

Democratic Services

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Date: 6 February 2012

E-mail: Democratic_Services@bathnes.gov.uk

To: All Members of the Council

Chief Executive and other appropriate officers
Press and Public

Dear Member

Council: Tuesday, 14th February, 2012

You are invited to attend a meeting of the **Council** to be held on **Tuesday, 14th February, 2012 at 6.30 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Sandwiches and fruit and tea/coffee/cold drinks will be available for Councillors from 5pm in the Aix-en-Provence Room (next to the Banqueting Room) on Floor 1.

Yours sincerely

Jo Morrison
Democratic Services Manager
for Chief Executive

Please note the following arrangements for pre-group meetings:

Conservative	Brunswick Room, Ground Floor
Liberal Democrat	Kaposvar Room, Floor 1
Labour	Small Meeting Room, Floor 1
Independent	Performance and Improvement Team Office, Floor 1

If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.

This Agenda and all accompanying reports are printed on recycled paper

NOTES:

1. **Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Jo Morrison who is available by telephoning Bath 01225 394358.
2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above. Papers are available for inspection as follows:

Public Access points – Guildhall – Bath, Riverside – Keynsham, Hollies – Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton Public Libraries.

For Councillors and officers, papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Libraries.

3. **Spokespersons:** The Political Group Spokespersons for the Council are the Group Leaders, who are Councillors Paul Crossley (Liberal Democrat Group), Francine Haeberling (Conservative Group), John Bull (Labour Group) and Doug Deacon (Independent Group).
4. **Attendance Register:** Members should sign the Register, which will be circulated at the meeting.
5. **Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. They may also ask a question to which a written answer will be given. **Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.** Further details of the scheme can be obtained by contacting Jo Morrison as above.
6. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.

7. Emergency Evacuation Procedure

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

8. **Presentation of reports:** Officers of the Council will not normally introduce their reports unless requested by the meeting to do so. Officers may need to advise the meeting of new information arising since the agenda was sent out.

A G E N D A

1. EMERGENCY EVACUATION PROCEDURE

The Chairman will draw attention to the emergency evacuation procedure as set out under Note 7.

2. MINUTES - 10TH NOVEMBER 2011 (Pages 7 - 12)

To be confirmed as a correct record and signed by the Chairman.

3. APOLOGIES FOR ABSENCE

4. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to complete the green interest forms circulated to groups in their pre-meetings (which will be announced at the Council Meeting) to indicate:

(a) The agenda item number in which they have an interest to declare.

(b) The nature of their interest.

(c) Whether their interest is **personal and prejudicial** or **personal**.

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Solicitor to the Council and Monitoring Officer before the meeting to expedite dealing with the item during the meeting.

5. ANNOUNCEMENTS FROM THE CHAIRMAN OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

These are matters of information for Members of the Council. No decisions will be required arising from the announcements.

6. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

If there is any urgent business arising since the formal agenda was published, the Chairman will announce this and give reasons why she has agreed to consider it at this meeting. In making her decision, the Chairman will, where practicable, have consulted with the Leaders of the Political Groups. Any documentation on urgent business will be circulated at the meeting, if not made available previously.

7. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

The Democratic Services Manager will announce any submissions received under the arrangements set out in note 5 above. The Council will be invited to decide what action

it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

8. MEDIUM TERM SERVICE & RESOURCE PLANNING 2012/13 - 2014/15, & BUDGET AND COUNCIL TAX 2012/13 (Pages 13 - 146)

This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2012/13 financial year, together with a proposal for a Council Tax level for 2012/13.

This item has yet to be considered by the Cabinet on 8th February and any changes to the report or proposed budget will be sent as a supplementary despatch.

9. 2012/13 LTP TRANSPORT IMPROVEMENT SCHEMES - CAPITAL PROGRAMME (Pages 147 - 150)

This report supplements the Council Budget Report, to agree the 2012/13 LTP Transport Improvement Schemes as set out in the Capital Programme.

10. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13 (Pages 151 - 176)

The Council has adopted the CIPFA Treasury Management in Public services Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be subject to scrutiny. A revised version of the Code was published in November 2011 in light of the additional financial freedoms available to local authorities in the Localism Act 2011. The Council will therefore be asked to formally adopt the revised Code. The Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance. It will be scrutinised by the Corporate Audit Committee at the 7th February 2012 meeting, and reported to Cabinet on 8th February 2012.

11. ANNOUNCEMENT OF CHAIR(MAN) DESIGNATE FOR 2012/13 (Pages 177 - 180)

The purpose of this report is to invite the Council to name a Councillor as Chair(man) of the Council (Designate) for the next Council Year beginning in May 2012. The Council, at its Annual Meeting on 13th May 2012, will still be required formally to elect a Councillor to be the Chair(man) of the Council for the forthcoming Council Year.

12. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

The Democratic Services Manager will announce any submissions received. The Council will be invited to decide what action it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

The Committee Administrator for this meeting is Jo Morrison who can be contacted on 01225 394358.

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BATH AND NORTH EAST SOMERSET COUNCIL

MINUTES OF COUNCIL MEETING

Thursday, 10th November, 2011

Present:- **Councillors** Simon Allen, Patrick Anketell-Jones, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, Gabriel Batt, Cherry Beath, David Bellotti, Sarah Bevan, Mathew Blankley, Lisa Brett, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke, Nicholas Coombes, Paul Crossley, Gerry Curran, Sally Davis, Douglas Deacon, David Dixon, Peter Edwards, Michael Evans, Paul Fox, Andrew Furse, Charles Gerrish, Ian Gilchrist, Francine Haerberling, Alan Hale, Katie Hall, Malcolm Hanney, Liz Hardman, Nathan Hartley, Steve Hedges, Eleanor Jackson, Les Kew, Dave Laming, Malcolm Lees, Marie Longstaff, Barry Macrae, David Martin, Robin Moss, Paul Myers, Douglas Nicol, Bryan Organ, June Player, Vic Pritchard, Manda Rigby, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Brian Simmons, Kate Simmons, Jeremy Sparks, Ben Stevens, Roger Symonds, Martin Veal, David Veale, Geoff Ward, Tim Warren, Chris Watt and Brian Webber

Apologies for absence: Councillors Loraine Morgan-Brinkhurst MBE

44 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure, as set out on the agenda.

45 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Morgan-Brinkhurst MBE.

46 DECLARATIONS OF INTEREST

Councillor Jackson declared a personal, non-prejudicial interest in agenda item 12, as a member of Radstock Action Group who are opposed to longer lorries (and their effect on Radstock).

47 MINUTES - 15TH SEPTEMBER 2011

On a motion from Councillor Crossley, seconded by Councillor Haerberling, it was

RESOLVED that the minutes of 15th September be approved as a correct record and signed by the Chairman.

48 ANNOUNCEMENTS FROM THE CHAIRMAN OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

The Chairman;

1. Announced that Item 9 (Health and Wellbeing Board) would be deferred to a future meeting, following Councillors ratification of this proposal.

2. Indicated that he proposed to waive Council Rule 37 so as not to permit Councillors seconding motions or amendments being able to reserve their right to speak until later in the debate, but to require all seconders, if they wished so speak, to do so when they seconded the motion or amendment. The Council indicated its agreement.
3. Informed Council that he proposed to announce a 10 minute comfort break at an appropriate point if the meeting continued beyond 8.00pm.

49 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business.

50 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

A petition was submitted by Stephanie Dodge, who also spoke in support of the petition calling for a bin on the Bathwick Estate. The petition was referred for consideration to the Cabinet Member for Neighbourhoods.

A question had been received from Ian Barclay regarding Firs field/Recreation Ground Trust. The Chairman drew attention to the question and response which had been circulated to Councillors and at the meeting. [A copy of which is available on the Council's Minute book and on the website.]

51 GYPSIES, TRAVELLERS AND TRAVELLING SHOWPEOPLE SITE ALLOCATIONS DEVELOPMENT PLAN DOCUMENT (DPD): ISSUES AND OPTIONS CONSULTATION PAPER AND 'CALL FOR SITES'

The Council considered a report regarding the Gypsies, Travellers and Travelling Showpeople Site Allocations Development Plan document (DPD) which is a planning document prepared by the Council which allocates land for the development of authorised Gypsy and Traveller pitches across the district. The call for sites seeks information on potential land for allocation.

The Chairman explained that the purpose of this item was to seek the views of Council as part of the consultation process. Comments that needed to be considered by the Cabinet are recorded below and will be referred to Cabinet.

Councillor Tim Ball, Cabinet Member for Homes and Planning introduced the item. He outlined the four levels of consultation on this and set out the legal background. He informed Council that the consultation period will run from 21st November 2011 to 16th January 2012.

Councillors made the following comments:

- Councillor Martin Veal referred to the criteria set out for Gypsies, Travellers and Travelling Showpeople's accommodation as set out in Appendix 1 (page

25) to the report. He expressed his concern that some residents do not have the same level of facilities as those listed.

- Councillor Dave Laming explained his concern on the yard space to be provided for Travelling Showpeople in that residents would have to pay business rates if they had similar space for winter storage. He added that business rates should also be paid on the flatbed lorries that some Travellers use for collecting scrap. Councillor Laming also referred to the 2200 Travellers on the waterways who had to move on constantly and asked for them to be considered.
- Councillor Crossley agreed that the level of legislation on pitch requirements was burdensome. He stated that the Council had not addressed this issue before and now must take the opportunity that the Cabinet Member for Homes and Planning was providing. He further added that Gypsies, Travellers and Travelling Showpeople had a low life expectancy and were not always well thought of and urged Councillors to take this opportunity to address the gap in policy on this issue.
- Councillor Ian Gilchrist informed Councillors of the costs of £18-22 million involved in the recent Dale Farm enforcement action. He congratulated the Cabinet Member on the positive steps taken to avoid this type of cost for this authority.
- Councillor John Bull stated that his Group welcomed the proposal and supported the consultation which he felt was overdue. He explained that the Development Control Committee had been in a difficult position many times due to the lack of Council policy on the issue and he welcomed a positive outcome.
- Councillor Alan Hale referred to paragraph 4.1 in the report regarding discrimination and stated that if land was found for Gypsies, Travellers and Travelling Showpeople, in his opinion, residents on the waiting list for social housing were being discriminated against. He called for a solution for residents of Bath and North East Somerset from the stable community before making land available for Travellers.
- Councillor Vic Pritchard called for issues to be addressed such as cost, waste provision, education and safeguarding measures. He further added that he had a series of people waiting for accommodation in the Chew Valley area.
- Councillor Tim Warren explained that he had concerns for animal welfare on gypsy, traveller and Travelling Showpeople sites, in particular horses. He hoped that these concerns could be addressed in any Council policy on the issue.
- Councillor Nicholas Coombes explained that he sat on the planning committee (Development Control) and that it had been difficult in the past when an application for a Traveller site came up as there was no Council policy on the issue. He further stated that this should be treated as a 'land use' issue and that every land use issue had knock-on effects. He stated that he fully supported the paper.
- Councillor Sarah Bevan - Human Rights Champion stated that the authority has a duty to ensure that groups such as Gypsies, Travellers and Travelling Showpeople are not discriminated against.
- Councillor Eleanor Jackson stated that a policy on this issue was overdue and she commended this report as the start of the consultation process. She stated that a particular concern was that Traveller children sometimes find it

hard to get into local schools. She asked if Councillor Ball could explain if it was the Council's duty to develop and subsidise the land. *(Addressed in Councillor Tim Ball's closing statement)*

- Councillor Bellotti stated that he was appalled that there were no designated sites for Travellers in this authority which had resulted in incidents of illegal occupation. Councillor Caroline Roberts welcomed the opportunity for the public to comment on this issue and hoped they would engage in the consultation. She also added that it might be beneficial for Travellers to be included in the consultation. Councillor Roberts explained that it had been very difficult for Councillors who had experienced traveller encampments in their ward as there were no designated sites to move them on to. She asked if the authority was being asked to provide the site or facilities as well *(addressed in Councillor Tim Ball's closing statement)*
- Councillor Sally Davis stated that she had had experience of a Traveller site in her ward and she welcomed the consultation.

