housing Associations across Bournemouth.

Bournemouth has a **very large private rented sector** involving approximately one in three properties. Bournemouth has a **high number of HMOs** with approximately 3,000 known properties, 500 of which are covered by mandatory licensing. Issues of disrepair and poor management are areas of focus for resources. An innovative multi-agency Operation Galaxy project has been in place to help tackle these issues in the Boscombe area and consultation took place early 2017 to consider whether selective licensing should be used to further address the issues within the private rented sector.

Bournemouth has **two universities** as well as numerous international language schools. Bournemouth University continues to focus on new build housing solutions for its students.

By 2018, the University aims to provide all first year and overseas students with University controlled accommodation.

Bournemouth experiences high degrees of **homelessness** compared with previous years, which is a trend experienced nationally. The Council receives almost 1,000 enquiries each month related to homelessness and housing needs. **Rough sleeping and street based anti-social behaviour** is relatively high, has increased over the last few years and is the subject of intensive multi-agency intervention and partnership working. Whilst still far too high, the rough sleeper count carried out in 2016 of 39 people was a reduction from the 47 counted the previous year.

Many services and housing options have been developed to address **specialist housing needs**: from people with learning disabilities to young people, from people with mental health problems to victims of domestic abuse. Despite the reduction of services including supported housing provision necessitated by savings programmes, **joint working between social care and housing** continues to help address the diverse and often complex housing needs.

Affordability in terms of housing costs in Bournemouth remains an issue, and is also notably high across the South West. This affects all elements of the housing market. In terms of home ownership, the affordability ratio between average earnings and average house prices remains at well over 10 to 1.

In terms of the private rental market, average private sector rent levels sit well above Local Housing Allowance benefit levels and the sector as a whole is **very buoyant**. Many find it very difficult to access an affordable home to rent. Over 70% of Council and Housing Association tenants are benefit reliant and there are approximately 10,000 live Housing Benefit claims for private sector properties, equating to one third of private sector tenancies.

6 : Bournemouth's progress since 2013

Bournemouth Council has made significant progress with its Housing Strategy since it was published in 2013. The 2013 Housing Strategy defined 8 housing aspirations and the following highlights the key areas of progress for each of these:-

1. The right supply of new homes including maximising affordable housing.
2. Making the best use of all existing homes.
3. Professionally managed and well-maintained homes.
4. Green homes.
5. Reduced homelessness and rough sleeping.
6. Specialist accommodation available for people with different needs.
7. Regenerated areas.
8. Resources used in the most efficient way.

1. The right supply of new homes including maximising affordable housing

Achievements
New housing supply targets met; on target to meet the current aim of 14,600 new homes between 2006 and 2026
Expansion of the in-house Housing Development programme to manage new builds on both surplus Housing Revenue Account (HRA)/Council Housing and General Fund (non Council-Housing) land
Secured an additional 200 new affordable housing units over the last 6 years into our Council Housing stock with the Council acting as a Registered Provider with the Homes and Communities Agency (HCA). Funded through borrowing, Right to Buy receipts and Section 106 contributions
Community Infrastructure Levy (CIL) implemented in 2016
Instigated a voluntary inspection of our approach to Housing Supply by the Housing and Finance Institute in 2016 to identify gaps and which has led to a new Housing Supply work programme and the recruitment of a Housing Delivery Lead role to encourage private sector housing development
Joint working across Council teams to ensure a pipeline of surplus General Fund (non Council Housing) sites for residential development and making use of the Council's borrowing capabilities to enable this
Works underway to build a shared ownership development of 11 houses to be managed within the HRA and due for completion November 2017
Continued progress towards the ambitious and innovative Town Centre Vision with an ongoing pipeline of residential units coming forward as a result of the joint venture between the Council and Morgan Sindall Investments Limited
Working proactively with the Dorset Local Enterprise Partnership (LEP) to increase housing supply
Research undertaken on new modular off-site methods of construction to inform a potential pilot
Secured £8.5M through Growth Deal 3 for infrastructure improvements to the Lansdowne area which will help bring forward mixed use development including residential
Commencing implementation of the Community Housing Fund programme to bring existing homes back into use as community led affordable housing in the regeneration area

2. Making the best use of all existing homes

Achievements
Empty Homes Strategy published in 2016 with a robust action plan, containing both engagement and enforcement options. Ongoing success of new empty homes being brought back into use through intervention. Strategy and staffing resource now being rolled out across Bournemouth and Poole
Continued level of Disabled Facilities Grant funding to meet demand alongside continued Housing Revenue Account (HRA) support for additional aids and adaptations to Council housing stock
Embedded use of fixed term tenancies for Council owned stock in order to make best use of our limited Council Housing stock

3. Professionally managed and well-maintained homes

Achievements
Continued good standards of housing management and maintenance of Council owned housing stock
Robust housing management implemented for Council owned stock used for homeless households
Resettlement team created to develop greater links with landlords and access to tenancies for vulnerable people to prevent homelessness
Enhanced community enforcement approach across the Town
Private Sector Enforcement Policy published 2016 and now under review in light of legislative changes
Operation Galaxy project continued to enable a multi-agency approach to enforcement of the private sector and supported housing in the Boscombe area
More robust use of enforcement within the private sector enforcement housing team, with one team operating across both Bournemouth and Poole
Delivered a DCLG funded Rogue Landlords programme involving increased and targeted enforcement activity alongside partners including Shelter
Consultation undertaken on the option of selective licencing in Boscombe
Continued hosting of the annual Bournemouth and Poole Landlord Exhibition, now in its 10 th year, helping improve standards across the private sector

4. Green homes

Achievements
Continued proactive Council activity to enable grants to improve homes across all tenures, leading to reduced fuel poverty and lower Co2 emissions
Opportunities maximised for photovoltaic panels on most appropriate Council housing stock

5. Reduced homelessness and rough sleeping

Achievements
Effective management of high volumes of households threatened with homelessness and homelessness prevented for many
New Homelessness Strategy published in 2016 based on wholesale review and consultation
All Homelessness Prevention Grant (£559k per year) dedicated to homelessness, plus additional resources committed
Gold Standard Peer Review completed and passed, with bronze award achieved
Successful delivery of Housing First pilot which has now been extended and mainstreamed
Comprehensive housing options staffing restructure undertaken to better align resources with priorities and to ensure an increased prevention focus
Developed the homeless pathway options including realigning the supported housing pathway and procuring additional Council owned units for move-on
Embedded landlord role in relation to Council owned homeless accommodation
£30M Council borrowing secured to purchase existing properties on the market to let to homeless households, to be managed both within the General Fund (non Council Housing budget) and leased to a wholly owned Council company – Seascope Homes and Property Limited
Proactive action taken to support those directly affected by the Benefit Cap, and ongoing monitoring, and management of other welfare reforms
Securing of Homes and Communities Agency (HCA) funds to develop shared housing for vulnerable people through Bournemouth Churches Housing Association
Managing the Local Welfare Assistance Fund (LWAF) scheme for 4 years until 2016/7, with central government funding provided for the first two years
Ongoing commitment to fund a dedicated Financial Inclusion Officer to work with Council Housing tenants
Retendered joint Bournemouth and Poole Rough Sleeper team service with St Mungo's taking on the delivery of the service from 1 April 2017
Ongoing development of the multi-agency street based activity team – 'EPIC' – to tackle issues of high impact rough sleeping, begging and street drinking in a coordinated and timely way, including the commitment of an additional £200k for both 2016/17 and 2017/18
DCLG Bournemouth and Poole Homelessness Trailblazer project funding - £450k secured over two years for homeless prevention activity

6. Specialist accommodation available for people with different needs

Achievements
Managed the process of securing significant savings from the Housing Related Support programme of housing contracts and retaining the most strategically relevant schemes
SP Hub approach well established to manage and prioritise access into supported housing units
Created dedicated Housing Manager (Integrated Health and Social Care) to facilitate close working across disciplines
Greater coordination, structure and cascading of safeguarding expertise and awareness across all housing teams, enabled by the Integrated Housing Manager role
Management of the Disabled Facilities Grant (DFG) programme with approximately 100 households in the private sector helped to live independently each year
Embedding the newly established specialist Family Advisor role within Housing and funded by Children's Social Care, to work with families threatened with homelessness, including those who may be intentionally homeless
Older people's housing review underway leading to detailed recommendations about the future use of Council Housing stock
Grant funding secured from the Department of Health to fund a new supported housing scheme for people with learning disabilities
A wide range of targeted work developed to improve the housing outcomes for various client groups including young people, looked after children, people with mental health issues etc.
Systems put in place to manage placements through the Syrian Refugee Resettlement programme and some families already accommodated

7. Regenerated areas

Achievements
Development of 22 shared ownership homes across 2 sites in Boscombe, including the development of an 11 unit Community Land Trust scheme through Bournemouth 2026 and another 11 unit scheme of houses developed by the Council
3 successful HMO refurbishment completions in Boscombe within the Housing Revenue Account (HRA) and conversion of units into self-contained family homes
Operation Galaxy multi-agency inspection programme established and extended in relation to supported housing and HMOs, serving to drive up standards within these sectors
Purchase and refurbishment of 5 former Police houses previously long term empty
Developing housing regeneration opportunities through the West Howe Regeneration Partnership Board

8. Resources used in the most efficient way

Achievements
Continued apprenticeship programme across services with approximately 40 apprentices at any one time
Increasing commercialisation including the establishment of two wholly owned building maintenance companies – Seascope South Limited and Bournemouth Building Maintenance Limited – undertaking a growing portfolio of work. A third company – Seascope Homes and Property Limited – has also been established, acting as a private sector landlord for rent to homeless households. This activity is in addition to the well-established Limited Liability Partnership between the Council and Morgan Sindall Investments Limited – Bournemouth Development Company - to deliver the Town Centre Vision
Mobile working implemented across the building maintenance team
Restructure of maintenance services to better meet customer demands and to improve efficiency
Ongoing updates and improvements to the Council's housing webpages
Various residential and non-residential construction projects completed by the in-house team
Continuing to deliver the required services within Council budgets
Continued engagement with partners to improve services and maximise resources through partnership working, and various forums including the Bournemouth Housing Forum
Growing shared services work with the housing team at the Borough of Poole
Effective performance management framework rolled out across all the internal housing services

7 : Delivery

The following sets out the key areas of focus over the next few years, which forms an ambitious and significant work programme to deliver.