Councillor Tim Ball, Cabinet Member for Homes and Planning, explained that the Council's duty would be to find sites, not to provide them. He stated that Gypsies, Travellers and Travelling Showpeople are defined as minority groups.

52 HEALTH & WELLBEING BOARD GOVERNANCE

This item was withdrawn from this agenda and is deferred to a future meeting of Council.

53 POLICY DEVELOPMENT & SCRUTINY PANELS - ROLE OF VICE-CHAIRS

This report puts forward proposals concerning the role of Vice-Chairs of Policy Development & Scrutiny Panels, following an instruction from Council at its May 2011 meeting.

On a motion from Councillor Crossley, seconded by Councillor Bull, it was

RESOLVED

1. To approve the principles of the role of Vice-Chair of a Policy Development & Scrutiny Panel, as set out in paragraph 5.3 of the report; and
2. To authorise the Monitoring Officer, in consultation with Group Leaders, to make consequential amendments to the Constitution.

(Note; the above resolution was agreed with 1 abstention)

54 TREASURY MANAGEMENT MONITORING REPORT TO 30TH SEPTEMBER 2011

In February 2010, the Council adopted the 2009 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.

This report gives details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2011/12 for the first six months of 2011/12.

On a motion from Councillor Bellotti, seconded by Councillor Crossley, it was

RESOLVED

1. To note the Treasury Management report to 30th September 2011, prepared in accordance with the CIPFA Treasury Code of Practice; and
2. To note the Treasury Management Indicators to 30th September 2011.

(Note; the above resolution was agreed with 1 abstention)

55 COUNCILLOR AGENDA MOTION - MOTION FROM COUNCILLOR NIGEL ROBERTS

Councillor Nigel Roberts submitted a motion expressing concern that the Department for Transport was pressing ahead with a ten-year trial of longer lorries, despite acknowledging the potential danger to vulnerable road users and the impact on road infrastructure, in heritage cities such as Bath.

On a motion from Councillor Nigel Roberts, seconded by Councillor Roger Symonds, it was

RESOLVED (nem con)

1. That the Council Leader be asked to write to the Secretary of State for Transport expressing this Council's concerns; and
2. The Council's officers be asked to look at the effect of these lorries on the roads through Bath and North East Somerset, with a view to mitigating any risks, such as lorries getting stranded and damage to Bath's vaults.

56 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

Councillor Will Sandry made a statement to the meeting – 'Housing – the inconvenient truth'. The statement was referred to the Cabinet Member for Homes and Planning. [A copy of which is available on the Council's Minute book and on the website].

One Councillor question had been received from Councillor Liz Hardman. The Chair drew attention to the question and response which had been circulated to Councillors and at the meeting. [A copy of which is available on the Council's Minute book and on the website.]

The meeting ended at 7.50 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	14 February 2012	
TITLE:	Medium Term Service & Resource Planning 2012/13 – 2014/15, & Budget and Council Tax 2012/13	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - The Budget and Council Tax Proposal of the Cabinet 2012/13. This comprises a covering document, plus 6 Annexes		
Annex 1 Draft Base Revenue Budget 2012/13 – individual service cash limits		
Annex 2 Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget		
Annex 3 Draft Capital Programme 2012/13-2016/17 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.		
Annex 4 Minimum Revenue Provision (MRP) Policy		
Annex 5 Medium Term Service & Resource Plan (MTSRP) Savings Detail		
Annex 6 Equalities Assessment		
Appendix 2 - Medium Term Service & Resource Planning Assumptions 2012–2016		
Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer		
Appendix 4 – Council Pay Policy Statement		
Appendix 5 – Formal Council Tax Setting Resolutions (incorporating precepts from Parishes, Fire & Police) – TO FOLLOW		

1 THE ISSUE

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2012/13 financial year together with a proposal for a Council Tax level for 2012/13.

2 RECOMMENDATION

- 2.1 That the Council approve:

- a) The General Fund net revenue budget for 2012/13 of £120.106m with no increase in Council Tax.
 - b) That no Special Expenses be charged other than Town and Parish Council precepts for 2012/13.
 - c) The adequacy of reserves at Appendix 1 Table 9 with a risk-assessed level of £10.5m.
 - d) The individual service cash limits for 2012/13 summarised at Appendix 1 Table 5 and detailed in Annex 1.
 - e) That the specific arrangements for the governance and release of reserves, including invest to save proposals, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Community Resources and the Chief Executive.
- 2.2 That the Council include the precepts set and approved by other bodies including the Local Precepts of Town Councils, Parish Councils and the Charter Trustees of the City of Bath, and those of the Fire and Police Authorities in its Council Tax setting.
- 2.3 That the Council acknowledges the Section 151 officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves (Appendix 1, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 1.
- 2.4 That in relation to the capital budget the Council:
- a) approves a capital programme of £37.471m for 2012/13 and notes items for provisional approval in 2012/13 and the programme for 2013/14 to 2016/17 as shown at Appendix 1, Annex 3 including the planned sources of funding .
 - b) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4
 - c) approves the Capital Prudential Indicators as set out in Appendix 1 Table 7.
- 2.5 That the Council notes the Policy Development & Scrutiny review of Medium Term Service and Resource Plans and 2012/13 Service Action Plans and instructs the relevant officers to finalise and publish their Medium Term Service and Resource Plans and Service Action Plans by end of March 2012, in consultation with the relevant Cabinet Member and in light of feedback from the PD&S reviews, and in line with the approved cash limits.
- 2.6 That the Council agree the Council's proposed pay policy statement as set out at Appendix 4.
- 2.7 That the Council approves the technical resolutions that are derived from the budget report, and all figures in that report but including the precepts for towns, parishes and other precepting bodies as set out in Appendix 5.

3 FINANCIAL IMPLICATIONS

3.1 The financial implications are contained within the body of the report.

4 COMMUNITY STRATEGY OUTCOMES

4.1 The framework for service and resource planning aims to ensure that resources are aligned to corporate priorities as set out in the Council's current Corporate Plan, which in turn reflect the Bath & NE Somerset Community Strategy.

5 CORPORATE IMPROVEMENT PRIORITIES

5.1 The framework for Service and Resource planning aims to ensure resources are aligned to corporate priorities and improving the delivery of services and cross-Council priorities, linking performance with resources and value for money.

6 THE REPORT

6.1 In this document the Cabinet sets out the following:-

- Its medium term service and resource planning financial assumptions (Appendix 2) which set the basis for the draft budget proposal for 2012/13.
- Its draft budget proposal for 2012/13 (Appendix 1). This provides the detail of the first year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2012/13, together with capital commitments for future years, and recommends a level of Council Tax for 2012/13.

6.2 The budget proposal builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the significant financial challenge facing the public sector. The budget proposals include:

- A net £2.8m or 2.3% decrease in the non-schools budget to £120.106m
- An overall increase in the DSG, estimated at £300k with a total funding of £114.1m. The Dedicated Schools Grant (DSG) increase compared to 2011/2012 is complicated by the conversion of several schools to academies. This increase is related to an increase in the number of pupils in our schools. The overall total represents a cash freeze compared to 2011/2012. However as schools convert to academies the Department for Education (DFE) recoup the DSG payable to the Local Authority in order to make payments direct to the academies. The DFE estimate the recoupment will be £24.6m in 2012/2013 leaving £89.5m payable to the Local Authority.
- A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.
- These budget proposals are set out in detail at Appendix 1.

- 6.3 It is important to be clear on the process to be followed in setting the 2012/13 Budget. The Monitoring Officer has given specific guidance which is set out at Appendix 3, and in particular the need for the Council to approve a balanced budget.
- 6.4 The Monitoring Officer has also highlighted the implications arising if it does not prove possible for the Council to set a budget at its meeting on 14th February and any decision having to be deferred until the reserve date on 23rd February. This includes potential delays to the Council Tax billing process.
- 6.5 The Council's pay policy statement as required under The Localism Act 2011 legislation is set out at Appendix 4.

7 RISK MANAGEMENT

- 7.1 The report author (the Council's Section 151 Officer) has fully reviewed the risk assessment related to this report and recommendations and consulted with the Lead Cabinet member.
- 7.2 In addition Appendix 1 to this report includes (at Annex 2) the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. One of the considerations taken into account is the Directors' Review of Robustness of Estimates and Budget Risks/Sensitivities and the Corporate Risk Register. This is completed by all Directors in respect of their own services.

8 RATIONALE

- 8.1 The rationale for the recommendations is contained in the supporting paper to this report.
- 8.2 The Council's Section 151 Officer is the Divisional Director - Finance. This report reflects information already presented to Policy Development and Scrutiny by the Director. As Section 151 Officer his duties include ensuring a prudent and balanced budget is set on time which properly takes into account the financial constraints and risks facing the Council.

9 OTHER OPTIONS CONSIDERED

- 9.1 The supporting paper and appendices also contain the other options that can be considered in making any recommendations.

10 CONSULTATION

- 10.1 Meetings have been and will continue to be held with staff, trades unions and other stakeholders during the development of service and resource plans which have fed into this budget. This has again included a Budget Fair, enabling cross service consideration of the range of proposals by a range of stakeholders.
- 10.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.

- 10.3 Comments received from consultation, including the Budget Fair, Policy Development and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

11 EQUALITIES

- 11.1 The Council is committed to ensuring that our financial decisions and the budgetary processes are subject to equality impact assessment / equality analysis. Bath & North East Somerset Council can demonstrate that we have analysed its decisions from an equality perspective by continuing to use the equality impact assessment toolkits. The Council has a written record of the equality considerations that have been taken; our decision-making processes include a consideration of the actions that would help to avoid or mitigate any negative impacts on particular protected groups; our decisions have a stronger evidence base) through the use of equality mapping) making our decision-making processes more transparent.
- 11.2 During October 2011 Divisional Directors attended a workshop where they received further briefing on the Public Sector Equality Duty (PSED) and carried out a practical task identifying possible reductions in services and the effect those reductions may have on vulnerable people and groups. They considered possible 'mitigations', where initiatives could limit the adverse effects of the reductions in services. During November/ December 2011 all Policy Development and Scrutiny Panels received a briefing on the PSED and financial decision making. Strategic Directors received a briefing paper on PSED and discussed initial results of equality impact assessments on MTSRP / service planning proposals.
- 11.3 A summary report is appended to the budget report describing how we have addressed the PSED so far. This report enables us to make our decision making process as transparent as possible; telling 'the story' of the budget decisions; making information available for comment and engagement.

12 ISSUES TO CONSIDER IN REACHING THE DECISION

- 12.1 These include Social Inclusion; Customer Focus; Sustainability; Young People; Equality; Corporate; Impact on Staff and Other Legal Considerations such as the requirement to set a budget and Council Tax.

13 ADVICE SOUGHT

- 13.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

Contact person	Tim Richens, Divisional Director – Finance (01225) 477468
Sponsoring Cabinet Member	Councillor David Bellotti, Cabinet Member for Community Resources
Background papers	Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels Draft Service Action Plan Reports to Policy Development & Scrutiny Panels in January 2012 Financial Settlement 2012/13 to 2013/14, CLG website

Please contact the report author if you need to access this report in an alternative format

THE BUDGET PROPOSAL OF THE CABINET 2012/2013

Executive Summary

Budget Headlines

The proposed band D Council Tax for Bath & North East Somerset Council next year, 2012/13, is £1,201.85 which represents no change on the previous year (no increase). This is the second year in which the Council Tax level has now been frozen recognising the on-going pressure on household incomes.

The proposed net revenue budget for Bath & North East Somerset Council next year, 2012/13, is £120.106m, a net cash reduction of £1.636m on the previous year. This reflects the impact of significant cuts in government grant funding amounting to 8.3% for 2012/2013.

The proposed revenue budget will:-

- Deliver £12m of savings primarily as a result of efficiency and the change programme.
- Protect frontline services with actual service cuts amounting to less than 0.5% of the Council's gross budget meaning that 90% of the overall savings are being found by methods other than service reductions
- Reduce the Council's planned borrowing levels from £206M to £172M.
- Fund capital investment amounting to £174.6m over the next five years.

A capital programme which will provide for:-

- A significant investment in growth and regeneration schemes including Keynsham Town Centre, Radstock, London Road – Bath, setting up of a Creative Hub and preparation to support investment in key Enterprise Areas within B&NES.
- Commitment to the Bath Transport Package following confirmation of Programme Entry and Grant Support from the Department of Transport.
- An increased contribution towards enablement of affordable housing across B&NES area, building on the on-going commitment to the Bath Western Riverside Development.
- Improvements in the Public Realm including the full cost to deliver the Rossiter Road scheme.
- Continued investment in highways maintenance with additional support for the provision of 20mph zones.
- Additional investment in transport infrastructure with particular focus on reducing carbon emissions, supporting economic growth, promoting accessibility, contributing to better safety, security and health, and improving the quality of life in a healthy natural environment.
- On-going Improvements to school buildings and facilities together with provision of additional capacity particularly for primary and nursery places.
- Investment in rural communities including improved Broadband connectivity, and improved library provision for Paulton

The proposed revenue budget and capital programme builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the financial challenge facing the public sector. There is a focus on achieving on-going reductions in the Council's cost base through our efficiency and change programme together with considered and affordable capital investment.

The Budget Context

The Budget for 2012/2013 has been developed within the context of the Government's deficit reduction programme as set out for the public sector in the Comprehensive Spending Review (CSR) announced in October 2010.

This CSR included reductions of 28% in local authority spending spread over the four year period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years. The Government's Autumn Statement in November 2011 confirmed the need for public sector spending deficit reduction measures to continue beyond the period of the current CSR into 2015/2016 and 2016/2017 with the potential for cuts equivalent to levels over the past two years continuing well into the medium term.

The specific financial implications for the Council are set out in the annual Local Government Finance Settlements in December which showed a 16% cash reduction in funding from Government in 2011/2012 and, an over 8% reduction in 2012/2013. The Settlements do not go beyond these two years as a result of the significant changes to the grant and business rates system from 2013/2014 although the direction of travel is clear from the CSR.

The Council recognises the financial challenge facing the public sector and provides for prudent provisions within its reserves to help enable and facilitate the changes and implications that will result. The Council maintains a high degree of focus on sound financial management (including the delivery of balanced budgets and significant efficiency savings) and it is anticipated this will continue with a balanced budget delivered for the current financial year 2011/2012.

The Local Government Finance Settlement

The headline from the local government financial settlement is an 8.3 % reduction in the Council's formula grant funding from Government for 2012/2013. Within the settlement, the Government continues to provide protection to councils they deem more dependent upon government grant notwithstanding that B&NES Council is one of the lowest funded unitary authorities. B&NES grant remains significantly 'damped' to the value of £2.3m for 2012/2013 and so continues to receive less than the Government's own assessment of B&NES needs requirement.

The table below illustrates the scale of the government formula grant funding reductions compared to the overall reductions indicated within the CSR 2010.

Table 1: Reduction in Government Grant Funding

	2012/2013	2013/2014	2014/2015
CSR Indicative Funding Reduction	-6.4%	-0.9%	-5.6%
Actual B&NES Funding Reduction	-8.3%	TBC	TBC

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year – 2012/2013. Unlike the freeze grant for 2011/2012 which is provided for a period of 4 years, the grant for 2012/2013 is stated to be a one-off only and will therefore impact upon the budget considerations for 2013/2014 and beyond.

Within the Settlement it had been anticipated that following a consultation issued by the Department for Education over the summer of 2011, a further adjustment would be made from 2012/2013 to the level of funding being top sliced for academy schools. The financial planning model had assumed this would be up to an additional £1.5m however the Settlement cancels this and provides for a further consultation by the DoE. This creates potential one-off headroom within the financial planning model for 2012/2013.

The December 2011 Local Government Finance Settlement is the last under the current system of government funding for local authorities. It is the Government's stated intention to introduce a new funding system for 2013/2014 based on the principle of returning an element of the growth in business rates to local authorities. Further details are expected in the spring 2012 although this new system appears to make no allowance for specific funding needs for growth pressures like adult social care. Risks around actual growth and business rate collection levels are also likely to be transferred to the Council.

The Settlement announcement confirmed that as part of the new Localism provisions, Council tax referendums are required for any Council (excludes parishes in 2012/2013) increasing council tax by more than 3.5% (4% for police and fire). This is clearly irrelevant for councils accepting the council tax freeze grant.

The Budget Proposal

Each Directorate of the Council has prepared a Medium Term Service and Resource Plan (MTSRP), together with more detailed individual Service Action Plans (SAP) which have been considered by the relevant Policy and Development Scrutiny (PDS) Panels throughout November 2011 and January 2012. This consideration included detailed Equalities Impact Assessments for all the SAP's, copies of which can be accessed on the Council's website.

The MTSRP's and SAP's set out the specific service and resource requirements for 2012/2013 and beyond, including growth requirements and savings proposals, and allowing for the anticipated financial implications of the grant settlement. Feedback from the individual PDS panels has been considered in arriving at the proposed Budget.

The proposed Budget for 2012/2013 recognises the very difficult financial challenge now facing the whole of the public sector and the continuing need to prioritise resources. Against this backdrop the proposed Budget has taken into account a number of key principles, particularly

- Fiscal restraint including a frozen council tax level, reduced planned borrowing and no increases to car parking and park and ride fees.
- Protecting priority front line services especially where these support the most vulnerable
- Maximising efficiency savings and using the Change Programme and invest to save as a means to achieve this.
- Passporting additional Government funding for Schools, Early Intervention (including additional funding for child care for qualifying 2 year olds) and Community Health and Social Care.

There will be increasingly limited resources available to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This has and will mean difficult choices both for the next financial year 2012/2013, and beyond.

The developing new visions and values of the Council will help to prioritise resources going forwards

- Promoting independence and positive lives for everyone
- Creating neighbourhoods where people are proud to live
- Building a stronger economy

Full details of the proposed Vision and Values are set out in a separate report to the Cabinet on 8th February 2012 and will support the development of the Corporate Plan for future consideration by the Council.

The proposed Budget recognises service specific growth pressures and Council priorities that need to be addressed including impacts of national policy changes totalling some £9.3m. The most significant of these include:

- £2.5m for Rising elderly population placing significant demands on Adult Social Care and Health services.
- £0.5m for Increased demand from adults with learning difficulties.
- £0.2m for Increased demand for Children's care services.
- £2.8m for Inflationary costs particularly for care placements and external service contracts.
- £0.3m to meet a national increase in the rate of the landfill tax.
- £0.5m to reflect the local impacts of the economic downturn and increasing competition.
- £0.1m for green initiatives
- £1.3m for other priority improvements including support for key capital projects, street cleaning and the listening approach of the Council.

Taking account of the reductions in government grant funding and the pressures outlined above, requires the identification £12m of budget savings in 2012/2013 as part of the proposed Budget. These are set out in full at Annex 5 and can be summarised as follows:-

Table 2: 2012/13 Savings Analysis

Description	£'000
Change Programme & Efficiency Savings	8,551
Increases in Income from fees, charges and other grants	2,439
Service Reductions	1,062
Total Savings	12,052

The majority of savings are being delivered from efficiencies through service review and the Council's change programme. This has enabled service reductions to be kept to an absolute minimum. Indeed the reductions to services represent less than 10% of the total savings and only 0.5% of the gross Council budget excluding Schools. Details of the specific savings items and the impact on service areas are included within individual MTSRP's and SAP's.

Guidance from Government is being followed to ensure cuts to the voluntary sector are not disproportionate and avoided where possible. Where cuts are unavoidable, the Council will reflect the appropriate guidance for consultation and engagement.

In the medium term the need to strike an appropriate balance between the diminishing resources available to the Council and the demands placed on all its services will require a greater prioritisation of services.

Schools Funding

Schools are funded by the Dedicated Schools Grant (DSG) which is initially allocated to the Council by the Department for Education. The DSG supports all expenditure in schools (who set their own budgets) and the activities that the Council carries out directly for schools. It does not cover the statutory responsibilities the Council has towards parents. These responsibilities are funded through the Council's main revenue funding and included as part of the proposed Budget.

The Dedicated Schools Grant (DSG) increase compared to 2011/12 is complicated by the conversion of several schools to academies. The overall increase in the DSG is estimated for 2012/2013 at £300k with total funding of £114.1m. This additional funding actually relates to increased demand due to a rise in the number of pupils in our schools and early year's providers. Taking account of this, the overall total represents a similar level of cash grant compared to the previous year.

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £24.6m in 2012/13 leaving £89.5m payable to the Council.

This recoupment by the DFE is based on 7 secondary, 1 special and 1 primary academies in 2012/13. It is difficult to assess whether there will be more schools converting to academies over the next year.

Council Tax

The local government financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). This financial support (in the form of a grant) for 2012/2013 is stated to be a one-off only and will therefore impact upon the budget considerations for 2013/2014 and beyond.

The proposed Budget utilises this grant and provides for a zero increase in Council Tax for 2012/2013.

Business Rates

Whilst the Council is responsible locally for the Collection of Business Rates (National Non Domestic Rates), these are remitted in full to national Government. At a national level business rates are currently pooled and redistributed to local authorities based on a needs assessment. Under this system this Council currently collects £55m in business rates but only receives back £33m.

The uplift in the level of Business Rates is set each year by the Government by reference to the annual inflation figure measured at September each year. The uplift to be applied for 2012/2013 will be 5.6% based on this approach.

Changes to this system are proposed from 1 April 2013 although this will only provide local authorities with an element of any future growth (or reduction) in business rates with the annual uplift continuing to be set by the Government.

Reserves

The Council is maintaining its un-earmarked reserves at the appropriate risk assessed level. Some of these reserves (above a minimum level) will continue to be utilised on an Invest to Save basis. The assessed risk which has been reviewed as part of the Budget process, suggests reserves of £10.5M for 2012/2013 with a minimum level of £6M. These are deemed appropriate based on current financial planning assumptions.

Earmarked reserves are set aside to fund specific future commitments and have been fully reviewed as part of the budget process. The most significant of these are:-

- Revenue Budget Contingency - £1.4m (to meet in year budget variations)
- Medium Term Financial Challenge Reserve - £2.2m (for Change Programme)
- Restructuring Reserve - £4.1m (to meet future severance costs)
- Affordable Housing Reserve - £3m (to fund affordable housing contribution for Bath Western Riverside)
- Capital to Revenue Reversion Reserve - £2.8M (to meet revenue reversion costs of discontinued capital schemes)

The balances shown are for 2012/2013 and these reserves are anticipated to be fully committed over the medium term.

The Medium Term

The Government's Autumn Statement in November 2011 confirmed the need for public sector spending deficit reduction measures to continue beyond the period of the current CSR into 2015/2016 and 2016/2017. This indicates the need for local authority expenditure to continue to fall with the potential for government funding cuts continuing in line with the current CSR period which already amounts to over 28% in total.

During this period of deficit reduction, the Council will also be required to deal with an unprecedented level of change in its role, services and funding. These include changes to the benefits system particularly council tax and housing benefits, the on-going impacts of Academy Schools, a new duty for Public Health and the changes to the grant and Business Rates system.

The Council approach to these medium term challenges will be driven by the new Vision and Values which will support the development of a new Corporate Plan. These will be used to help prioritise services and resources going forwards to minimise the impact of unavoidable service cuts in future years. The Council will continue to focus on the delivery of efficiency savings, supported by its Change Programme.

Structure of the Budget Proposal

Section 1 sets out the approach to the revenue and capital budget and the build-up of the recommended revenue budget for 2012/2013. Annex 1 provides the breakdown of the Budget for 2012/2013.

Section 2 sets out the position for future years 2013/2014 and 2014/2015 taking account of proposals developed in the medium term service and resource plans, in light of known pressures and assumptions about levels of funding. It also includes details of how the Council Change Programme will contribute to meeting the financial challenge.

Section 3 sets out the recommended capital programme for 2012/2013 including the indicative capital programme through to 2016/2017. Annex 3 provides more detail.

Section 4 sets out the current position on revenue balances taking into account the proposals for prudent use of reserves.

Section 5 sets out the implications of the revenue budget for Council Tax levels for 2012/2013.