Alongside the 'business as usual' activity that involves a huge amount of resource and energy across many agencies and teams, the following will form the basis of a detailed annual action plan to be compiled. The annual action plan will help ensure the timely and effective delivery of this strategy and vision :-

Priority 1 : 'right supply of new homes'
Further implement the Housing Supply work programme to work proactively with the residential development sector in order to enable increased private sector housing delivery
Deliver structured promotion of residential investment opportunities to investors/developers in close collaboration with Economic Development colleagues
Undertake a wholesale and ambitious refresh of the Housing Revenue Account (HRA) Development Strategy to enable a sizeable pipeline of Council Housing new-build over the next few years
To seek a bespoke housing deal with government to maximise HRA borrowing and enable an ambitious Council Housing new build programme
Continue housing delivery on surplus General Fund (non Council Housing) sites across all tenures, including the mixed tenure Princess Road redevelopment. To involve continued close workings with Highways, Property and Planning colleagues to identify opportunities
Continue the proactive development of the Town Centre Vision sites through the Bournemouth Development Company including the delivery of an additional 500-750 new homes in the next five years
Work with the Dorset Local Enterprise Partnership (LEP) on wider strategic actions to help encourage increased housing supply
Pilot new modular off-site methods of construction
Deliver the Housing Vision for the Lansdowne area
Publish a Local Plan which sets the necessary housing targets and comprises policies that enable the right nature and scale of delivery
Progress options to generate adequate affordable housing contributions from new developments
Publish a Brownfield Land Register
Implement a combined Bournemouth and Poole Empty Homes Strategy with shared delivery across both areas

Implement the Community Housing Fund programme
Ensure ongoing engagement with the two Universities regarding student accommodation provision
Priority 2 : ‘managed and maintained efficiently, safely and effectively’
Develop the HRA efficiency agenda in light of financial pressures from national policies such as rent reduction and the high value sites levy, bringing social housing more in line with private rented sector housing (e.g. implementing service charges to cover additional expenditure)
Develop closer dialogue with Registered Providers of social housing in the area to ensure the effective use, management and maintenance of stock
Manage the exit strategy for Operation Galaxy in Boscombe and ensure that key principles of the scheme are sustained
Improve regulation of the private rented sector in target areas
Implement the expected extension to mandatory licensing legislation to ensure well managed and maintained HMOs for those who need shared housing
Organise further Bournemouth and Poole Landlord Conferences to encourage good practice and share information across the sector
Continue sourcing external funding to insulate properties and reduce fuel poverty
Publish a focused Private Sector Housing Strategy
Continue to ensure that fire safety measures are prioritised for all housing types and tenures and any lessons learnt or legislative changes arising from the Grenfell Towers tragedy inquiry are implemented as required
Priority 3 : ‘regeneration’
Publish a revised and complementary ‘Homes for Boscombe’ Strategy to deliver ongoing improvements to housing in Boscombe
Develop housing improvements in West Howe including the progression of residential development opportunities and the improvement of related community facilities
Publish a Neighbourhood Strategy to consolidate approaches to community enforcement and anti-social behaviour issues

Priority 4 : ‘preventing homelessness and improving health and wellbeing’

Implement the agreed Homelessness Strategy

Implement the new Homelessness Reduction Act in line with statutory requirements and timescales, alongside making improvements to services in line with the Gold Standard benchmark

Embed greater proactive links with private landlords to access and maintain private sector tenancies. A revision and launch of our package of landlord incentives and support – building on projects such as our rent deposit scheme and the Homes4Let lettings agency

Expand and embed the homeless property portfolio

Implement the DCLG Bournemouth and Poole Homelessness Trailblazer project, assess results and agree exit strategy

Seek to monitor and mitigate the impact of welfare reform, with a particular focus on the roll-out of Universal Credit and welfare changes affecting supported housing

Enable adequate options for shared housing across the Town for those affected by welfare reform who require this form of accommodation

Implement an effective communications plan relating to EPIC work on high impact rough sleeping and street ASB activity to reassure residents and businesses of work underway

Secure even greater close working with Social Care and Health colleagues

Implement the recommendations from the cross-tenure older people’s housing review

Proactively seek alternative housing options for individuals as an alternative to residential care settings

Integrate and grow the Careline/Lifeline services to assist people to live independently

Ensure ability to finance the Disabled Facilities Grant (DFG) programme from the Better Care Fund over the next few years, so that delivery meets statutory requirements

Further embedding the Armed Forces Community Covenant in housing delivery

Priority 5 : ‘best use of resources’

Further grow the two maintenance related companies – Bournemouth Building Maintenance Limited (BBML) and Seascope South Limited

Embed the £30M homeless property portfolio for housing homeless households, as well as diversifying the use of the Seascope Homes and Property Limited company to maximise commercial opportunities

Develop better online capabilities across the housing services, ranging from better website self-help to fully online transactional capabilities wherever possible and appropriate

Continue with apprenticeship programmes for young people

Seek greater partnership working with external partners to enhance the Housing Strategy outcomes

Implement an integration plan for shared services with neighbouring Councils, most notably the Borough of Poole

8 : Conclusions

This document provides a mid-term refresh of the Bournemouth Housing Strategy 2013-20. It provides an excellent opportunity to re-evaluate the current position and the medium and long term vision.

It is clear that the current climate is a difficult one. There are significant financial challenges for the Council and partner agencies, increasing affordability concerns and homelessness amongst our residents, increasing service demands from residents needing support and a rapidly changing and uncertain national policy landscape.

This climate however presents both opportunities and threats which need to be carefully considered. This refresh hopes to proactively review these and presents an ambitious and innovative vision for Bournemouth going forward.

5 key priorities are defined for the next few years which present a shift in focus from the priorities set out in 2013. A significant work programme is also set out to deliver this. The delivery programme will ensure an ongoing and sustained focus on improving the housing outcomes across Bournemouth.

The governance of this mid-term refresh will sit with the Council's Senior Management structure. Implementation and the ongoing strategic direction will be regularly monitored.

It is clear that this Housing Strategy refresh is cross-cutting and needs to be well aligned with many other key strategies and plans across the Council and also across our many partner agencies. It is clear that the nature, use, quality and scale of housing in Bournemouth has a significant impact on communities.

The dissemination of this vision, priorities and plans needs to be shared widely and this updated Housing Strategy will help ensure a shared agenda across all partners. It is important that this is supported by all partners working across Bournemouth in order to be a real success and collectively overcome the challenges ahead.

GLOSSARY

This glossary seeks to provide a brief explanation of some of the terms used in this document and related ones on the subject of housing. It is not intended to provide a detailed legal interpretation but provide general information and guidance only.

Affordable Housing

Includes social rented, affordable rented, intermediate housing and starter homes, provided to eligible households whose needs are not met by the market. The Housing White Paper proposes to change the definition to include affordable private rent housing and discounted market sales housing.

Affordable Rented

Let by Local Authorities (LAs) or Registered Providers (RPs) of social housing to those eligible on the Council's Housing Register. Rents not more than 80% of local market rent or Local Housing Allowance.

Arms-Length Management Organisation (ALMO)

Set up and owned by a Local Authority (LA) to manage all or part of its Council housing stock.

Assured Shorthold Tenancy (AST)

Usually private rented sector. Very common, but less secure than other types of tenancy agreements.

Assured Tenancy

Usually offered by Registered Providers (Housing Associations), tenants can remain in property for as long as they wish, as long as they do not breach conditions (set out in Housing Act 1988).

Brownfield Land Register

A publicly available list of brownfield sites across the Borough that are considered suitable for residential development. Part 1 includes all the sites which meet Government criteria for suitability. Part 2 includes only those sites that the Council consider Permission in Principle should be granted, after undertaking the necessary requirements for publicity, notification and consultation.

Brownfield Sites

Land that has been previously developed and may be available for re-use

Buy to Leave

Properties bought as assets, intentionally and permanently left unoccupied until they appreciate in value and are sold at later date. Mostly a London issue.

Buy to Let

Residential property bought with intention of letting to tenants. Classed as a business transaction, rates and fees are typically higher than those of a standard residential mortgage.

Capital Spend

Capital expenditure involves buying, replacing or enhancing an asset.

Choice Based Lettings (CBL)

Designed to allow an element of choice for people applying for Council and Registered Provider homes, and existing tenants who want a transfer. Applicants on the Housing Register bid on available properties online that they are eligible for, and bidders are shortlisted according to the Allocations Policy.

Community Housing Fund

Grant funding programme launched in December 2016 for Councils to support the delivery of affordable housing. Schemes need to be led by the community, using models such as Community Land Trusts.

Community Infrastructure Levy (CIL)

Charge developers must pay to Local Authorities when undertaking new building projects. Used to fund infrastructure needed to support development of area. For example, school places, GP services.

Compulsory Purchase Order (CPO)

A legal function that allows certain bodies which need to obtain land or property to do so without the consent of the owner.

Decent Homes Standard

Introduced by government to ensure council and housing association homes meet a minimum standard. Homes must meet the Housing Health and Safety Rating System (HHSRS) minimum safety standards for housing, be in a reasonable state of repair, have reasonable modern facilities and have efficient heating and insulation. Standard is no longer enforced by regulators.

Equity Loan

A loan given to help buy a home. The loan is only repaid when the home is sold and its value relates to the value of the home.

Flexible Tenancies

Fixed-term tenancies issued by Councils and Registered Providers. A secure tenancy but lasts only for the fixed period. Usually five years or more but can be less in exceptional circumstances as per the Council's policy.

Freehold

Where the property owner owns the land as well as the property situated on it. Confers the right for the owner to occupy the property indefinitely.

General Fund

The Council's budget is known as the General Fund. The Housing Revenue Account (HRA) is separate to this and is a ring-fenced budget for income and expenditure related to Council Housing tenancies.

Greenbelt

Designated area of land around towns and cities where development is not generally permitted.

Homes and Communities Agency (HCA)

Non-departmental public body that funds new affordable housing in England, and regulates Social Housing Providers. Sponsored by the Department of Communities and Local Government (DCLG).

Home Buy

A range of government schemes designed to help people buy houses through devices such as shared equity, shared ownership and other forms of low-cost home ownership.

Housing Association (HA)

Regulated by the Homes and Communities Agency (HCA) and also known as Registered Providers (RPs). Independent bodies established to provide low-cost social housing. Non-profit making. Some also deliver shared ownership schemes; specialist projects for people with specific needs; properties for market sale and properties for market rent.

Housing Register

Register containing list of households waiting for social housing. Households need to meet certain criteria and usually are required to have a housing need to join the register. Priority and eligibility is defined by the Council's Allocations Policy.

Housing Revenue Account (HRA)

Local Authorities (LAs) are required to keep a Housing Revenue Account (HRA) to record all revenue expenditure and income relating to the provision of council-owned dwellings and related services. Main source of HRA income is rental income.

Housing Subsidy

Grant paid from central government to Local Authorities (LAs).

Intermediate Housing

Homes for sale or rent at a cost above social rent but below market levels. Includes shared equity, other low cost homes for sale and intermediate rent. Aimed at people who do not qualify for social housing but cannot afford full market rents.

Intermediate Renting

The rent charged for intermediate housing is above social rents, up to a maximum of 80% of the market rent.

Introductory Tenancy

Tenancy for a trial period of 12 months imposed on new tenancies which can be used by Local Authorities (LAs) and Registered Providers. Introduced to give providers greater powers to deal with Anti-Social Behaviour (ASB). Discretionary use by landlords.

Joint Venture (JV)

Term used to describe partnerships working between a council and a developer or Registered Provider to deliver new projects.

Leasehold

Tenure where the homeowner does not own the freehold, but instead has a long-term lease (often up to 125 years). The homeowner pays ground rent to the freeholder.

Local Housing Allowance (LHA)

LHA rates determine the housing benefit available for tenants renting from private landlords. LHA rates are dependent on the size of the household and are based on private market rents in the Broad Rental Market Area (BRMA) - the area within which a person might reasonably be expected to live. These are set at the 30th percentile of market rents.