Table 3: Summary Net Revenue Budget and Capital Programme 2012/13 – 2014/15

	2012/13	2013/14	2014/15
Revenue Budget Funding:	£m	£m	£m
Council Tax	£77.447	£79.463	£81.531
Council Tax Freeze Grant	£3.872	£1.936	£1.936
Government Formula Grant	£39.545	£39.189	£36.995
Reserves & Collection Fund Surplus	(£0.759)	£0	£0
Total Funding	£120.106	£120.588	£120.461
Net Revenue Budget Spend	£120.106	£120.588	£120.461
Capital Programme – for approval	£37.471	£24.260	£12.470
Capital Programme - for provisional approval (subject to)	£27.191	£26.657	£21.608

Note: The figures in this table are affected by rounding – Revenue Budget figures beyond 2012/2013 are indicative only.

Section 1 – The Revenue Budget for 2012/2013

Introduction & Process

The proposed Budget for 2012/2013 has been prepared using the Council's medium term service and resource planning process.

The purpose of the Budget is to allocate financial resources across the Council to deliver services to the community to required standards and performance targets. The detail of what is spent must therefore be seen within the context of a service's overall plans.

Strategic Directors, in consultation with their Cabinet Members, have developed Medium Term Service and Resource Plans covering the years 2012/2013 to 2014/2015 albeit the latter years will remain indicative as financial planning information becomes less certain. These Medium Term Service and Resource Plans supported by specific Service Plans set out the savings and efficiency proposals that each service will be taking forwards to meet their specific financial targets and available resourcing. This includes outlining the impacts of each of the proposals both in terms of service delivery and on staff.

The Medium Term Service and Resource Plans together with the individual Service Plans, have been reviewed by the relevant Policy Development and Scrutiny Panels. The PD&S Panels were also provided with information on the Council's overall financial position. These plans are available as background documents.

The Cabinet have now had the opportunity to further consider proposals from officers which develop the medium term financial planning and take account of the on-going work of Strategic Directors and the comments from PD&S panels. In that context the Cabinet has developed the Budget proposal to reflect this position. The Cabinet has also considered feedback from consultation with the Trade Unions, and a range of other partners / stakeholders, particularly from the Council's Annual Budget Fair held on 31 October 2011.

Approach to the Budget

Corporate Assumptions

The Budget has been built up using a range of corporate financial planning assumptions for areas of income and expenditure which are subject to variation.

Assumptions relating to specific areas of growth or demand for individual services are separately identified within the Medium Term Service and Resource Plan for each service. This includes unfunded pressures arising from national policies for example continued increases in landfill tax rates.

Appendix 2 sets out in more detail the corporate financial assumptions which underpin the Budget, and the key financial planning assumptions are summarised below:

- A pay freeze for 2012/2013 with increases of no more than 1% in each of the subsequent two years.
- Continued low rates of interest from treasury management cash investments of 1% in 2012/2013 increasing thereafter as the bank base rate is expected to rise in the latter part of 2012 from the current level of 0.5%.
- Stable cash increases linked to an inflationary provision for the overall level of the employers' contribution to the Local Government Pension Fund.
- Balanced budgets are achieved for 2011/2012.
- No general inflationary provision – specific inflation has been provided and identified as growth within service areas based on specific service circumstances and contractual commitments.
- The ability of the Council to generate capital receipts at acceptable values will continue to depend upon the extent of the wider economic recovery. The Council will maintain the policy of not committing capital receipts until they are realised.

Fees and Charges

The Council is reliant on a range of income streams from fees and charges, many of which are either set by statute or are subject to defined calculations under statutory guidance. Where the Council has discretion, the decisions are delegated to Officers, in consultation with the relevant Cabinet member, and increases in fees and charges are generally in line with the increase in the costs of the relevant service.

The 2012/2013 Budget proposal and related Medium Term Service and Resource Plans assumes any proposed changes in fees and charges will be in accordance with this policy with the following key exceptions:-

- **Car Parking Charges** – no increase is proposed in the rates for car parking charges during 2012/2013.
- **Park and Ride Charges** – no increase is proposed in the rates for park and ride fares during 2012/2013.
- **Planning Fees** – new legislation is currently progressing through Parliament to provide for local charging in respect of planning applications based on full cost recovery. The full year impact is estimated to produce approximately £800K in additional fees to fully cover costs for the Council. The proposed Budget now anticipates an effective date of 1 October 2012.

Government Grant

The Government originally set out its plans for tackling the significant budget deficit, in the Comprehensive Spending Review on 20th October 2010. This deficit reduction programme indicated 28% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years. In addition, funding for infrastructure such as school buildings, roads and transport was reduced by 45% on average.

The subsequent Local Government Finance Settlement announced in December 2010 showed the Council's Formula Grant reducing by 13.5% in 2011/2012 and then by a further 8.3% in 2012/2013.

The Government's Autumn Statement on 29th November 2011 reflected the on-going market concerns surrounding the national debt positions of a number of Eurozone countries. In particular the statement confirmed the need for public sector spending deficit reduction measures to continue beyond the period of the current CSR into 2015/2016 and 2016/2017. The Statement also confirmed a ceiling on public sector pay of 1% per annum in the two years following the current pay freeze period.

The provisional Local Government Financial Settlement for 2012/2013 was announced on 8th December 2011 and confirmed the previously signalled 8.3 % reduction in the Council's formula grant funding from Government for 2012/2013.

As part of the settlement, the Government continues to provide protection to Councils they deem more dependent upon government grant notwithstanding that B&NES Council is one of the lowest funded unitary authorities. B&NES grant remains significantly 'damped' to the value of £2.3m for 2012/2013. The Council therefore continues to receive significantly less funding than the Government's own assessment of B&NES needs requirement.

The Formula Grant Baseline included a previously announced reduction of £335k as a result of the impact of Academies taking the total reduction of the over the two years 2011/2012 and 2012/2013 to £760k. It had also been anticipated that following a consultation issued by the Department for Education over the Summer of 2011, a further adjustment would be made from 2012/2013 to the level of funding being top sliced for academy schools. The financial planning model had assumed this would be up to an additional £1.5m however the Settlement cancelled this pending further analysis and consultation by the DoE. This creates potential one-off headroom within the financial planning model for 2012/2013.

The New Homes Bonus Scheme which provides funding for new homes brought into use and included in the Council Tax Base, was confirmed at £1.218m for 2012/2013 (which includes the second year of funding from 2011/2012). Funding provided from the New Homes Bonus scheme runs for 6 years from the year of initial allocation. This funding is un-ring-fenced and available for allocation as part of the overall revenue budget.

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year – 2012/2013. Unlike the freeze grant for 2011/2012 which is provided for a period of 4 years, the grant for 2012/2013 is stated to be a one off only and will therefore impact upon the budget considerations for 2013/2014 and beyond.

The December 2011 Local Government Finance Settlement is potentially the last under the current system of government funding for local authorities. It is the Government's stated intention to introduce a new funding system for 2013/2014 based on the principle of returning an element of the growth in business rates to local authorities – further details are expected in the spring.

The Settlement announcement confirmed that as part of the new Localism provisions, Council tax referendums are required for any Council (excludes parishes in 2012/2013) increasing council tax by more than 3.5% (4% for police and fire). This is clearly irrelevant for councils accepting the council tax freeze grant.

Schools Funding

Schools are funded by the Dedicated Schools Grant (DSG) which is initially allocated to the Council by the Department for Education. The DSG supports all expenditure in schools (who set their own budgets) and the activities that the Council carries out directly for schools. It does not cover the statutory responsibilities the Council has towards parents. These responsibilities are funded through the Councils main revenue funding and included as part of the proposed Budget.

The Dedicated Schools Grant (DSG) increase compared to 2011/12 is complicated by the conversion of several schools to academies. The overall increase in the DSG is estimated for 2012/2013 at £300k with total funding of £114.1m. This additional funding actually relates to increased demand due to a rise in the number of pupils in our schools and early year's providers. Taking account of this, the overall total represents a cash freeze compared to the previous year.

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £24.6m in 2012/13 leaving £89.5m payable to the Council.

This recoupment by the DFE is based on 7 secondary, 1 special and 1 primary academies in 2012/13. It is difficult to assess whether there will be more schools converting to academies over the next year.

Resource Allocation including Use of Recurring and One-Off Funding Headroom

The initial resource allocation parameters originally set out in June 2010 required each service being asked to deliver a base savings level equivalent to approximately 5% per annum of gross expenditure, excluding any impacts of specific grant changes. This approach was felt to provide the likely level of flexibility required to meet the outcomes of the Comprehensive Spending Review in October 2010.

These savings levels were reviewed in July 2011 as part of the development of the 2012/2013 budget and were felt to reasonably reflect the direction of travel outlined in the CSR 2010 and the indicative Local Government Finance Settlement for 2012/2013.

The indicative service cash limits were also set to recognise the general principle that any growth provision needed to be met with equivalent savings.

Table 4 in this report shows how the budget rolled forward from 2011/2012 has then been built up with total growth and savings identified by services as set out in Medium Term Service and Resource Plans.

In arriving at the savings, services will have taken into account the agreed key budget principles as follows:-

- Fiscal restraint including a frozen council tax level, reduced planned borrowing and no increases to car parking and park and ride fees.

- Protecting priority front line services especially where these support the most vulnerable
- Maximising efficiency savings and using invest to save as a means to achieve this.
- Passporting additional Government funding for Schools, Early Intervention (including additional funding for child care for qualifying 2 year olds) and Community Health and Social Care.

The following new visions and values of the Council have also be used to help to prioritise resources:

- Promoting independence and positive lives for everyone
- Creating neighbourhoods where people are proud to live]
- Building a stronger economy

Overall savings of some £12m have been made with service specific savings identified in the individual Medium Term Service and Resource Plans.

Headroom

Each year the Council considers how any available headroom within the budget should be allocated. This headroom, which may be recurring or one-off in nature, is created from a number of sources and can only be finalised once all assumptions and calculations are completed for the proposed Budget. These sources include:-

- Changes in financial planning assumptions
- Variations in grant settlement
- Full year effect of prior year savings
- Adjustments to corporate finance items
- One-off funding provisions and variations, for example the council tax collection rate.

The Budget includes the following allocations of available headroom to meet specific commitments and priorities:

On-going Headroom Allocations - £350k

- £250k to support the capital financing costs for the provision of a Gypsy and Travellers site, replacement Paulton Library and capital contribution to Superfast Broadband Delivery as set out in the Capital Programme.
- £40k to reduce the Community Safety Saving and provide some flexibility in related external commissions.
- £22k for the provision of extra street cleaning on a demand basis across the Council area.
- £38k for activities and funding in support of the Listening Council including further work with families with complex needs.

One-off Headroom Allocations - £1,922k

- £400k to recognise that new legislation in respect of local charging of planning applications based on full cost recovery is unlikely to become effective until 1st October 2012 (the proposed Budget includes £800k for a full year).
- £500k to establish a revolving development revenue fund to enable preparatory work to be undertaken in respect of potential property developments prior to the point that these costs can be prudently classified as capital.
- £300k in respect of potential future claims for Council funding in relation to school redundancies.
- £100k to provide additional resource required to prepare for Community Infrastructure Levy (CIL) and S106 scheme developments.
- £80k to cover potential legal costs associated with protecting the areas spring water supply from the “fracking” process in nearby areas.
- £61k to cover the part year impacts of implementing savings in the Tourism, Leisure & Culture service area.
- £100k to develop and deliver green initiatives.
- £381k to be transferred to Revenue Budget Contingency to provide for emerging priorities in the year ahead.

In addition to these specific proposals, under the Council’s Invest to Save Scheme, the Section 151 Officer in consultation with the Cabinet Member for Resources, may authorise funding for robust and credible invest to save proposals from reserves (i.e. in the short term creating a ‘negative ear-marked reserve’ which is then repaid over time, usually 3 years, from the related savings).

Robust and credible ‘invest to avoid’ proposals (where investment can avoid future costs), can also be considered, but in addition there needs to be specific provision within business cases to replenish the reserves over a 3 year period.

Local Area Agreement – Performance Reward Grant

As a result of the Council and partners delivering the Local Area Agreement, the Partnership received £1.3m of “Performance Reward Grant”. The Council budget report in February 2011 noted that the Local Strategic Partnership would manage this funding which would be invested in building capacity in the community.

The £1.3m was divided into two funds: £300,000 of small grants aimed at local projects (with a maximum grant per project of £5000) to be available as soon as possible and £1m for longer term investment (the “Main Fund”).

The Cabinet has agreed the bid process for the fund and this has now been launched.

Summary of the Revenue Budget Proposal

The proposed revenue budget for 2012/2013 represents:

- A net £2.8m or 2.3% decrease in the non-schools budget
- The Dedicated Schools Grant (DSG) increase compared to 2011/2012 is complicated by the conversion of several schools to academies. The overall increase in the DSG is estimated at £300k with a total funding of £114.1m. This increase is related to an increase in the number of pupils in our schools. The overall total represents a cash freeze compared to 2011/2012. However as schools convert to academies the Department for Education (DFE) recoup the DSG payable to the Local Authority in order to make payments direct to the academies. The DFE estimate the recoupment will be £24.6m in 2012/2013 leaving £89.5m payable to the Local Authority.
- A freeze in the Council's level of Council Tax, which excludes Police, Fire and Parish precepts.

We are recommending a net revenue budget for 2012/2013 of £120.106m. Table 4 below, and Annex 1 to this Appendix, show the build-up of the recommended 2012/2013 revenue budget, compared to the rolled forward base budget from the current year.

Table 4: High Level Build-up of the 2012/13 Budget (detail in Annex 1)

Description	£'000
Total Base Budget rolled forward – 2012/13 (after removal of one-off items in 2011/12 Budget)	122,886
Contractual and Unavoidable Inflation	2,833
New Legislation / Government Initiatives	357
Increased Service Volumes	3,250
Improvement Priorities	1,306
Other / Technical	1,526
Total including Growth	132,158
Change Programme & Efficiency Savings	8,551
Increases in Income from fees, charges and other grants	2,439
Service Reduction	1,062
Total Savings	12,052
Recommended Net Revenue Budget 2012/13	120,106

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2012/13. These are shown in **Annex 1** to this Appendix.

Section 2 - Future Years

The medium term service and resource plans were constructed to cover the 3 years 2012/13 – 2014/15 with proposals that meet corporate and service objectives, with budgets which are being capable of being balanced over each of the next 3 years, but with regard also being given to the longer term.

The corporate financial assumptions and initial resource allocation as set out in Appendix 2 covered each of the next three financial years. Appendix 2 also explains that we cannot be certain at this stage about local government funding beyond 2012/2013

Table 5 below summarises the resource allocation from this Budget proposal together with the indicative position for each of the following two years covered by the medium term service and resource plans.

Whilst the medium term service and resource plans will ensure financial balance for 2012/2013, further work will be required in relation to 2013/14 and 2014/15. It is also the case, at this stage, that there is insufficient information available to fully identify future funding pressures including new government requirements, future demand changes and emerging issues. It is therefore expected that the requirements for savings in future years may increase.

Given the scale of efficiency savings already achieved and those planned for 2012/2013 it is likely that future savings will require reductions in Council services. A rigorous process will therefore continue to be applied to the 2013/2014 budget and medium term financial planning process to enable resources to be prioritised between service areas.

Table 5: Resource Allocation 2012/13 to 2014/15

SERVICE AREA	2012/2013			2013/14	2014/15
	GROWTH (£M)	SAVINGS (£M)	CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)
Adult Social Care & Housing	4.168	3.588	53.619	53.975	53.396
Children's Services	0.460	0.588	21.094	20.916	20.334
Service Delivery	2.725	2.499	27.633	26.670	25.784
Development & Major Projects	0.093	0.215	1.488	1.393	1.317
Resources & Support Services	0.727	1.796	4.874	4.216	3.487
Corporate, Agency & Headroom	1.099	3.366	11.398	13.419	16.144
Totals	9.272	12.052	120.106	120.588	120.461

Note: Some of the figures in this table are affected by rounding

The Cash limits for 2013/14 and 2014/15 are at this stage indicative and will be reviewed as part of the Medium Term Service & Resource Planning process for 2013/14 onwards.

The Medium Term Service and Resource Plans will also need to be updated to reflect the impacts and delivery of the Council's change programme. Further details of the change programme are set out below.

Council Change Programme

The Change Programme was re-launched in 2010 and has delivered substantial results in 2011/12 and 2012/13. It takes account of the Coalition Government's austerity measures, the Academies Act, new requirements on the NHS, which affect our Health and Wellbeing Partnership and the various measures to promote Economic Growth.

The programme includes:

- Community Led Commissioning - where there is a clear understanding of the needs of local communities and how these may best be met either by the Council, one of its partners or increasingly from within the community itself.
- Reshape Customer Services - to be the public face of the Council, where 80% of questions are dealt with at the first point of contact, multi-agency one stop shops for face to face contact, plus improved web and self service
- Bring together Support Services - to deliver more effective and efficient services plus implement a new IT strategy with less systems, better support for flexible working, elected members and customer access
- Meet the Government's requirements for Children's Services, Academies, Health and Social Care.
- Make further annual efficiency savings of £8m on top of other savings from the re-prioritisation of services
- Make good use of Council assets – rationalisation of office space, excellent sustainability standards in offices, encouragement of regeneration

There has been substantial progress over the last 2 years with more to come over the next 2 years. The recent activity and achievement includes:

- Creation of a new social enterprise (Sirona) to run community health and social care – Council and PCT staff transferred in from October 2011 and the new organisation is operating successfully plus has a strong savings and improvement programme
- Customer Services improvements in many services such as highways, housing benefits, council tax, aspects of refuse collection, Bath one stop shop (an interim measure) and registrars. The Councils Web is also being improved.
- Support services savings from simplification and standardisation of processes whilst also absorbing the effect of the creation of Sirona (which has mainly its own support services and some on-going support from the Council notably for property and IT – the property assets and networks having been retained by the Council)

- Changes in health and social care are being supported with the creation of a Health and Wellbeing board, a project with the PCT looking at commissioning arrangements, plus arrangements to transfer public health to the Council.
- Academies have been supported to help their successful creation and a review of the LEA role is underway.
- Savings worth over £3M annually have already been directly achieved within the programme and the other efficiencies (£8M in total as shown in the budget) have been enabled by the programme.
- Council offices at Trimbridge House and Plymouth House in Bath have been closed (with the buildings returned to their owner) saving over £1M, flexible working has been rolled out.
- The Keynsham Regeneration project has been launched for completion in 2014 (with the delivery partner has just been appointed), and records that took up valuable office space are now controlled through an efficient offsite archive and retrieval system.
- Lewis House in Bath has been modernised, as has the Hollies in Midsomer Norton. A new multi-agency one stop shop in Bath will open in May 2012.
- Capital receipts from property reviews continue to be delivered (£56M over the last 6 years) and a joint project between major projects and property will deliver new commercial sites in response to the financial incentives from Government to support growth (retention of business rates growth, new homes bonus and community infrastructure levy). This links to the Bath Enterprise Area (supported by the WoE Local Enterprise Partnership), the Keynsham regeneration project, and regeneration planned for Radstock and elsewhere.

Section 3 – The Capital Budget for 2012/13

Introduction

The Cabinet's proposals for the Council's capital programme are formulated in the context of:

- An ambitious yet prudent capital programme over a five year period.
- A desire to reduce the planned levels of external borrowing albeit recognising the overall need to deliver value for money from the Council's external funding and treasury management decisions.
- The inclusion of significant government capital grant funding streams in relation to transport and schools which, while supporting the Council's strategic priorities, add to the Council's delivery risk and which require matched funding in some cases.
- The prospective development and regeneration of various city centre and Employment Area sites across the Council area.
- The future financial challenge and the potential impact on future capital grant awards
- The increasing pressures on the revenue budget

This Budget proposal:

- Limits new commitments to items which are in line with Council priorities and objectives and which are funded either from external sources, from rationalisation of existing assets, or where the costs of borrowing can clearly be met from within the proposed Budget.
- Recognises that careful consideration has been made by Officers and Members regarding future commitments and the direction of this programme.

Given that pressures on the revenue budget will increase over time, the Council continues to develop a more fundamental and medium term approach to revenue resource planning through the medium term service and resource plans which take into account any revenue costs of capital. The Council considers other capital funding sources, such as its ability to generate capital receipts (without significant loss of income), grants, Section 106 and future Community Infrastructure Levy. The Council also regularly reviews other sources of capital financing/re-financing.

The capital receipts targets for 2012/13 onwards are shaped by the Property Review, and the strategy of ear-marking non-scheme specific receipts for investment in capital property maintenance and the public realm. The need to ensure that receipts are actually confirmed before expenditure can be authorised remains, and this process will take account of receipts generated since 1 April 2008. The level of receipts will be kept under review and the Council retains the flexibility to bring forward expenditure to the extent that receipts are higher than planned and plans for such expenditure have been developed.

In addition to the strategy of 'ear-marking' non scheme specific receipts in relation to capital property maintenance and the public realm, any receipts from the school estate are 'earmarked' to fund the schools investment programme. This approach will be reviewed during 2012/2013 in light of the impact of the introduction of academies and will be discussed with the schools forum as appropriate.

In a change to the presentation of last year's capital budget the use of 'italics' has been replaced with a clearly identified separation of schemes for **Full Approval** and those which are for **Provisional Approval**.

Items gaining **Full Approval** are clear to proceed to full scheme implementation and delivery, subject to appropriate project management and governance.

Items for **Provisional Approval** will require further Officer and Member scrutiny, including a formal Cabinet decision for Full Approval. The budget numbers for schemes shown for Provisional Approval are therefore included on an indicative basis, and as an aid to planning.

B) Recommended Programme for 2012/13

On this basis the Cabinet is recommending the Capital Programme as attached in **Annex 3** and summarised in the table below.

The proposed programme assumes total capital payments and funding in 2012/13, comprising both the programme for Full Approval of £37.471m and a programme for Provisional Approval (subject to) of £27.191m, as shown in Table 6 below. Table 6 also shows the indicative capital programme and funding at summary level for 2013/14 to 2016/17. **Annex 3** shows the total capital programme for 2012/13 to 2016/17 in more detail.

Table 6: Summary Capital Programme and Financing 2012/13 - 2016/17

For Approval

Capital Scheme	Budget 2012/13 £'000	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Total £'000
Service Delivery	6,921	0	0	0	0	6,921
Children's Services	9,057	1,102	0	0	0	10,159
Adult Social Services & Housing Resources & Support Services	1,000	0	0	0	0	1,000
Development & Major Projects	12,405	19,614	8,414	4	0	40,437
	5,509	3,544	4,056	1,154	450	14,713
Sub Total	34,892	24,260	12,470	1,158	450	73,230
Contingency	2,579	0	0	0	0	2,579
Total	37,471	24,260	12,470	1,158	450	75,809

For Provisional Approval (Subject to)

Capital Scheme	Budget 2012/13 £'000	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Total £'000
Service Delivery	15,433	19,021	12,733	5,510	5,339	58,036
Children's Services	7,473	1,000	1,000	1,000	1,000	11,473
Adult Social Services & Housing Resources & Support Services	1,516	2,475	2,475	1,700	1,700	9,866
Development & Major Projects	240	1,457	1,457	1,457	1,457	6,068
	2,529	2,704	3,943	2,039	2,114	13,329
Total	27,191	26,657	21,608	11,706	11,610	98,772

Total	62,083	50,917	34,078	12,864	12,060	172,002
Contingency	2,579	0	0	0	0	2,579
Grand Total	64,662	50,917	34,078	12,864	12,060	174,581

Funded By

Financing	Budget 2012/13 £'000	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Total £'000
Grant	18,287	11,008	9,231	6,672	6,445	51,643
Capital Receipts/RTB	4,967	5,149	5,450	3,596	3,571	22,733
Revenue	886	478	2,256	1,297	563	5,480
Borrowing	38,110	33,202	14,737	964	1,066	88,079
3rd Party (inc S106)	2,412	1,080	2,404	335	415	6,646
Total	64,662	50,917	34,078	12,864	12,060	174,581

Funding

The revenue budget for 2012/13 and the Medium Term Service and Resource Plans for 2013/14 and 2014/15 provide fully for the revenue consequences of the Council borrowing in support of capital expenditure.