Local Plan

Sets out the local authority's planning policies in one document. Sometimes referred to as the 'development plan'. Contains a chapter on housing policies. All planning applications must be determined in accordance with the local plan.

Modular Housing

Sectional houses that consist of multiple sections called modules. Constructed off-site and then transported to their final location, ideally resulting in a quicker and cheaper building process.

National Planning Policy Framework (NPPF)

Sets out the government's planning policies for England and how these are expected to be applied, alongside the government's requirements for the planning system.

National Planning Practice Guidance (NPPG)

Practical guidance on the implementation of planning policy.

Negative Equity

Financial term used to describe a situation where a loan becomes worth more than the asset it is secured against. In housing this typically applies to mortgages where the value of the property falls below the amount borrowed to buy it.

Possession Order

The court order that allows a landlord, or lender in the case of homeowners, to take possession of the property.

Registered Providers (RP) or Registered Social Landlord (RSL)

Regulated by the Homes and Communities Agency (HCA) and also known as Housing Associations. Can also include housing cooperatives and local housing companies.

Right to Buy

The right given to eligible tenants to purchase their home from the Local Authorities (LAs) with discounts on the sales price according to their length of tenancy.

Section 106 Agreement

A planning agreement between a local authority and a developer. The local authority considers whether the development offers some additional benefit to the local community (e.g. low cost housing, education facilities or improved public spaces). The agreement applies to the land, not the developer, so future owners need to take it into account.

Secure Tenancy

Type of tenancy that is granted by local authorities. The minimum tenancy terms and conditions are set out in law. Tenants have a number of rights and can remain in a property unless the tenancy terms and conditions are broken and a court order is obtained. In some circumstances the tenancy can be passed to a relative. There are now two basic types of secure tenancy: 'periodic secure tenancy' and 'flexible secure tenancy'.

- A periodic secure tenancy is often called a permanent or lifetime secure tenancy. The resident can continue to hold their tenancy indefinitely as long as they comply with the terms of their tenancy agreement.
- Flexible secure tenancies were introduced in 2012. They are granted for a fixed term usually of a minimum of five years (or two years in certain circumstances). Towards the end of the five-year term, the landlord carries out a review to decide whether to grant a further flexible tenancy. Flexible secure tenants have the same rights as

periodic secure tenants. The Housing and Planning Act suggests some legislative changes to the way in which these work and making them mandatory.

Self-build and custom-build housing

Housing built by individuals or groups for their own use, either by building the home on their own or by working with builders and/or developers.

Service Charge

Charge paid to landlords or by leaseholders to the owner of the freehold, in exchange for maintaining communal areas. Some can be covered by Housing Benefit.

Shared Accommodation Rate

Housing Benefit rate which applies to most single people under the age of 35 renting from a private landlord (does not apply to Council or Housing Association tenants at present). The maximum rate available is for a single room in shared accommodation. Certain exemptions apply.

Shared Ownership

Scheme that allows people to buy a part share in a home, if they are unable to buy the whole property, with another party (often a Housing Association) retaining the remainder. Shared owners can often increase or decrease their stake in the home, through a process known as staircasing.

Social Rented Housing

Rented housing owned and managed by local authorities, housing associations or other Registered Providers.

Starter Homes

Homes sold at a discount of at least 20% to UK residents under the age of 40.

Temporary Accommodation

Housing such as hostel accommodation or Bed and Breakfast that Councils may use to accommodate homeless households for a limited period of time.

Tenures

Owner-occupied: includes outright ownership and mortgaged properties.

Private rented: does not include Council or Housing Association rented properties.

Social rented: housing owned by Local Authorities (LAs) or Housing Associations

Under Occupancy Charge ('Bedroom Tax')

An amount taken off Housing Benefit / Universal Credit payments for social housing if it is assessed that the occupied property has more bedrooms than required by the household.

KEY BACKGROUND DOCUMENTS

- Bournemouth Housing Strategy 2013-20
- Bournemouth Homelessness Strategy 2016
- Bournemouth Empty Homes Strategy 2016

Can be found at -

<https://www.bournemouth.gov.uk/Housing/homelessness/homelessness-strategies-policies-and-performance.aspx>

- Bournemouth Local Plan

Can be found at -

<https://bournemouth.gov.uk/PlanningBuilding/PlanningPolicy/Local-Plan-Documents/BournemouthDistrictWideLocalPlan.aspx>

CONTACT DETAILS

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Cabinet

Report Subject	Medium Term Financial Plan (MTFP) Update
Meeting date	18 October 2017
Cabinet Portfolio	Councillor John Beesley, Leader and Portfolio Holder for Resources.
Corporate Lead	Adam Richens, Chief Financial Officer
Service Director	Adam Richens, Chief Financial Officer
Status	Public
Classification	For decision
Key Decision	Yes
Impacts on Key Policy Framework	Yes
Report author	Adam Richens ☎ 01202 451137 ✉ a.richens@poole.gov.uk
Executive summary	<p>To seek endorsement of the updated MTFP position for the Council and the work which is now required to enable a balanced, legal, budget for 2018/19 to be set.</p> <p>The Council has never failed in its duty to set a balanced budget and since 2007/08 has delivered a balanced or better financial outturn by way of actual performance against these budgets set.</p> <p>In addition the report provides an overview of the Government invitation to pilot 100% business rates retention in 2018/19 and pioneer new pooling and tier split models.</p>
Recommendations	<p>Cabinet is recommended to;</p> <ol style="list-style-type: none"> 1. Note the gross MTFP funding gap over the three year period April 2018 to March 2021 has been revised to £13.4m. 2. Note that proposals have been formulated which close the funding gap for 2018/19 to £2.5m. 3. Note the need for Officers and Members of the Council to bring forward and examine robust and realistic budget proposals through the autumn which will ensure that the proper and lawful duties of the Council can be satisfied and a balanced budget for 2018/19 can be set. 4. Note the proposal not to submit an application to be a pilot for 100% business rates retention and to pioneer new pooling and tier split models (paragraphs 15 to 17).

Reasons for recommendations	<p>To advise Cabinet of the;</p> <ul style="list-style-type: none"> a) work done in refreshing the Medium Term Financial Plan (MTFP) as a consequence of the fundamental annual review undertaken at the end of August 2017. b) latest £13.4m funding gap over the three year period April 2018 to March 2021. Specific attention is drawn to the fact that £2.5m still remains to be identified to enable a balanced budget for 2018/19 to be set. c) work done by Cabinet and Officers in developing the transformation programme which aims to deliver the savings and efficiencies needed over this three year period. d) further work being done, with guidance from Cabinet Members, to enable further proposals to be developed and a balanced budget for 2018/19 to be set by Council on the 21 February 2018. e) latest timetable being used for the development of the MTFP (Appendix A).
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Background detail

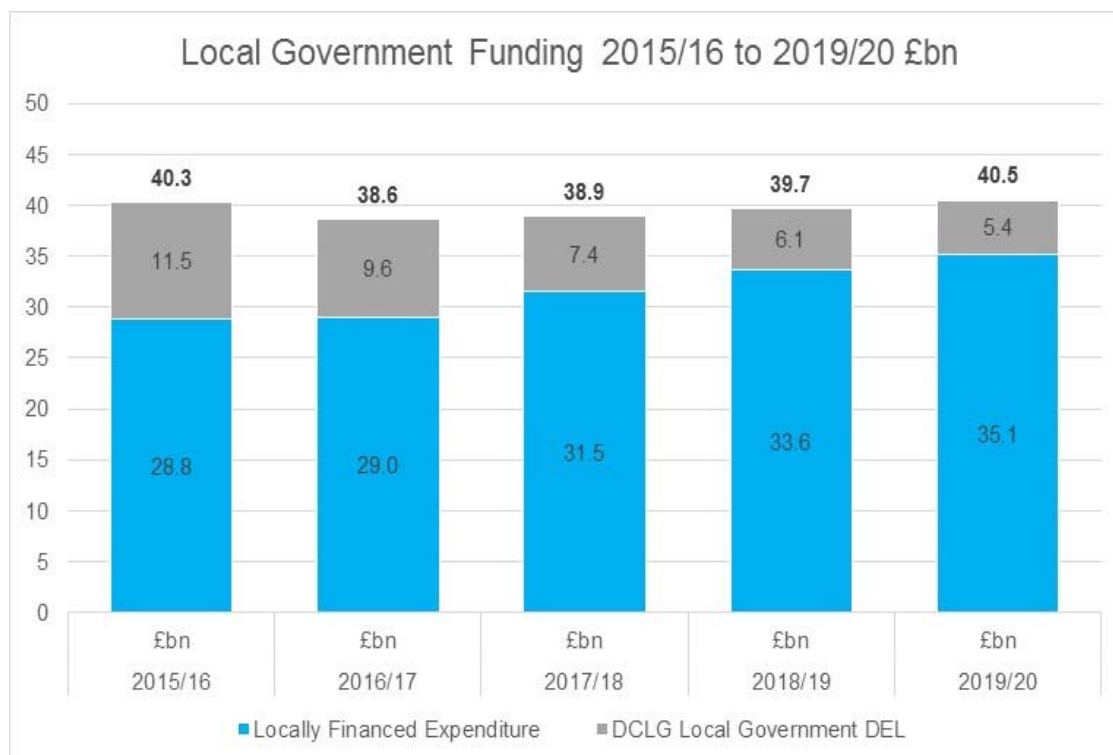
National Context

1. During the past seven years of austerity, protections applied to the National Health Service (NHS), schools, international development, defence equipment and more recently to defence and the police, have meant public spending reductions have and will continue to be felt disproportionately by Local Government. Consequently, there has been no national protection in respect of the expenditure incurred by Councils in supporting some of the most vulnerable members of our society, be that Looked After Children (LAC) or homecare support to the elderly through Adult Social Care Budgets.
2. In November 2015 the Chancellor of the Exchequer published the 2015 Spending Review and 2015 Autumn Statement. In publishing this document his stated intent was to set out a long term economic plan that fixed the public finances, returned the country to an annual surplus and to run a healthy economy that starts to pay down the country's debt.
3. The spending review established that £18bn of national budgetary consolidation was required if the Government were to deliver against this intent with;
 - £12bn to be delivered through further departmental spending reductions.
 - £3bn to be raised through the introduction of an apprenticeship levy.
 - £3bn to be delivered through reforms such as making tax digital and further measures to reduce tax avoidance.

In addition the Government highlighted that they remain committed to a welfare cap (*as a portion of Government spending*) with the stated intention for it to be met by 2019/20.