In line with previous years, borrowing costs for new capital projects are charged to individual services through Service Supported Borrowing and included in those services' revenue budgets, unless otherwise stated.

A desire to reduce the planned levels of external borrowing has been recognised within the funding arrangements for the Capital Programme, particularly in respect of the Keynsham Regeneration Scheme. This project will seek to utilise the Council's longer term cash flow balances to "internally" meet the cash flow funding requirements of this project. This approach will be regularly reviewed to recognise the overall need to deliver value for money from the Council's external funding and treasury management decisions.

The practice of using grant or other income as soon as it is received to cash flow finance capital expenditure wherever possible in order to delay, where appropriate, the requirement for borrowing has a catch up point, at which time borrowing is required to 'repay' those projects for which the grant was originally intended.

There is £400k corporate funding included within the proposed Budget for 2012/2013 which is to be used to support capital financing (service supported borrowing costs) of particular projects identified as a priority including:

- London Road Regeneration Scheme (£0.7m capital spend)
- Affordable Housing (£0.5m capital spend)
- Beechen Cliff Capital and related open spaces improvements (£0.5m capital spend)
- Radstock Regeneration Scheme (£0.5m capital spend)
- Creative Hub Project (£0.5m capital spend)
- 20mph Road Safety Schemes (£0.5m capital spend)
- Rossiter Road Scheme (additional £0.5m capital spend)

- River Safety (£0.1m capital spend)
- Victoria Bridge (up to £1.9m subject to a specific funding model)

The £3m set aside in an earmarked revenue reserve for affordable housing and capital development in 2010/11 remains fully committed to support the provision of affordable homes in the Bath Western Riverside development.

The capital budget for 2012/13 assumes the following achievement of capital receipts:

- £0.3m of Housing Right to Buy (RTB) Receipts. These receipts are set aside to fund affordable housing within the Bath Western Riverside development.
- General receipts of £2.6m to be achieved during the year ending 31 March 2012. Given the uncertainty over the generation of capital receipts in the very short term the achievement of this will need to be reviewed early in the 2012/2013 financial year.

Significant Elements of the Capital Programme

Highways Structural Maintenance

The Highways Structural Maintenance budget is included for **Full Approval** at £3.821m funded wholly from direct government grant.

This will be used to address a programme of priority works across all highway asset groups namely carriageways, footways, structures (bridges, retaining walls, embankments & culverts), drainage and electrical infrastructure as identified through on-going inspection, monitoring and evaluation.

The additional £3million of capital investment by the Council between 2010/11 & 2011/12 over and above the annual Local Transport Plan Formula based grant settlement has helped prevent deterioration of the network.

There is also budget of £1m included for **Provisional Approval** subject to the submission and approval of a detailed project plan. This is funded from service supported borrowing and will provide for continued additional investment in addressing priority works across all asset groups but with particular emphasis on replacing columns at or near the end of their planned life to support the conversion of street lighting stock in order to achieve revenue and carbon savings.

Local Transport Improvement Schemes

The Local Transport Improvement Schemes budget is included at £1.373m funded from government grant and section 106 contributions. It is included for **Provisional Approval** and is the subject of a separate report on the Agenda for the Council meeting on February 14th 2012, providing further details of the individual schemes for full approval.

The 2012/13 schemes will initially be subject to agreement with the Cabinet Member for Transport and will focus on supporting the Joint Local Transport Plan approved with our WoE authorities.

The focus is around 5 key transport goals of Reducing Carbon Emissions, supporting Economic Growth, Promoting Accessibility, contributing to better safety, security and health and finally improve quality of life & a healthy natural environment.

20 MPH Schemes

A budget of £500k is included for **Provisional Approval** subject to approval of a detailed project plan and specific proposals. The borrowing costs will be funded from corporate headroom included as part of the proposed Revenue Budget. The funding will provide for the establishment of extensive area wide 20 mph Speed Limits on appropriate streets across the District over the next three years.

Rossiter Road

The Rossiter Road capital budget is included at £1.8m for **Provisional Approval** subject to the outcome of current scheme redesign work and the granting of any necessary planning consent. The borrowing costs will be funded from corporate headroom included as part of the proposed Revenue Budget.

The scheme will remove the majority of through traffic, including HGVs from Widcombe parade by allowing Rossiter Road to take 2 way traffic. This is achieved by reversing the direction of traffic along Claverton Street. The scheme is currently being reviewed by Halcrow and once fully approved could be implemented over 2012/13 – 2013/14.

Bath Transportation Package

The Scheme received Programme Entry Level Approval from Department of Transport on 16th December 2011.

The scheme will expand all three of the Council's existing P&R sites, improve variable message signs, environmental improvements in the city centre and improve the majority of the bus routes into the city with new bus stops with real time information.

Total budgeted costs are £32.5M (£1.676m held under Public Realm), funded by £11.7m from DfT the remainder by the Council and other local contributions. The Main Scheme is included for **Provisional Approval** subject to Final DoT Approval in Summer/Autumn 2012 with the remainder of the budget included for **Full Approval**.

Victoria Bridge

Capital funding for emergency works to secure the structure was approved by Cabinet under Rule 16 Exemption from Standing Orders on Emergency grounds on 23rd December 2011. The emergency works comprise the insertion of a box girder bridge to provide full support to the listed structure with the addition of ramps to afford public access across the river. Structural works to allow the river and towpath to re-open completed on 17th January 2012. Ramp installation is programmed to coincide with re-opening of Victoria Bridge Rd (part of BWR infrastructure works) in spring 2012.

An indicative budget for a permanent solution is included at £2.440m for **Provisional Approval** subject to a full project plan, revised costing's and a detailed funding model. The aim of this will be to reduce the net cost to the Council by maximising external funding.

Options for full refurbishment and/or replacement of the historic structure are being developed ranging from historical refurbishment or authentic replica through to removal and replacement with a new structure.

A paper will be prepared for consideration of the options and will be presented to the cabinet in spring 2012. Subject to full approval to proceed, works to the structure are programmed to commence autumn 2012 for completion in 2013.

This is in line with the BWR programme to enable access and site areas for the bridge work before housing development restricts/complicates access

LED Street Lighting Programme

An indicative budget for LED Street Lighting Replacement of £2m across 2012/13 and 2013/14 financial years is included for **Provisional Approval** subject to a robust business case. This would include details of financial savings to be made to fully cover the service supported borrowing costs for this scheme.

The proposal is likely to focus on converting all street lights on main roads to LED technology in order to reduce energy consumption and costs and make a significant contribution to meeting the authority's carbon reduction targets. Energy consumed through street lighting currently accounts for 13% of the authority's total consumption. Proposals will seek to achieve the budgeted saving on street lighting revenue costs, mitigate the impact of predicted increases in energy costs and minimise the financial exposure to future carbon tax liabilities and cover borrowing costs. The plan will propose delivery of the conversions and related lighting column replacements over the course of the two financial years.

River Safety

An indicative budget of £100k is included for **Provisional Approval** to respond to recommendations from RoSPA regarding improving safety along the River Avon in Bath. This funding allocation will be supported by a robust business case and subject to consultation with relevant stakeholders i.e. the Environment Agency.

Beechen Cliff Woodland & Other Open Spaces Improvements

An indicative budget of £500k for securing the future of Beechen Cliff Woodland is included for **Provisional Approval** subject to third party negotiations and a detailed project proposal. The associated revenue borrowing costs are included within the proposed Revenue Budget.

The project will seek to restore the woodland above the cliff and maintain it to a suitable standard working in partnership with experts from the National Trust. Any balance will be reserved for open spaces improvements across Bath & North East Somerset.

Odd Down Playing Field

Odd Down Playing Field is included at £1.598m. The cycle track scheme is included at £366k for **Full Approval** funded with a grant from British Cycling with £1.232m for **Provisional Approval** from S106 developer contributions.

The scheme will provide a 3G synthetic pitch, changing rooms, stores for grounds maintenance, improvements to the playing surfaces and a

racing/training circuit for bicycles (in addition to the existing off road & BMX circuits and will be completed by around September 2012.

Paulton Library Relocation

The Paulton Library Relocation project is included at £0.172m for **Full Approval**. Associated revenue borrowing costs are included within the proposed Revenue Budget.

The scheme will provide for the relocation of Paulton Library to new premises within Paulton village (& surrounding communities) and in doing so extend the offer available to local residents. Key roles for the building are envisaged to be a community place, a library, an 'Internet' café and a place for development opportunities with partner agencies for targeted interventions. There will be a particular focus upon building links into those groups and individuals in society who are 'excluded' or 'vulnerable'. The use of volunteers to sustain community aspirations, extend and improve services will be encouraged.

Completion is expected by around September 2012.

Schools Capital Investment

Schools capital grant funding has been confirmed by DfE for 2012/13 and includes £1.564m for Basic Need to support provision of additional pupil places where there is population growth, £2.403m for Capital Maintenance & an estimated £0.402m of Devolved Capital to schools. This is further increased by unallocated balances of grant brought forward from previous years of c£3.156m.

This balance of unallocated grant funding is the result of adopting a prudent approach to capital spending in 2011/12 as the Government was considering the outcome of the Sebastian James Review of schools capital funding and this together with potential impact of schools transferring to academy status, was likely to have implications on levels of capital funding for 2012/13. DfE allocations for 2012/13 have recently been announced and there has been a reduction in Capital Maintenance funding of £900k approximately, with Basic Need funding slightly increased. Levels of funding for future years remains unclear.

Officers are drawing up proposals for both Basic Need and Capital Maintenance projects against the unallocated funding for initial consideration by the Cabinet Member for Early Years, Children and Youth.

The Schools Capital Maintenance Programme is included for **Full Approval** at £1m to address the most pressing condition items in schools. This follows an assessment by Property Services ensuring that the Council's schools are maintained in appropriate condition.

In addition to this there are also several larger scale projects underway across primary and secondary schools to improve condition, increase capacity and expand their use. These include;

- Major remodelling of Weston All Saints Primary, Midsomer Norton All Primary, and Batheaston Primary to address significant condition and suitability issues. All now nearing completion. Funded through DfE Primary Capital Programme -£8.4m
- Wellsway Sports Hall – New 6 court sports hall with fitness suite and sports science area. Funding from several sources including DfE grants, school funds, Hayesfield capital receipt and Tourism Leisure, Culture - £3.1m
- Ralph Allen Applied Learning Centre - Applied Learning Centre focussing on science with a learning environment to provide students with access to high technology equipment and practices mirroring those available in professional laboratories and industrial settings - Funded primarily from DfE Targeted Capital grant - £2.4m
- Oldfield School – Adaptations to enable the school to become co-educational and admit boys from 2012 Funding from DfE Modernisation Grant, Basic Need and Hayesfield capital receipt - £2.005m
- St Gregory's /St Mark's Post 16 Block - New Joint 6th form block on site adjacent to St Gregory's which will admit pupils from both St Gregory's and St Mark's from September 2013 - £2.8m.

Gypsy and Travellers Site

A capital budget provision has been made for up to £1.8m across 2012/13 – 2014/15 to provide a 15 pitch transit site for Gypsy & Travellers. This scheme is included in the capital programme for **Provisional Approval** subject to detailed project plans being submitted once appropriate sites are located through the planning process. Appropriate revenue funding for the associated borrowing costs have been included within the proposed Revenue Budget.

The Gypsy & Traveller Accommodation Assessment 2007, which covers the period up to 2016, identified a need for 22 residential pitches & 20 transit pitches. The provision of a 15 pitch transit site will substantially meet the identified transit need. The residential site provision will be met by encouraging private sector development aided by the adoption of appropriate planning policies.

Affordable Housing

Investment of £500k 2012/13, and £700k per annum from 2013/14 is included for **Provisional Approval** subject to the provision of detailed project plan and business case. Appropriate revenue funding for the associated borrowing costs have been included within the proposed Revenue Budget.

This provision is for supporting work on tackling empty homes, increasing the delivery of affordable housing and associated costs. Such provision will contribute towards attracting inward investment through the New Homes Bonus and help achieve aims within the Council's Core Strategy and the Housing and Well-being Strategy. Political and Corporate approval will be sought for each spending proposal to ensure value for money and purpose of outcome.