4. The impact of the spending review on Local Government was that the Department for Communities and Local Government's: Departmental Expenditure Limit (DEL) for Local Government was yet further reduced from **£11.5bn** in 2015/16 to **£5.4bn** in 2019/20. This is a reduction of **£6.1bn** or - **53%**.
5. However, the Government will highlight that they are assuming that overall Local Government spending will be higher in cash terms in 2019/20 compared to 2015/16 as explained further in Figure 1 below;

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



*DEL – Departmental Expenditure Limits

6. This increase in cash spending between 2015/16 and 2019/20 is only possible from the Government's assumption that Councils will generate the following sources of locally financed revenue;
 - a) annual year on year increases in Council Tax to reflect the normal annual threshold uplift.
 - b) £3.5bn of extra support for adult social care by 2019/20 via an additional annual increase in Council Tax in relation to the social care precept
 - c) A rebalancing of the system (*initially intended from 2018/19 onwards*) to support those authorities with social care responsibility (*the redistribution of resources via a reduction to the New Homes Bonus & the creation of a New Better Care Fund*).
 - d) Use of capital receipts as a means of financing revenue expenditure on reform projects.

7. This position was reaffirmed in the **November 2016** Autumn Statement which stated that the government remains committed to returning the public finances to balance at the earliest possible date. This included continued support for fiscal discipline and a firm ongoing commitment to the 2015 Spending Review departmental spending plans. The statement also contained a Charter for Budget responsibility with three fiscal rules:
- 1) Annual public sector net borrowing, the structural deficit, should be below 2% of Gross Domestic Product (GDP) by 2020/21.
 - 2) Public sector net debt as a share of GDP must be falling in 2020/21.
 - 3) Welfare spending must be within a cap, set by the government by 2021/22, as monitored by the Office for Budget Responsibility (OBR).
8. In **February 2017** the Government, as part of the Local Government Finance Settlement for 2017/18, took the opportunity to implement a number of changes not covered by the core settlement that had a direct impact on the Councils funding envelope. These included;
- a) *Social Care Precept*: The original intent was to allow council's to apply a 2% precept in each of the three years over the period to 2019/20, which amounted to a total additional 6%. The 2017 settlement changed this profile with council's permitted to increase council tax by an additional 3% in both 2017/18 and 2018/19. Bournemouth took advantage of this approach in 2017/18 and the planning assumption is that it will do likewise in 2018/19. By implications this means that in 2019/20 we will not be able to apply any social care precept.
 - b) *New Homes Bonus (NHB)*: In a process designed to deliver a £241m saving nationally from 2017/18, which was earlier than previously assumed, the Government reduced the number of years the scheme is based on to five (*from six*) and four from 2018/19 onwards. The scheme will now only reward growth in homes above 0.4% per annum.
 - c) *Adult Social Care Support Grant*: A new one-off grant which diverts the £241m NHB saving to social care authorities using the adult social care relative needs formula.
9. In making these changes the government considered they were taking steps to help protect care services to elderly and vulnerable people. This was not the case in Bournemouth. In 2017/18 the extra resources that might be generated by the extra social care precept (+£0.8m) and the actual extra Adult Social Care Support Grant (+£0.9m) were cancelled out by the loss in New Homes Bonus (-£1.7m). This problem was not specific to Bournemouth, up to one-third of top tier authorities (*those with Adult Social Care responsibility*) found themselves in the position of the reduction in New Homes Bonus being greater than the resources received via the Adult Social Care grant.

National Context - Post Council setting the 2017/18 Budget (*February 2017*)

10. On 8 **March 2017**, the Chancellor, Philip Hammond, introduced the first of two intended budgets during 2017, and the last spring budget. In his introduction, he emphasised the need for continual economic stability as the UK begins the formal process of exiting the European Union. He also highlighted that the country is still spending more than the income it has coming in, that debt remains too high, productivity too low and that too many families continue to feel the squeeze.
11. As part of this budget the Chancellor took the opportunity to set out that although everyone should enjoy security and dignity in old age, the social care system was caring for over a million people and consequentially the system was under enormous pressure. In response, he allocated £2bn in additional funding to be injected into social care over the next three years.
12. What was not announced at the time, but slowly emerged since, is that there will be a tightly controlled stewardship and monitoring framework around not just these newly announced New Better Care Fund resources but also the original Improved Better Care Fund resources, announced in 2015, alongside the four year financial settlement. These conditions and the hypothecation of taxation to a single local service will impact on the previous planning assumptions which underpin the Council MTFP.
13. Following a snap general election, the Conservative Party, with the backing of the Democratic Unionist Party, formed a Government. As part of their manifesto the Conservatives had highlighted that there is still work to do on deficit reduction and they aimed to restore the public finances over the course of the next parliament. They also pledged to continue with the fiscal rules announced by the Chancellor in the autumn of 2016 (*see section 7 above*) which will provide a guide to balancing the budget by the middle of the next decade.
14. The subsequent Queen's speech to Parliament on 21 June 2017 highlighted three specific matters in regards to Local Government Finance;
 - a) that plans to introduce a new system of local government finance underpinned by 100% business rates retention, have been suspended indefinitely. This will create greater uncertainty and ambiguity in the financial planning for Councils funding post 2019/20.
 - b) that the Government will bring forward proposals for consultation that will set out options to improve the social care system and put it on a more sustainable financial footing. In all probability this means that no legislation on this matter will be laid for at least two years. Please see section 40 below in regards to the impact of the conditions attached to resources announced as part of the March 2017 Budget.
 - c) that plans to increase the National Living Wage were announced. Unless extra funding is provided this is likely to create a further pressure on the Council due to its impact on the care sector.

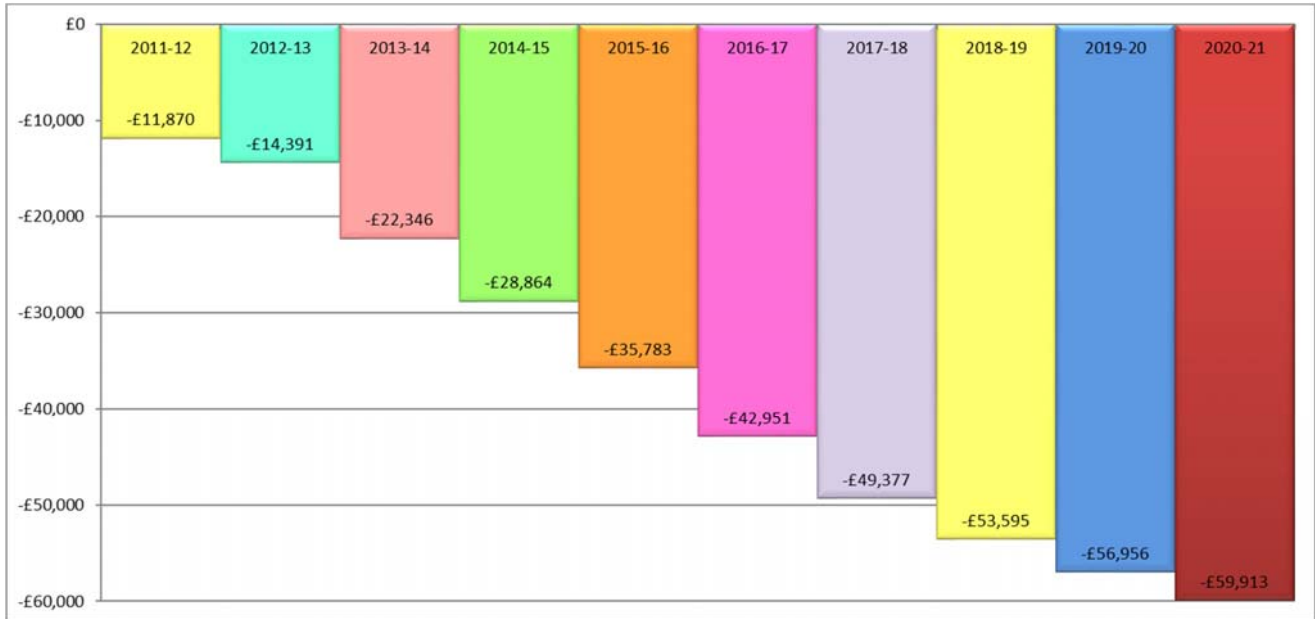
Invitation to Local Authorities to pilot 100% Business Rates Retention in 2018/19 and to pioneer new pooling and tier-split models

15. In early September the Government published an invitation to Local Authorities in England to pilot 100% Business Rates Retention in 2018/19 and to pioneer new pooling and tier-split models. This invitation came as a surprise bearing in mind the announcement in the Queens speech. The deadline for submission is Friday 27th October 2017 and the Government would like to see authorities form pools and, with agreement in place from all the participating authorities, to apply jointly for pilot status. The clear indications are;
 - a) Government are particularly interested in applications which cover two tier areas (County Councils and their Districts) although applications that include Unitaries or groups of Unitaries are not prohibited. Government reserve the right to pilot a single authority if it thinks this will be useful.
 - b) as current pilots cover areas such as Greater Manchester, The West of England and the West Midlands, any application would need to be from a functional economic area probably even bigger than just Dorset.
 - c) that the no detriment clause guaranteeing that authorities will not be worse off as a result of participating in the pilot, offered to the current 2017/18 pilots, would in all likelihood not be extended to 2018/19 pilots.
 - d) 2018/19 pilots would only be guaranteed for one year.
16. Clearly it would be difficult to organise, design and reach agreement on a pool with multiple other local authorities within the short time period available even before any consideration is given to the underlying financial analysis, and any necessary scrutiny and consultation. This statement is especially relevant to all the authorities in Dorset as they are all heavily engaged in Local Government Review and shared services workstreams.
17. It is proposed that Bournemouth does not submit an application in regards to this invitation.

Medium Term Financial Plan Refresh

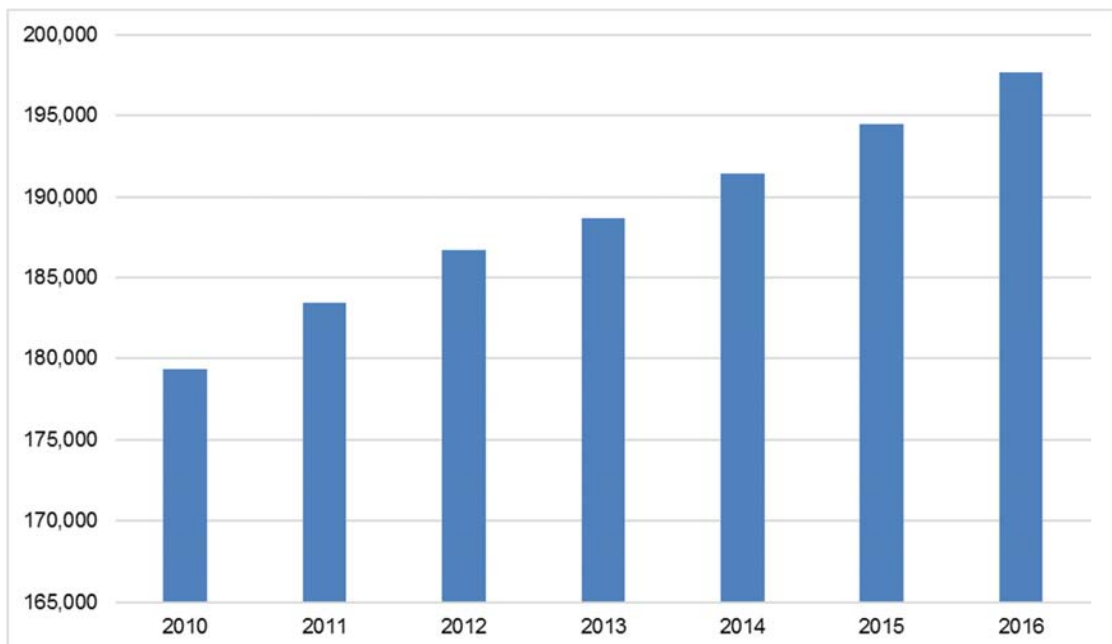
18. Over the summer Officers of the Council have been working with the relevant Portfolio Holders to update the Councils Medium Term Financial Plan (MTFP). The latest MTFP position is based on the third and fourth years of the four year funding settlement that Bournemouth along with 97% of local authorities signed up to in 2016/17 to give them certainty over their funding.
19. Figure 2 overleaf details the total £60m per annum reduction to Bournemouth's core Government funding compared to 2010/11 which is the equivalent of £672 per annum for every household within the Borough