Workplaces Programme including Keynsham Regeneration

The workplaces programme was reported in detail to Cabinet on 7 December 2011 and approved for delivery subject to inclusion of the specified capital budgets in the capital programme.

The workplaces programme incorporates the entirety of the Council's office accommodation and rationalisation, better customer access, flexible working, carbon savings, supporting joining up public services including shared front office with key partners, substantial efficiencies (both cashable and non-cashable) and acts as a catalyst for regeneration.

The scheme includes:

- Delivery of the new one stop shop and communications hub in the refurbished Lewis House Bath – May 2012 – the main Lewis House refurbishment is complete (and 2 major offices in Bath have been handed back at the expiry of their leases).
- Completion of the Hollies office refurbishment in Midsomser Norton, including one stop shop – already complete January 2012 – residual payments only in 2012/13
- Keynsham offices, retail, one stop shop, library and related regeneration activity – due for completion in August 2014 and delivery partner already engaged using a two stage contract.

The scheme is funded internally using cash balances generated by capital receipts and recurring cash balances, albeit this will be kept under review in line with the Council's Treasury management policy.

The Keynsham scheme is now moving towards a planning submission in the next few weeks.

The workplaces programme is set to achieve a return of over 10% (after capital financing costs) and involves a total capital cost of £37M in future years (2012/13 onwards) of which £33M relates to Keynsham. The detail together with the amount spend to date is shown in the capital programme appendix and is as reported in December.

The capital budget is now ready for **Full Approval** with all the detailed project planning, feasibility and budgeting work having been completed and reported.

Customer Services System

The Customer Services System is included at an estimated cost of £1.075m for **Full Approval** to be funded from service supported borrowing. Resourcing savings from across the Council generated as a result of the system implementation and roll out will be used to meet these costs.

The Change programme includes a work stream to improve customer services including through one stop shops (linked to workplaces), to give better web

access to services 24/7, and to improve customer service and information generally (with key partners involved) but also saving over £1m annually when complete.

The programme is now well developed and requires an investment in supporting information technology which will also save costs by replacing the technology that exists now with simpler and better integrated systems. This investment will pay for itself.

This approach will underpin the whole range of customer work streams in the Councils Change Programme including the development of integrated One Stop Shops in Bath, Midsomer Norton & Keynsham, Rural and community based localities, Mobile/Visiting working, Telephony & Communications Hub, Self Service/Web, New ways of working etc.

Public Realm

The Public Realm projects are committed under three project work streams:

- Wayfinding; £0.146m for completion of the city information system project is included for **Full Approval**
- High Street; £1.676m comprising upgrading of the public realm in the High Street as an integral element of the BTP is included for **Full Approval**.
- Preparatory Project; £0.310m, comprising street furniture design and continuation of the public realm design and specification toolkit (including landscape, lighting & public art plans) for the future delivery of street & spaces is included for **Full Approval**

These budgets reflect the position as approved previously, taking into account any subsequent changes in the phasing of expenditure and delivery objectives.

- Other Projects; £0.604m, comprising of completion of the public realm design and specification toolkit, detailed design of spaces and lighting and environmental projects. These projects are included for **Provisional Approval** subject to the availability of capital receipts and detailed projects plans and approvals.

Bath Western Riverside

BWR is included for **Full Approval** at £10.070m which includes £1.124m for the Project Team costs, £4.900m for Affordable Housing and £4.046m for Infrastructure. These budgets reflect the position as approved in 2011/12 taking into account any subsequent changes in the phasing of the expenditure.

London Road Regeneration

London Road Regeneration is included at £0.750m for **Provisional Approval** subject to approval of a detailed project plan. Appropriate revenue funding for the associated borrowing costs have been included within the proposed Revenue Budget.

The overall objective of the London Road Project was defined through consultation with the community and local members. This is to arrest the environmental decline of a major gateway route into Bath through initiatives to improve the street scene, encourage property regeneration, improve air quality, promote community cohesion and capacity building and attract private sector investment.

A PID will be prepared at the end of the scoping phase prior to implementation.

Norton Radstock Regeneration

Norton Radstock Regeneration is included at £0.500m for **Provisional Approval** subject to approval of a detailed project plan. Appropriate revenue funding for the associated borrowing costs have been included within the proposed Revenue Budget.

The overall objective of the project will be defined through consultation with the community and local members. The aim is to improve the street scene, encourage property regeneration, and attract private sector investment.

Creative Hub

Creative Hub is included at £0.500m for **Provisional Approval** subject to approval of a detailed project plan. Appropriate revenue funding for the associated borrowing costs have been included within the proposed Revenue Budget.

This will facilitate enabling works on the Guildhall tech hub pilot, to be situated in the Council One Stop Shop, which will be vacant from early May. The Guildhall project is a 2500 ft² space for individual tech professionals providing hot desks, on-site support and networking using a gym style membership forming a technical hub supporting creative industries.

Capital expenditure will be for fit out costs to make the space suitable for the above usage with a planned completion in September 2012.

Broadband Development UK (BDUK)

BDUK is included at £0.475m spread across 3 years for **Provisional Approval** subject to approval of a detailed project plan and signing the programme agreement.

This will cover the Council contribution to the joint costs of project management, procurement and capital works, in partnership with Somerset County Council, Devon County Council, North Somerset District Council, Plymouth and Torbay Councils. The anticipated profile of this capital expenditure is £175k (2012-13), £150k (2013-14) and £150k (2014-15).

The BDUK project has the potential to deliver infrastructure that will enable delivery of 100% broadband coverage of at least 2 Mbps & superfast speeds of up to 20 Mbps to at least nine out of ten homes and businesses in the district.

The project is planned to be rolled out between autumn 2013 and spring 2015.

Enterprise Area Enabling

For **Provisional Approval** subject to scheme specific individual business cases coming through including detailed funding proposals.

The coalition Government introduced Local Enterprise Partnerships (LEP's) in 2010/2011. Interpreting the Governments focus on business growth and development the West of England LEP announced the creation of Enterprise Zone in Bristol together with an Enterprise Area in Bath.

Although not sharing the same status as a 'Zone', Bath's 'Area' status is seen as capturing some of the Zone's trickle down benefits, whilst enabling the Area to contribute to the B&NES economy. Therefore enabling the Enterprise Area to develop is critical. An example of how this may be achieved is reviewing the development opportunities of the area against existing demand, potential growth and funding opportunities.

Funding is seen as a particular priority and therefore the Council has embarked on a pilot study called 'Planning and Funding the Future' to examine the interaction between Council funds and Government funding such as Community Infrastructure Levy (CiL) and New Homes Bonus (NHB) and potential benefits of development such as S106 contributions. The result of that study will inform the costs and funding profile required and be the subject of a future Cabinet decision.

Minimum Revenue Provision (MRP) & Depreciation Policy

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve a MRP & Depreciation Policy in advance each year. The Council is recommended to approve the statement in Annex 4 which is unchanged from that agreed in 2008/2009 and defines how the Council will make a prudent minimum revenue provision for all new unsupported borrowing from 1st April 2008.

Prudential Indicators

The Capital Prudential Indicators are shown in table 7 below.

Table 7: Capital Prudential Indicators.

PRUDENTIAL INDICATOR	2010/11 Actual	2011/12 Probable Outturn	2012/13	2013/14	2014/15
Current Financial Plan Data					
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	51,526	58,012	64,662	50,917	34,078
Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)					
The estimate of incremental impact of the new capital investment decisions on the council tax			£2.62	£5.62	£4.00
Cumulative totals:			£2.62	£8.25	£12.25
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			9.52%	10.85%	12.23%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			3.54%	4.02%	4.52%
Borrowing Limits (£m)					
Operational boundary – borrowing			£161m	£167m	£170m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
Operational boundary - total			£163m	£169m	£172m
Authorised limit - borrowing			£171m	£197m	£205m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
Authorised limit - total			£173m	£199m	£207m
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	112,659	142,071	170,159	195,877	204,022

Borrowing limits

The Authorised limits for external debt include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over and above the operational limit for unusual cash movements.

The Operational boundary for external debt (or planned borrowing level) is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements. This level also factors in the proposed use of the Council's longer term cash flow balances to "internally" meet the financing requirements for the Keynsham Town Centre Regeneration project, subject to overall treasury management decisions.

Section 4 – Revenue & Capital Reserves and Contingencies

A) Significant Earmarked Reserves

As part of the Budget for 2011/2012 the Council's earmarked reserves were consolidated to support the Council through the range of changes required in light of the significant future financial challenge. This included specific provisions for the costs of the change programme together with a contribution towards restructuring and severance costs. A reserve was also maintained to support spending on Affordable Housing

In developing the proposed Budget for 2012/2013 all the earmarked reserves have been reviewed and the related potential liabilities re-assessed. The proposed Budget for 2012/2013 will continue to utilise these reserves over the medium term financial planning period.

The review of reserves has also recognised the need to provide appropriate funding to meet the potential revenue reversion costs of discontinued capital schemes

The significant earmarked reserves will therefore be utilised as follows:-

The Revenue Budget Contingency – the reserve will be maintained at the level of £1m to recognise the potential for in-year budget overspending. This will be supplemented with unallocated one-off funding of £381k to provide for emerging priorities during the year ahead.

The Medium Term Financial Challenge Reserve – the Council continues to develop and progress a significant change programme both to redesign and reshape a range of services to recognise the future shape of the Council. A number of the specific changes are also required to respond to the initiatives imposed by the Government including the responsibilities for public health, changes in health and social care commissioning and the impacts of academy schools.

All these changes will require on-going investment in terms of financial and human resources to develop, implement and embed them within the organisation. This reserve will meet the costs associated with these changes and is fully committed. Based on current estimates, the reserve will be fully utilised by the end of 2014/2015.

The Restructuring Reserve – the significant financial challenge facing the Council has and will continue to lead to job losses as savings and efficiencies are delivered. The Council has estimated around 400 posts (possibly more) will be lost as a result including through redundancy. The associated severance costs will be significant, and based upon experience to date, it is proposed that this reserve will be available to meet these costs in full, avoiding the need for subsequent additional service savings purely to pay such severance costs. This approach will be regularly reviewed to ensure it is being applied appropriately. The reserve is projected to be fully utilised by the end of 2014/2015.

The Affordable Housing Reserve – this reserve is committed to fund the Council's contribution to affordable housing including within the Bath Western Riverside development.

Capital to Revenue Reversion Reserve – this reserve has been established to recognise the potential for capital costs in respect of significant capital schemes reverting to revenue in the event the scheme is aborted or discontinued for any reason, prior to creation of a new capital asset. This may apply for example to elements of the Bath Transport Package following changes to the approved scheme.

Table 8 below sets out the projected level of earmarked reserves taking account of anticipated commitments over the next 3 years to 2014/2015. This reflects that Earmarked Reserves are fully committed but with the likely allocation of available Revenue Budget Contingency subject to new and emerging priorities.

Table 8: Projected Significant Earmarked Reserves

	Revenue Budget Contingency £000	MTFC Reserve £000	Restructuring Reserve £000	Affordable Housing Reserve £000
Currently Available	2,368	3,855	5,406	3,000
Consolidation of Reserves	-1,368*	-967*	0	
Estimated Reserves @ 1st April 2012	1,000	2,888	5,406	3,000
Allocation in 2012/2013	381**	-675	-1,271	-
Balance C/F	1,381	2,213	4,135	3,000
Allocation in 2013/2014	-	-1,213	-2,115	-
Balance C/F	1,381	1,000	2,020	3,000
Allocation in 2014/2015	-	-1,000	-2,020	-1,778
Balance C/F	1,381	Nil	Nil	1,222

***Note** – these amounts are transferred to create the Capital to Revenue Reversion Reserve. These transfers plus a further transfer of £0.420m from other smaller earmarked reserves will create a total reserve of £2.755m which is anticipated to be fully utilised by 2012/2013.

****Note** – this figure reflects the specific allocations into Revenue Budget Contingency on the basis that appropriate approvals will be required to support any allocation of the Revenue Budget Contingency.

B) Unearmarked Revenue Reserves -

The Local Government Act 2003 contains a duty on the statutory finance officer (s151 Officer) to report to the Council, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves. The report of the s151 Officer on this subject is included as **Annex 2** to this report and is recommended to the Council. The conditions of the report by the Divisional Director - Finance are an integral part of our budget recommendations. This sets an unearmarked reserves target of £10.5 million based on the thorough risk assessment and in the context of the "one-off" funding proposals contained within this Budget proposal.