Figure 2: Cumulative per annum reductions in Bournemouth’s core Government funding compared to 2010/11 (Settlement Funding Assessment, Transitional Grant and Education Services Grant)



20. The Councils finances will therefore remain under immense pressure but not only due to the ongoing reductions in government funding. Cost increases through such factors as the Living Wage as well as the relentless increase in demand for Council services, particularly those related to vulnerable adults and children, will also play a significant role. This unprecedented increase in demand for Council services can be partially attributed to the **10.3%** increase in Bournemouth’s population already experienced over the period of austerity, as set out in Figure 3 below;

Figure 3: Increase in Bournemouth’s population between 2010 and 2016



21. By 2020 the Council will be completely reliant on the money and other income (net of fees and charges) it raises locally to pay for local services, be that Council Tax or the amount of local business rates it is allowed to retain.
22. The current MTFP is set out in **Figure 4** below.

Figure 4: Medium Term Financial Plan 2017 to 2021

17/18 £m	Pressures	18/19 £m	19/20 £m	20/21 £m	3 year Total £m
6.9	Core Government Funding reductions	4.3	3.5	3.0	10.8
7.8	Adult Social Care - Growth	1.6	2.2	2.5	6.3
1.1	Pension Fund – Tre-annual revaluation impact	1.0	1.0	1.0	3.0
0.6	Pay award (<i>1% per annum</i>)	0.7	0.7	0.7	2.1
(1.4)	Inflation, Other Growth Pressures, adjustments				0.0
0.5	Environment & Economy pressures	1.8	0.5	0.5	2.8
0.4	Children's Social Care <i>costs (inc SEN Transport)</i>	0.7			0.7
(0.5)	Interest Payable	0.4			0.4
0.1	Tourism	0.1	0.1		0.2
1.2	Children's Services - Growth	0.2	0.1	0.1	0.4
0.5	Corporate Services	0.1			0.1
0.3	Apprenticeship Levy				0.0
0.1	Housing & Communities				0.0
0.0	Contingency	0.7	0.7	0.7	2.1
17.6	Total Additional Annual Pressures	11.6	8.8	8.5	28.9
	Cumulative Pressures	11.6	20.4	28.9	

17/18 £m	Additional Resources	18/19 £m	19/20 £m	20/21 £m	3 year Total £m
(3.9)	Council Tax - Increases (4.99% 2018/19, 1.99%, 3.99%)	(4.3)	(1.9)	(3.8)	(10.0)
(0.5)	Council Tax – Tax base Increases	(0.4)	(0.4)	(0.5)	(1.3)
4.5	Council Tax - Surplus Distribution	0.7			0.7
1.4	Business Rates – Surplus Distribution	(0.7)			(0.7)
(0.1)	Improved Better Care Fund	(3.3)	(0.7)	1.0	(3.0)
1.7	New Homes Bonus (<i>scheme changes & new properties</i>)	1.5	0.6	0.5	2.6
(0.9)	Adult Social Care – Additional one-off grant	0.9			0.9
(4.1)	Minimum Revenue Provision (MRP)	3.6	0.2		3.8
(0.9)	Movements on commercial income	0.9			0.9
(1.7)	Reserve movements (items funded reserves 2016/17)	(0.1)	(0.2)		(0.3)
	Savings & efficiencies				
(8.3)	Adults and Children's Directorate	(3.0)	(0.4)		(3.4)
(2.4)	Corporate Services Directorate	(1.9)	(0.3)		(2.2)
(2.4)	Environment & Economy Directorate	(3.0)	(0.5)		(3.5)
(17.6)	Total annual extra resource & savings	(9.1)	(3.6)	(2.8)	(15.5)
	Cumulative extra resources & savings	(9.1)	(12.7)	(15.5)	
	Annual – Net Funding Gap	2.5	5.2	5.7	
	Cumulative MTFP – Net Funding Gap	2.5	7.7	13.4	

Please note the risk associated with the assumption of the pay award over the MTFP time horizon.

23. The key changes associated with the £3.7m reduction since the July 2017 MTFP Update report are highlighted in figure 5 below;

Figure 5: Key changes since the July MTFP position

Pressures	18/19 £m	19/20 £m	20/21 £m	3 year Total £m
19 July 2017 – Cabinet MTFP Funding Gap	7.2	4.7	5.2	17.1
<i>Revisions to Additional Annual Pressures</i>				
Contingency	0.7	0.7	0.7	2.1
Adult and Children – Rebase Library services savings	0.1			0.1
Environment and Economy - fleet services, Street services and other in-year ongoing pressures	1.3			1.3
Additional Annual Pressures	2.1	0.7	0.7	3.5

<i>Revisions to Savings and Efficiencies</i>				
Adults & Children’s savings & efficiency proposals	(2.8)			(2.8)
Environment & Economy savings & efficiencies	(1.9)	(0.2)	(0.2)	(2.3)
Corporate Services savings & efficiencies	(1.4)			(1.4)
Bournemouth Asset Investment Strategy	(0.6)			(0.6)
Cost of Employment proposal purchase of extra leave	(0.1)			(0.1)
Additional Savings & Efficiencies	(7.1)	(0.2)	(0.2)	(7.2)
Yet to be identified – Transformation Savings	2.5	5.2	5.7	13.4
Yet to be identified – Cumulative Savings	2.5	7.7	13.4	

24. These issues are explained further below;
- *Contingency*
25. At this early stage in the annual budget process, and as a matter of prudence, provision has been made for a contingency. This provision will be regularly monitored as the budget evolves during the remaining part of the cycle.
- *Adult and Children Services*
26. Rebase of the savings assumed following the restructure of the Library Service and the joint service with Poole.
- *Environment and Economy Services*
27. Reflection of the ongoing nature of the 2017/18 in-year budget pressures referenced in the separate Budget Monitoring report on this agenda which covers the period to the end of August 2017. These pressures relate to the fleet, street services and a number of smaller items.

Savings and efficiencies

28. At this stage £7.2m of additional savings and efficiencies have been identified over those assumed in the July report. The savings in Corporate Services include those which will flow from a voluntary redundancy process.

High Needs Block / Dedicated Schools Grant (DSG)

29. The High Needs Block is one element of the Dedicated Schools Grant which is the ring fenced specific grant paid by the Department of Education to local authorities to fund education services. The High Needs Block is used to support pupils with additional needs, through special schools or the funding of additional support in mainstream schools for example.
30. This area is an area of high financial risk in both the current year as well as the future years expressed in the MTFP.
31. During 2016/17 when the 2017/18 Dedicated School Grant (DSG) budget was set, £2.0m was transferred from the Schools Block, which funds general school expenditure, to the High Needs Block to reflect increasing costs in this area. This meant all mainstream schools received the nationally set minimum funding guarantee amount (i.e. an overall 1.5% reduction per pupil). Schools highlighted the impact of this reduction in funding at a time when budget pressures are increasing.
32. The 2016/17 actual overspend on the High Needs block was £2.8m. However, after underspends in other areas of the DSG were applied to this, the net DSG overspend was £2.2m. With approval from the Schools Forum, this was carried forward into 2017/18.
33. The current 2017/18 in-year forecast pressure in the High Needs budget is currently £3.7m. It is possible this will increase as this is a demand led budget driven by the needs of individual pupils.
34. To date the following actions have been taken to reduce this pressure:
- The joint commissioning, with Borough of Poole, of a strategic review of need and provision for children and young people with special educational needs and disabilities with a view to maximising shared local provision and reduce costs
 - An invitation to local schools to come forward with proposals to develop local targeted provision and avoid higher cost placements in specialist provision
 - Payments to schools of SEND top-up funding have been reviewed and not been increased in line with inflation
 - Exploration of individualised creative packages of support which meet need at lower cost.
35. For 2017/18, the School's Forum (SF) resolved that any overspend in High Needs should not be carried forward. In such circumstances an overspend would fall to be met from the Council's general revenue resources. In all likelihood the Council would challenge this

decision if the SF could not identify the appropriate funding or take the necessary action to meet this cost.

36. A report will be considered by the Schools Forum in October on the options to enable the budget to be placed on a long term sustainable basis. This will form a key part of the Council's budget setting process for 2018/19.

MTFP Framework, timetable, milestone and process

37. The Medium Term Financial Plan continues to be developed within the context of the Council's Corporate Strategy "Ambition 2020 – Building a Better Bournemouth" which provides a clear long term vision for a "top performing, efficient Council, leading Bournemouth to greater economic prosperity." This sets the scene for how the Council will organise and focus resources.
38. Ambition 2020 highlights the Council's commitment to five key priorities and the priority actions that sit beneath them. This strategy reflects the very significant progress that has already been made, and the changing needs of Bournemouth's residents, businesses and visitors. These are the activities the Council will continue to focus on, delivering for Bournemouth up to 2020.
39. Building a Better Bournemouth is our commitment to the residents of Bournemouth and will require complete organisational support across all areas of service delivery and not just in the development of physical infrastructure. Our priorities remain;
 - Developing the Future of Local Government in Bournemouth.
 - An Efficient Council.
 - An Active Community.
 - An Improving Environment.
 - A Thriving Economy
40. Our response to the significant financial challenge we face is summarised by the Ambition 2020 Corporate Strategy. This is a strategy designed to strengthen the Council's financial standing and to create a smaller, more efficient organisation better able to deliver the Council's priorities, anchored around the key priorities of:
 - Achieving financial and budget stability;
 - Investing in economic regeneration through innovation and more and better housing solutions;
 - Establishing a strong strategic approach to the regeneration of Boscombe as a thriving part of the wider Bournemouth area;
 - Leading the development of the Seafront Strategy to deliver targeted investment in the local economy and the future tourism offer for Bournemouth;
 - Re-shaping the night-time economy through a strategy which complements the priorities of residents and the wider tourism area.

41. Having achieved this, it was possible for the Council to move onto the next phase in the financial strategy when setting the Budgets for 2015/16 to 2017/18 which was to invest significant support and resources towards:
- Safeguarding priority services;
 - Securing the early delivery of the Council's strategic housing ambitions;
 - Facilitating growth and investment in the area to support economic development and regeneration;
 - Driving forward the Council's commitment to improving the quality of life in the most deprived areas of Bournemouth, in Boscombe and West Howe;
 - Ensuring organisational resilience and efficiency, driving out further savings and efficiencies wherever possible;
 - Gaining the best overall value for money and added value, including those from existing partnerships with BH Live and the Bournemouth Development Company;
 - Diversifying the revenue base to secure alternative sources of income to better support the Budget position in future years.
42. This approach has been facilitated by;
- The integrated deployment and planned utilisation of all available Council resources spanning the General Fund, Housing Revenue Account, Capital Programme, reserves and other assets to support the roll-out over the medium to long term;
 - Ongoing work to support the delivery of the Town Centre Vision and to support future economic growth in the sub-region alongside the Dorset Local Enterprise Partnership (DLEP);
 - The development of the Council's commercial aspirations being progressed with the establishment and trading of two building maintenance companies, one serving the Council the other the external market. In addition, Tricuro, the Dorset Local Authority Trading Company providing care services, commenced operation in July 2015.
 - Agreeing, originally purchase up to 60 properties, and subsequently in September 2017 to purchase a further 66 properties, to provide much needed homes designed to assist the Council to discharge its homelessness duties.
43. The Council continues to look to the future and the financial strategy has evolved further with the focus on the best use of our resources; assets; people; finance, and technology. This includes;
- Exploring options for the future of Local Government in Dorset. By working with other Councils in Dorset to explore such options for the area, the Council is committed to working in the long-term interests of residents and businesses.
 - Reviewing the financial and operating policies of the various Dorset Authorities to better position the Council in moving to a new configuration and to provide consistency in revenue streams.
 - Reviewing and benchmarking of fees and charges between Councils.

- Approving an enhanced Bournemouth Asset Investment Strategy (BAIS) in July 2017 which created an Investment Panel to oversee the purchase of income generating property assets.
 - Agreeing to a proposal to develop a proposal which will then consider a single shared officer structure for all services between Bournemouth and Poole Councils.
44. The Executive Team, Service Directors and Budget Holders are working with Cabinet Members on these workstreams to develop the further transformational savings required to deliver the £13.4m need to balance the MTFP over the next three years. Such proposals will be considered within their Adults & Children, Environment and Economy, and Corporate Services Themes to ensure sufficient proposals are brought forward. Particular attention will be given to measures to deliver the £2.5m of resources needed to deliver a balanced and legal budget for 2018/19.
45. As part of the framework for the delivery of the MTFP and the Budget, overall scrutiny is undertaken by the Corporate Services Overview & Scrutiny Committee.

Equalities Impact Needs Assessment (ENIA) of Council Tax Discounts

46. A full EINA is undertaken as part of the final February report to Members as part of the annual budget process to identify the overall equality impacts in respect of the nine protected characteristics:
- a) age;
 - b) disability;
 - c) gender reassignment;
 - d) marriage / civil partnership;
 - e) pregnancy/maternity;
 - f) race;
 - g) religion & belief;
 - h) sex;
 - i) sexual orientation.
47. Officers are required to identify any EINA implications of any specific priorities or savings which they bring forward as part of their budget proposals which are then used to inform the Council's final Budget decisions.

Consultation

48. In isolation, the matters raised in this report do not require any formal consultation. The necessary additional resources, savings and efficiencies required to balance the budget over the next three years will each need to be reviewed to determine the extent to which they may require consultation. Consideration will also need to be given to the relevant period, stakeholder groups and method of consultation.

Summary of finance implications

49. The financing implications are as outlined in the body of this report.

Summary of legal implications

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

Summary of human resources implications

51. 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.

Summary of environmental impact

52. None

Summary of risk assessment

53. This report and the actions outlined within it will form part of the mitigation strategy associated with the following financial risks identified in the Council's Strategic Risk Register;
- a. Failure to respond to the needs arising from changing demography **(Ref: CR01)**
 - b. Failure to respond effectively to changing national policy agenda within the local context of the town **(Ref: CR02)**
 - c. Failure to deliver Council ambitions **(Ref: CR03)**
 - d. Failure to protect vulnerable people and all service users from abuse & harm **(Ref: CR04)**
 - e. Failure to protect staff and service users from injury and harm **(Ref: CR05)**
 - f. Inability to respond or major failure in business delivery as a result of a major incident **(Ref: CR06)**
 - g. Failure to positively manage the Council's leadership role in the development of the local economy **(Ref: CR07)**
 - h. Inadequate Information Governance Arrangements **(Ref: CR08)**
 - i. Failure to act positively to help address the causes and impact of climate change **(Ref: CR09)**

- j. Inability to deliver Council statutory services due to insufficient resource funding **(Ref: CR10)**
 - k. Failure to improve residents' health & wellbeing and reduce health inequalities **(Ref: CR11)**
 - l. Inadequate information technology, security & cyber risk **(Ref: CR12)**
 - m. Inability to run an Election / Referendum **(Ref: CR13)**
 - n. Future of local government in Bournemouth, Poole and Dorset **(Ref: CR15)**
54. This report is based on the best available information at the time of going to print. Clearly any of the base assumptions could change significantly. Areas of particular volatility include;
- a) *Pay award*: Ongoing debates continues as to the potential pay award for 2018/19 onwards and the current 1% pay cap for the local government workforce.
 - b) *Service demand*: The number of older people with care needs is expected to expand by a quarter over the next eight years (The Lancet Public Health Journal). Some provision has been made in this MTFP, but not to this level. Of particular concern is the ongoing pressure on the housing service.

Background papers

Report to Council 21 February 2017 – Medium Term Financial Plan (MTFP) 2017 – 2020 & Budget 2017/18.

Report to Cabinet 19 July 2017 – Medium Term Financial Plan (MTFP) Update *(including updated Transformation Plan and Flexible Use of Capital Receipts Strategy)*

MEDIUM TERM FINANCIAL PLAN

TIMELINE

	Date	Event	Action
	21 February 2017	Council	<ul style="list-style-type: none"> Final consideration of MTFP 2017 to 2020 & 2017/18 Budget including the Council Tax setting report.
	March 2017	Cabinet	<ul style="list-style-type: none"> January Budget Monitoring report.
	April 2017	Financial Services publish	<ul style="list-style-type: none"> Budget Book including detailed revenue and capital plans.
	April 2017	Cabinet	<ul style="list-style-type: none"> February Budget Monitoring report.
	June 2017	Cabinet	<ul style="list-style-type: none"> Financial Outturn report 2016/17.
	July 2017	Cabinet	<ul style="list-style-type: none"> MTFP 2018 to 2021 Update report.
	July 2017	Cabinet	<ul style="list-style-type: none"> May 2017/18 Budget Monitoring report.
	July 2017	Corporate Services Overview & Scrutiny Panel	<ul style="list-style-type: none"> Scrutiny of May Budget monitoring and July MTFP Update reports.

	Date	Event	Action
	31 August 2017	Service Directors	<ul style="list-style-type: none"> Deadline for the production of baseline financial assessments of services growth and savings plans over the next three years to support a fundamental refresh of the MTFP.
	September 2017	Cabinet	<ul style="list-style-type: none"> July Budget Monitoring report.
	October 2017	Cabinet	<ul style="list-style-type: none"> MTFP 2018 to 2021 Update report including outcome of July fundamental refresh.
	October 2017	Cabinet	<ul style="list-style-type: none"> August Budget Monitoring report.
	October 2017	Corporate Services Overview & Scrutiny Panel	<ul style="list-style-type: none"> Scrutiny of July Budget monitoring and subject to availability the October MTFP Update reports.
	November 2017	Cabinet	<ul style="list-style-type: none"> Sept (2nd Quarter) Council Budget Monitoring report 2017/18.
	November 2017	Chancellor	<ul style="list-style-type: none"> Autumn Budget Statement.
	December 2017	Cabinet	<ul style="list-style-type: none"> December MTFP 2018 to 2021 Update report.
	December 2017	Cabinet	<ul style="list-style-type: none"> October Budget Monitoring report.

APPENDIX A - Timeline

	Date	Event	Action
	December 2017	Department of Communities & Local Government	<ul style="list-style-type: none"> Local Government Finance Settlement.
	January 2018	Cabinet	<ul style="list-style-type: none"> November Budget Monitoring Report.
	January 2018	Council	<ul style="list-style-type: none"> Council Tax – Tax Base setting report 2018/19.
	January 2018	Delegation	<ul style="list-style-type: none"> Delegated sign off - NNDR 1 s151 Officer in conjunction with the Leader.
	January 2018	Corporate Services Overview & Scrutiny Panel	<ul style="list-style-type: none"> Scrutiny of the latest in-year Budget monitoring report.
	February 2018	Special Corporate Services Overview and Scrutiny Panel	<ul style="list-style-type: none"> Scrutiny of 2018/9 Budget.
	February 2018	Cabinet	<ul style="list-style-type: none"> MTFP 2018 to 2021 and 2018/19 Budget report including Council Tax 2018/19. Dec (3rd Quarter) Council Budget Monitoring report 2017/18.
	February 2018	Council	<ul style="list-style-type: none"> Final consideration of MTFP 2018 to 2021 & 2018/19 Budget including Council Tax Setting report.

Please note:

- a) Timings of Government announcements are subject to confirmation/variation.

APPENDIX A - Timeline

Report Subject	Monthly Budget Monitoring Report to 31 August 2017
Meeting Date	18 October 2017
Cabinet Portfolio	Councillor John Beesley, Leader of the Council & Portfolio Holder for Resources
Corporate Lead	Adam Richens, Chief Financial Officer
Service Director	Adam Richens, Chief Financial Officer
Status	Public
Classification	For information and decision
Key Decision	No
Impacts on Key Policy Framework	No
Report Author	Shaun Darcy, Assistant Chief Financial Officer ☎ 01202 451395 ✉ shaun.darcy@bournemouth.gov.uk
Executive Summary	<p>This report presents the Council's performance against the budget for the period 1 April 2017 to 31 August 2017. The forecast outturn is for the Council to exceed its budgeted resource in 2017/18.</p> <p>This continues to be in a similar position to previous years, when at this point in the financial year we were forecasting to exceed our budgeted resources but were then able to deliver a positive outturn position by the end of the financial year.</p> <p>The Council's strong culture of active financial management continues to serve it well and puts the Council in a better position than many others. This culture has been critical in the £3m reduction in the forecast overspend since the previous July reported position.</p>
Recommendations	<p>It is recommended that Cabinet: -</p> <ol style="list-style-type: none"> 1) Note the contents of the report. 2) Note the position of the forecast for the General Fund outturn for the period ended 31 March 2018. 3) Note the appendix C highlighting in-year pressures for Adult Social Care and the actions the strategy taken to bring the service back into balance.

Reasons for Recommendations	To ensure that the overall financial management and financial standing of the Council is subject to effective review.
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Introduction

- 1 The Council continues to operate in a very challenging environment. With significant and ongoing reductions in Government funding of £49m since 2011/12 coupled with unprecedented levels of demand for statutory services. As previously highlighted the future financial position for Local Government is expected to be bleak with further reductions in funding being made. The pressures highlighted in this report demonstrate how tight the budget is and the limited scope there is to absorb any pressures within services.
- 2 The 2017/18 budget was approved by Council in February 2017 and presented a balanced position which was a significant challenge for the Council in addressing the scheduled cuts in Government funding and increasing demands and unavoidable pressures on services.
- 3 Amongst the unavoidable service pressures for 2016/17 the Council agreed to allocate an additional £7.6m to Adult Social Care before finalising the savings required across the Council's operations. To balance any additional base budget pressures a series of planned savings, efficiencies and income generating proposals were identified to avoid the need for significant reductions in frontline services, some of which required in year decisions.
- 4 The 2017/18 budget is reliant on these total service savings of £13m being achieved throughout the year. Monitoring of the progress of these savings by way of rating their likelihood will continue to ensure services are highlighting where savings will not be achieved and the action they are taking to rectify.
- 5 The General Fund forecast for the year ending 31 March 2018, as at 31 August 2017, set out in Table 1, is currently forecasting an adverse position for service budgets in Environment and Children and Young People. This is currently being reduced by some favourable service forecasts.
- 6 All efforts continue to be made by Officers in conjunction with Portfolio Holders to mitigate this in-year position to ensure that the current forecast is maintained or improved by the year end.
- 7 The Housing Revenue Account is reported separately to the General Fund and is currently predicted to achieve a £65k underspend. A summary of the Housing Revenue Account to 31 August 2017 is included in Appendix A.
- 8 The Council's approved General Fund Capital Programme and Housing Revenue Account Capital Programme as at 31 August 2017 is set out in Appendix B to this report.

Table 1: General Fund Forecast Summary as at 31 August 2017

	Original Annual Budget £000	Working Annual Budget £000	Forecast Outturn £000	Forecast Variance £000
Service Budgets				
Adult Social Care	54,804	53,941	53,941	0
Public Health	(670)	(670)	(670)	0
Children's Social Care	24,420	23,888	23,888	0
Children & Young People	12,317	12,201	12,851	650
Community Learning & Commissioning*	12,694	12,934	13,014	80
Development	13,511	11,975	12,057	82
Environment	6,343	6,429	7,824	1,395
Housing & Community	5,483	4,830	4,170	(660)
Tourism Services	322	131	131	0
Strategic Finance	(3,507)	1,329	1,171	(158)
Legal & Democratic	733	2,112	2,007	(105)
HR Services	927	143	78	(65)
IT Services	5,793	507	437	(70)
Business Change	(14)	240	311	71
Executive Board	4	(173)	(337)	(164)
Projected Service Position	133,160	129,817	130,873	1,056
Corporate Budgets				
Interest	672	672	672	0
Other Corporate Items	(6,626)	(3,283)	(3,902)	(619)
Corporate Budgets Total	(5,954)	(2,611)	(3,230)	(619)
Total	127,206	127,206	127,643	437

*Does not include any forecast overspend on dealing with the High Needs Deficit.

- 9 Details of all forecast variances more than £100k and potentially significant variances to be aware of are set out in following paragraphs of the report in accordance with the Council's financial reporting requirements. Favourable variances are shown in brackets.

Adult Social Care - £0k Forecast - July £1,300k

- 10 The Adult Social Care budget position remains of concern, with a previously projected outturn of £1.3m. The number and cost of new packages has decreased in recent months, but the recovered cost of packages ending has reduced dramatically from in excess of £2m per month seen throughout 2017/18 down to £1m in August. This is almost certainly as a result of a lower number of clients passing away in care homes/nursing homes than would be

expected. It will be important to understand this trend over the next two months; it is anticipated that the position will recover which will in turn reduce the projected overspend.

- 11 The Service Director for Adult Social Care is implementing a recently agreed recovery plan to bring Adult Social Care as close to a balanced budget position as possible. This includes demand management involving a new quality review meeting which will reduce the number and cost of new Adult Social Care packages of care, a newly established reviewing team to reduce historical packages of care costs and a programme of reviewing and recovering unused Direct Payments.

Housing and Community – (£660k) Forecast Underspend - July £0k

- 12 Better than budgeted income within the In-House team and Bereavement services, increased HRA contributions, service delivery efficiencies, not filling vacant posts within Customer Services and the application of reserves for the maintenance of leased properties are enabling the service to forecast a £660k positive outturn position for the year.

Children and Young People - £650k Forecast Overspend - July £650k

- 13 Estimated pressure related to the home to school transport of children with special educational need (SEN Transport) of £650k. This is an underlying pressure seen in previous years that has been offset in the past from contingency and one-off in-year savings from other parts of the service.
- 14 Consideration will be given to the extent to which funds from the MTFP Revenue Reserve should be applied to address this forecast 2017/18 overspend once the position has been further validated during the financial year.

Environment - £1,395k Forecast Overspend - July £1,532k

- 15 The refuse route optimisation and introduction of alternate weekly collections has now stabilised the required fleet to deliver the service, which still maintains a weekly collection of food waste. However, the fleet requirement is still greater than the budgeted number which was based on an historical 'double -shifting' service delivery model.
- 16 Some new pressures have arisen this year; an increase in business rates, contract payment increases and rising costs linked to seafront collections and bulky waste. Not proceeding with the implementation of the street services workforce planning initiative mean that the anticipated savings are unlikely to be met in this area.

Strategic Finance – (£158k) Forecast Underspend - July £0k

- 17 The forecast underspend across Strategic Finance is as a result of vacancies not being filled in some areas and the service has also undergone a detailed review to freeze all non-essential spend.

Legal & Democratic – (£105k) Forecast Underspend - July (£30k)

- 18 The forecast underspend across the Legal & Democratic service is as a result of vacancies not being filled in some areas, and the impact of recharging for posts now shared with Poole, which have taken place since the budget was set. The service has also undergone a detailed review to freeze all non-essential spend.

Executive Board – (£164k) Forecast Underspend - July (£164k)

- 19 Following the report to Council on the 31 March 2017 regarding the Senior Leadership team re-structure a saving of £164k which was not originally built into the budget for 2017/18 will be achieved.

Other Corporate Items – (£619k) Forecast Underspend - July £18k

- 20 The approved Asset Investment Strategy will now benefit 2017/18 by £300k with a part year effect of an approved asset investment which completed at the end of September.
- 21 In addition, £322k will now be released from the restructure of Corporate Services. Revised arrangements have been put in place which means exit costs will be funded from the Reorganisation and Redundancy earmarked reserve rather than being first reduced by any in-year savings.

Coroners and Mortuary Service

- 22 A thorough review of the Coroner and Mortuary service is currently being undertaken to establish the full extent of budget pressures resulting from the necessary building work and the review of the model for future service delivery. This will ensure that the service is both fit for purpose and meets statutory requirements.

High Needs Block / Central Services Dedicated Schools Grant (DSG) 2017/18

- 23 The net current forecast pressure in central services DSG is £3.7m.

Universal Credit

- 24 The timetable for the rollout of Universal Credit (UC) has been revised and much delayed. In a recent Works and Pensions committee there is evidence of the impact of claim processing delays and this will only be exacerbated by the planned acceleration of the rollout from October 2017.
- 25 The hardship and financial difficulties faced by claimants awaiting UC payments were emphasised to the Committee by local authorities struggling to cope with the knock-on effects of increased arrears and claimant debt associated with long waits for UC decisions and payments.
- 26 The Council will continue to review the progress and impact of UC as it starts to take effect.

Housing Revenue Account (HRA) – (£65k) Forecast Underspend

- 27 Appendix A presents the Housing Revenue Account for the period 1 April 2017 to 31 August 2017. The current year-end projection to 31 March 2018 is a £65k underspend.
- 28 The current underspend forecast is due to savings on management costs and lower than anticipated losses from void properties. This is offsetting pressures in the need for a higher than anticipated bad provision and increased cost of depreciation.

Capital

- 29 The current General Fund Capital Programme for 2017/18 as at 31 August 2017 is £186.9m. This also includes the £125m approved Asset Investment Strategy funding that was approved by Council in July 2017 which will be

funded from prudential borrowing as and when individual investment opportunities are assessed and approved by Council.

30 The current HRA Capital Programme for 2017/18 as at 31 August 2017 is £20.2m and there is no reported overspend at present.

31 Further detail of the current Capital Programme can be found in Appendix B to this report.

Executive Gateway Board (EGB)

32 There was no EGB meeting in August.

Consultation

33 This report and the attached statements have been prepared in consultation with Service Directors and Executive Directors and includes comments and information provided by them.

Options

34 This report provides financial performance information, and as a result there are no alternative options to consider.

Summary of finance and resourcing implications

35 The finance and resourcing implications are as set out in the body of this report.

Summary of legal implications

36 None.

Summary of human resources implications

37 Human resource issues are considered as part of the budget and services planning process that support the allocation of Council resources.

Summary of environmental impact

38 The environmental impact of the budget allocation is considered by Service Directors and Portfolio Holders in preparing their budget and Service Plan proposals.

Summary of equalities and diversity impact

39 Equality and diversity issues are considered as part of the budget and services planning process that support the allocation of Council resources.

Summary of risk assessment

40 The effective management of the Council's Budget is fundamental to the good governance of the organisation. Failure to do so will result in the inadequate financial health and wellbeing of the Council. Without addressing financial pressures the Council will not be able to develop a sustainable Medium Term Financial Plan and will not be able to effectively invest in its service priorities as identified in the Council's Corporate Plan.

41 Actual performance to the end of August 2017 suggests a number of key risk issues that will need to be kept under close review and the appropriate mitigation taken as needed during 2017/18, principally:

- a sustained and increasing pressures on key areas of service, largely being driven by increased demand for services and/or from reduced income earnings. This is particularly true in areas such as Adult Social

Care, Children & Young People, Children's Social Care, Community Learning & Commissioning and Environment;

- b changes in legislation leading to alternative ways of delivering services and the imposition of new unfunded responsibilities, or changes to cost/income that can be achieved;
- c the potential impact on service budgets in delivering services during rapid change and transformation and the role of corporate funding resources in helping to manage service transition.

42 This report and the outlined actions will form part of the mitigation strategy associated with the following financial risks identified in the Council's Strategic Risk Register:

- a failure to respond to the needs arising from a changing demography – pressure on resources in the current economic climate and cuts in public sector funding; changes in birth and death rates; key legislative changes affecting benefits or schools; transfer of public health function to local authorities. **(Ref: CR01)**
- b failure to respond effectively to the changing national policy agenda within the local context of Bournemouth – changes in financing and cuts in public sector funding; changes in central government policy including devolving more responsibility to local government; differences between central government and local government priorities. **(Ref: CR02)**
- c failure to deliver Council ambitions – pressure on resources in the current economic climate and cuts in public sector funding; changes in central government policy including devolving more responsibility to local government; differences between central government and local government priorities; pressure from local demographics, other partners such as changes to health services; impact of an on-going recession. **(Ref: CR03)**
- d failure to positively manage the Council's leadership role in the development of the local economy – current economic context and trends including impact on capital receipts; cuts in public sector funding; impact of the recession including increased demand for services; ability of services to meet demand; sustainability of voluntary sector; impact of welfare reform. **(Ref: CR07)**
- e inability to deliver Council statutory services due to insufficient resource funding – pressure on resources in the current economic climate and cuts in public sector funding rendering strategy inoperable; misalignment of budgets and priorities; failure to achieve expected capital receipts and/or variations in trading income. **(Ref: CR10)**
- f failure to deliver commercial income streams which support the Council's ambitions – pressure on resources in the current economic climate places reliance on new commercial income streams to support the Council's ambitions. **(Ref: CR14)**

Background papers

Report to Council 21 February 2017 entitled 'Medium Term Financial Plan (MTFP) 2017 to 2020 & the Budget for 2017/18' [Report Pack](#)

Appendices

Appendix A – Housing Revenue Account Summary 1 April 2017 – 31 August 2017

Appendix B – Capital Summary 1 April 2017 – 31 August 2017

Appendix C - Adults Social Care Financial Position Report

Housing Revenue Account Summary 1 April 2017 – 31 August 2017

	Adjusted Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
<u>Income</u>			
Rental Income	(22,901)	(23,138)	(237)
Maintenance Income	(243)	(254)	(11)
Service Charges	(93)	(98)	(5)
Other Income	(381)	(387)	(6)
Service Recharges Income	(574)	(569)	5
Photovoltaic Income	0	(15)	(15)
Total Income	(24,192)	(24,461)	(269)
<u>Expenditure</u>			
Director of Housing	154	94	(60)
Housing Management	2,966	2,864	(102)
Housing Maintenance	4,754	4,671	(83)
Housing Technical	1,783	1,744	(39)
Service Overheads	494	530	36
Housing development	214	170	(44)
Photovoltaic Maintenance	0	9	9
Central Recharges	939	939	0
Service Recharges	517	517	0
Debt Management	75	75	0
Depreciation	8,717	9,015	298
Total Expenditure	20,613	20,628	15
Net (surplus)/deficit for service	(3,579)	(3,833)	(254)
Appropriations & Other Adjustments	3,579	3,768	189
Net (income)/expenditure for the period	0	(65)	(65)

Appendix B - Capital Programme 2017-2020 - as at 31st August 2017

	Expenditure 2017/18	Planned Programme 2017/18	Planned Programme 2018/19	Planned Programme 2019/20	Total Programme
	£000s	£000s	£000s	£000s	£000s
Adult Social Care					
Adult Social Care	217	594	-	-	594
New Childrens & Adults Care Management System	163	3,315	-	-	3,315
Children's Social Care	87	109	-	-	109
Communities Learning & Commissioning Service	(47)	2,313	1,560	-	3,873
St Peter's - Phase 5	1,221	1,739	-	-	1,739
Linwood Main Site Feasibility	1,259	1,531	-	-	1,531
	2,900	9,654	1,560	-	11,214
Corporate Services					
Strategic Finance	32	28	-	-	28
Customer Services	119	264	-	-	264
Corporate & Commercial	5	3,112	-	-	3,112
St Stephen's development	-	11,800	-	-	11,800
Asset Investment Strategy	-	125,000	-	-	125,000
Asset Investment Strategy - Crescent Road	-	2,400	-	-	2,400
Property Company Investments - Temporary accom.	3,166	2,140	3,900	-	6,040
	3,321	144,743	3,900	-	148,643
Environment & Economy					
Housing Landlord & Parks	214	1,101	37	-	1,138
Housing General Fund	329	1,252	700	-	1,952
Development	235	1,520	469	-	1,989
BH live capital programme	677	2,614	1,556	-	4,170
Strategic Waste Facility Project	-	13,692	-	-	13,692
Millhams CA ~ Drainage improvements	8	1,719	-	-	1,719
Environment	1,830	3,856	5,250	2,900	12,006
Bournemouth Beach Management	571	5,705	1,790	244	7,739
Tourism	592	1,008	-	-	1,008
	4,456	32,467	9,802	3,144	45,412
Total General fund	10,678	186,864	15,262	3,144	205,270
Housing Revenue Account	3,448	20,229	15,177	11,698	47,103
Total Capital Programme	14,126	207,093	30,439	14,842	252,373

Bournemouth Borough Council

Cabinet

**Appendix C to
Monthly Budget Monitoring Report, August 2017**

Adult Social Care Financial Position: August 2017

1. PURPOSE

- 1.1 The purpose of this report is to set out the in-year financial position for Adult Social Care and to describe the mitigating actions being taken to reduce the pressures which are contributing to a projected over spend of £1.3m.

2. BACKGROUND

- 2.1 There has been a sharp rise in the projected outturn for adult social care from a balanced position in June 2017 to a £1.3m overspend in July 2017. This is largely due to unanticipated and high cost care packages, an increase in the cost of residential and nursing placements and a sharp decline in number of clients passing away.
- 2.2 The most complex individual cases managed by Adult Social Care in Bournemouth can cost as much as £135,000 per year for people in receipt of domiciliary care. For those people with a high dependency learning disability within a residential or nursing placement, it can average as much as £205,000 per year. People in residential and nursing homes who have complex dementia related needs can average £84,000 per year. Although these costs are unusual and do relate only to those people needing very extensive care, it is illustrative of how significantly new packages of care, or indeed packages of care ending, can impact on the adult social care budget.
- 2.3 It is important to point out that the principal financial pressures for Adult Social Care are generated by demographic and market factors. There are, however, measures that can be taken by fieldwork teams to manage the demand for services and limit cost pressures. Measures taken to reduce the demand for, and cost of, new packages have proved successful over the summer of 2017, but have been financially offset by demographic pressures, clients with increased needs and in particular a very low level of clients passing away.

3. IN YEAR FINANCIAL POSITION

- 3.1 The in-year position for July 2017 showed a projected overspend for adult social care of £1.3m, a sharp increase from the June 2017/18 position which projected a balanced outturn.

4. WHAT EXPLAINS THE INCREASED BUDGET PRESSURE?

- 4.1 Adult social care has, until July 2017, been projecting a balanced budget, however between June and July 2017 a number of factors have resulted in the projected overspend:
- 4.2 The 2017/18 budget setting process was alert to the overall financial pressures facing the Council and consequently does not contain contingency sums or allowance for exceptional high cost cases. This approach has made the adult social care budget in 2017/18 particularly vulnerable to unexpected additional demand, and a higher than expected increase in the cost of purchasing residential and nursing care.
- 4.3 Increases in the cost of existing packages of care have had an impact on expected expenditure. The pressure has largely resulted from clients who have deteriorating conditions and require additional care at home or to be moved to a higher cost residential/nursing home. Overall, the cost for residential and nursing care has increased by 18% since 2016/17 and in the same period costs for domiciliary care have increased by 11% and Direct Payments by 13%.
- 4.4 The level of new expenditure from the hospital social work team is variable and will depend on the demand for care required to meet the needs of people leaving hospital. Bournemouth performs in respect of low levels of delayed discharges, but this performance does present an additional budget pressure because packages of care are often set up very quickly in order to allow patients to be discharged without delay. The hospital social work team has experienced a doubling of referrals in the past twelve months which has compounded the financial pressures.
- 4.5 The transition of young people from children's services into adult social care also brings cost pressures which in some cases can be unpredictable. For example, in early August 2017, plans changed for three young people who were living with parents and were expected to continue doing so, but for unexpected reasons needed to move into supported accommodation with new care packages.
- 4.6 Savings measures are, however, mitigating further pressure:
- 4.6.1 Recovering unused Direct Payment funding for service users who have not spent this money as anticipated. Usually this occurs because of a hospital stay or family visit which means the individual needs less care at home than planned for a short period and accumulates a surplus in their Direct Payment account.

4.6.2 An approach to scrutinising new packages of care through a Quality Panel to support better and more prudent decision making is reducing the volume and cost of new packages of care.

4.6.3 Targeted reviews of historical high cost cases are identifying clients who may be entitled to continuing healthcare funding from the NHS or other forms of care which reduce the direct cost to adult social care.

5 Adult Social Care Financial Recovery Plan

5.1 The in-year savings measures noted in 4.6 are being accelerated and underpin the plans, set out in the table below, to re-balance the adult social care budget.

Name of Proposal	Description	Risk Impact
Demand Management	Reducing the number/costs of new adult social care packages of care. Establishment of a regular quality review meeting to scrutinise new packages of care and changes to culture, guidance and team-level budget management.	The adult social care budget is demand-led and heavily influenced by the volume, nature and cost of presenting demand for which statutory services must be provided. The in-year savings proposal is based on projected activity from the first quarter of 2017/18 (adjusted for assumed winter pressure), but will be dependent on presenting demand that is outside of the control of adult social care; this is, consequently, a high risk savings measure.
Reduction in Care Packages	A newly established reviewing team to reduce historical package costs and a re-balancing of assumed clients ending care packages	The level of package costs that can be recycled into new packages as clients pass away has dropped markedly in August 2017. This savings measure assumes some savings from the review team, which can be assumed to be at least £250k, but also relies on the level of client deaths rebalancing to July 2017 levels, which can not be predicted with any accuracy.
Recovery of unused Direct Payments	Service users in receipt of Direct Payments do not always fully use the money allocated to them (because of an unplanned hospital stay, for example). A programme is in hand to recover any unspent Direct Payment funding held by individuals.	£500k has been recovered in 2017/18 from clients in receipt of a Direct Payment; there is a cohort of, as yet, unreviewed clients who may yield further returns; there is a high level of confidence in this measure.

2017/18 Adult Social Care Savings Proposals

5.2 There are factors which are outside of the control of adult social care, including the number of clients passing away each month (particularly those with high cost packages) as well as the level and complexity of new demand for care and the severity of the winter period. These variable factors prevent an absolute level of confidence in the savings measures noted above; however the demand and expenditure trends between April and August 2017, upon which the financial recovery assumptions are based, suggest that these are reasonable propositions.

6. Commissioning Activity to Reduce Costs

- 6.1 Bournemouth, in partnership with Borough of Poole, Dorset County Council and the Dorset CCG, operates a pooled budget to meet the costs of Campus Re-provision. The Campus Re-provision programme set out to transform the lifestyles of people living in NHS services by supporting them to have access to aspects of lifestyle that people without such disabilities enjoy such as tenancy or ownership of one's own home with the ensuing privacy and possibly some elements of a working life. This is a volatile budget due to the high cost and low incidence nature of the provision being made. The pooled budget arrangements have allowed this volatility to be managed and a co-ordinated approach taken at a pan-Dorset level. At the end of the 2016/17 financial year the pooled budget was underspent and this surplus was carried forward in to 2017/18. Work is now ongoing to identify how this, and any future underspends, can be used to support the delivery of appropriate Learning Disability services for a wider range of clients and so reduce pressure on the individual organisations budgets.
- 6.2 The care market in Bournemouth is under significant pressure. Challenges include the limited availability of an appropriately skilled workforce, the difficulty in providing services to meet the increasing levels of need of clients and the number of services operating out of aging accommodation that is difficult and costly to update to meet current needs. The commissioning teams are proactively working with providers to address these issues and ensure suitable provision is available at a cost the council is able to afford. The impact of this work can be seen in the overall assessment of care home quality in the Borough which showed Bournemouth to be a high performing area. The delivery of Coastal Lodge, in partnership with Tricuro and Dorset HealthCare, as a new high quality interim care home, is a further example of commissioners intervening in the market to create savings and improve care. Work is ongoing and further proposals will be brought forward in the coming months.

Report of:

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22nd September 2017