Table 9 below details the proposed movement in the level of unearmarked reserves over the period of the medium term service and resource plans. This analysis includes the proposed use of reserves to support invest to save proposals included within the Budget, specifically:

- The Workplaces Project – requires total cumulative revenue investment of £2.9m over the period to 31 March 2015 with reserves fully repaid by 2021/2022 and on-going revenue savings thereafter of over 10%.

This actual level of unearmarked reserves will also depend on the Outturn position for 2011/2012 and on future decisions by the Cabinet about any overspends. For financial planning purposes the Outturn estimate for 2011/2012 is assumed to be a balanced position. The figures are therefore only an estimate at this stage and are without prejudice to future Cabinet decisions.

C) Adequacy of reserves

The s151 officer's report on the robustness of estimates and adequacy of reserves is set out at Annex 2. This provides a reserves strategy to maintain non-earmarked General Fund reserves at £10.5m based on a thorough risk assessment. The projected reserve levels are set out in Table 9 below.

Table 9: Projected Non-Earmarked Revenue Reserves

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Estimated Reserves @ 1st April each year	10,480	9,420	8,372
2011/2012 Invest to Save Funding (cumulative)	-680	-	-
2011/2012 Projected Outturn Underspending	-	-	-
Projected Invest to Save Movements	-380	-1,048	-878
Estimated Reserves @ 31st March each year	9,420	8,372	7,494

Based on anticipated invest to save commitments mainly associated with the Workplaces project, the Non-Earmarked Reserves will be repaid in full by 2021/2022 and at no point will reduce below the risk assessed minimum level of £6M.

Under the Council's Invest to Save Scheme, the Section 151 Officer in consultation with the Cabinet Member for Community Resources, can authorise funding from within the non-earmarked reserve for robust and credible invest to save proposals (i.e. in the short term creating a 'negative ear-marked reserve' which is then repaid over time, usually 3 years, from the related savings). This is subject to the overall level of non-earmarked reserves being maintained above the risk assessed minimum level of £6M.

D) Capital Risk Contingency

There are four levels of risk provision in relation to the capital programme.

Firstly individual major projects within the capital programme hold their own contingency;

Secondly, the capital programme includes a funded corporate risk contingency currently forecast to be £2.579m. This includes the last year of a £0.5m top up. The level of this contingency will be reviewed during 2012/2013.

Thirdly the corporate risk assessment on which the general reserves target is based includes an element in the context of the capital programme based on the risks of the current programme.

Finally, while the generation of capital receipts cannot be relied on in the current economic environment, the capital programme does not rely in year on funding from capital receipts, so any receipts generated in 2012/2013 also provide additional short term flexibility in future years (2013/2014 onwards), pending their being required to fund any planned expenditure on items such as property capital maintenance and public realm.

As with all capital projects, relevant risks are being considered as part of the overall risk-assessed general reserves and the Corporate Risk Register.

E) Governance

The Council is requested to approve that the specific arrangements for the governance and release of reserves, including invest to save proposals, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Community Resources and the Chief Executive.

Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2012/2013.

The financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The proposed Budget provides for a zero increase in Council Tax for 2012/2013. **Table 10** explains the calculation of this figure:

Table 10: Council Tax 2012/13 for Bath & North East Somerset Council Services

Description	Amount	Comments
Recommended Net Revenue Budget	£120,106k	See Annex 1
Less Grant, reserves and estimate of Collection Fund surplus	£42,659k	See Annex 1 Sources of Funding
To be funded by Council Tax	£77,447k	
Tax base (Band D properties equivalent)	64,440.11	Approved by the Section 151 Officer in December 2011
Recommended Council Tax at Band D for 2012/13	£1,201.85	
2011/12 Council Tax Band D	£1,201.85	
Recommended Increase	£0.00	0% increase

The figures above exclude parish, fire and police precepts.

This Council collects Council Tax on the behalf of the parishes, Fire and Police Authorities and the final bills issued will include the Council Tax they have requested this Council to collect. These will form part of the Council's overall budget-setting resolution.

The Finance Committee of Avon and Somerset Police Authority will be meeting on 24th January to consider a precept level for recommendation to the full Police Authority on 8th February 2012. The report includes four medium term scenarios all of which start with a Council Tax freeze for 2012/2013.

The Avon Fire Authority at its meeting on 16th December 2011 agreed to consult on the following four budget options:

- Option A – No Council Tax Increase
- Option B – 3% Council Tax Increase
- Option C – 1.8% Council Tax Increase
- Option D – 4% Council Tax Increase

The Fire Authority will meet on 10th February 2012 to finalise its budget and set its Council Tax and precepts for 2012/2013.

The headline increase will be affected by the final decisions of the parishes, Fire and Police Authorities, and any decision made concerning special expenses

(see below). Final figures will not be available until after Fire and Police meetings highlighted above.

Table 11 sets out the composite Council Tax likely to be charged:

Table 11: Potential Total Council Tax 2012/13 (Band D)

Council Tax charges (Band D) made by	Charge made now 2011/12 £	Proposed Charge 2012/13 £	% Change
Bath and North East Somerset Council	1,201.85	1,201.85	0% (£0.00 at Band D)
Avon and Somerset Police	168.03	TBC	Final Decision to be taken on 8 th February 2012.
Avon Fire & Rescue	60.38	TBC	Final decision to be taken on 10 th February 2012
Total excluding parishes	1,430.26	TBC	
Parishes (average)	31.37	TBC	Not known at time of writing
Total	1,461.63	TBC	The 2012/13 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 14th February 2012, and so the necessary updated information will be set out in the report.

Special Expenses

As part of the 2011/2012 Budget preparation process no special expenses were declared (with the exception of Parish and Town Council precepts). It is proposed that this policy remains unchanged for the 2012/2013 budget.

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Proposed Base Revenue Budget 2012/13 Cashlimits by Cabinet Portfolio

APPENDIX 1 ANNEX 1

CABINET PORTFOLIO	Service	Current 2011/12 Cashlimit £'000	Removal of One-offs (Includes one-off virements in 2011/12) £'000	2012/13 Base Budget £'000	2012/13 MTSRP Savings £'000	2012/13 MTSRP Growth £'000	Total 2012/13 Budget changes £'000	Proposed 2012/13 Cashlimits £'000
Leader	Policy & Partnerships	1,584		1,584	(130)	72	(58)	1,526
	Transformation Service	737		737				737
	Council's Retained ICT Budgets	(1,257)	(38)	(1,295)	(350)	76	(274)	(1,569)
	Council Solicitor & Democratic Services	1,960		1,960	(105)	5	(100)	1,861
	Improvement & Performance	2,661	(23)	2,639	(114)	2	(112)	2,527
	PORTFOLIO SUB TOTAL	5,686	(60)	5,626	(699)	155	(544)	5,082
	Finance	1,497	183	1,680	(115)	262	148	1,827
	Support Services Change Programme	186		186	(90)		(90)	96
	Customer Services	2,664		2,664	(164)	77	(86)	2,578
	Risk & Assurance Services	1,159	(142)	1,017	(60)	135	75	1,092
Community Resources	Property Services	851	(237)	614	(150)	8	(142)	471
	Corporate Estate Including R&M	6,566	53	6,619		28	28	6,647
	Commercial Estate	(12,754)	(73)	(12,827)	(300)	1	(299)	(13,126)
	Workplaces Invest To Save Programme	(206)	206					
	Traded Services	54		54	(103)		(103)	(49)
	Hsg / Council Tax Benefits Subsidy	355		355	(50)		(50)	305
	Capital Financing / Interest	6,063		6,063		155	155	6,218
	Unfunded Pensions	1,709		1,709				1,709
	Other Miscellaneous Budgets	3,521	1,429	4,950	(2,037)	944	(1,093)	3,857
	New Homes Bonus Grant				(1,218)		(1,218)	(1,218)
Wellbeing	Magistrates	22		22	(5)		(5)	17
	Coroners	362		362	(57)		(57)	305
	Environment Agency	205		205				205
	PORTFOLIO SUB TOTAL	12,254	1,418	13,672	(4,348)	1,611	(2,737)	10,935
	Adult Services	54,267	(4,234)	50,033	(3,416)	4,168	752	50,785
	Adult Substance Misuse (Drug Action Team)	598		598				598
	Community Learning	130	(130)					
	Employment Development	162	2	164				164
	PORTFOLIO SUB TOTAL	55,157	(4,362)	50,795	(3,416)	4,168	752	51,547
	Children, Young People & Families	11,213		11,213	(60)	310	250	11,463
Early Years, Children & Youth	Learning Inclusion	19,853	(118)	19,735	(209)	10	(199)	19,536
	Health, Commissioning & Planning	(113,058)	(165)	(113,223)	(319)	140	(179)	(113,402)
	Schools Budget	106,116	(2,618)	103,498				103,498
	PORTFOLIO SUB TOTAL	24,123	(2,901)	21,222	(588)	460	(128)	21,094
Homes & Planning	Planning Services	2,668	(96)	2,572	(422)	183	(239)	2,333
	Building Control & Land Charges	48		48		51	51	99
	Housing	2,244		2,244	(172)		(172)	2,072
	PORTFOLIO SUB TOTAL	4,961	(96)	4,865	(594)	233	(361)	4,505

Proposed Base Revenue Budget 2012/13 Cashlimits by Cabinet Portfolio

APPENDIX 1 ANNEX 1

CABINET PORTFOLIO	Service	Current 2011/12 Cashlimit £'000	Removal of One-offs (includes one-off virements in 2011/12) £'000	2012/13 Base Budget £'000	2012/13 MTSRP Savings £'000	2012/13 MTSRP Growth £'000	Total 2012/13 Budget changes £'000	Proposed 2012/13 Cashlimits £'000
Sustainable Development	Arts	647	(56)	591	(85)	12	(73)	518
	Tourism & Destination Management	1,040	(100)	940	(131)	126	(5)	935
	Heritage including Archives	(3,542)		(3,542)	(265)		(265)	(3,807)
	Major Projects Support	560		560	(25)	33	8	568
	Development & Regeneration	1,026	24	1,050	(190)	60	(130)	920
	PORTFOLIO SUB TOTAL	(269)	(132)	(401)	(696)	231	(465)	(866)
Neighbourhoods	Customer Service - Overheads	2,024	245	2,269		1	1	2,270
	Waste	10,975	(237)	10,738	(609)	773	164	10,902
	Public Protection	1,080		1,080	(55)	17	(38)	1,042
	Neighbourhood Services	4,987	(75)	4,912	(208)	112	(96)	4,815
	Libraries & Information	2,446	28	2,474	(116)	62	(54)	2,419
	Sports & Active Leisure	996	22	1,018	(117)	50	(67)	951
Transport	Community Safety	341	(31)	311	(115)	60	(55)	256
	PORTFOLIO SUB TOTAL	22,848	(49)	22,800	(1,220)	1,075	(145)	22,655
	Transport Design & Projects	124	(245)	(121)		10	10	(111)
	Transportation Planning (including Public Transport)	6,358	(46)	6,311	(110)	186	76	6,388
	Park & Ride	(1,013)		(1,013)		297	297	(717)
	Highways - Network Maintenance	6,532		6,532	(311)	547	236	6,769
	Highways - Transport & Fleet Management	(75)		(75)	(23)	6	(17)	(92)
	Car Parking (excluding Park & Ride)	(7,327)		(7,327)	(48)	293	245	(7,082)
	PORTFOLIO SUB TOTAL	4,599	(291)	4,307	(491)	1,338	847	5,155
	NET BUDGET	129,358	(6,472)	122,886	(12,052)	9,272	(2,780)	120,106

Sources of Funding

Council Tax	77,427	77,427					21	77,447
Formula Grant*	43,539	43,539					(3,994)	39,545
Collection Fund Deficit (-) or Surplus (+)							422	422
Council Tax Freeze Grant							1,952	3,872
Balances							(1,181)	(1,181)
Total	129,358	122,886	(6,472)	122,886			(2,780)	120,106

* Excluding Council Tax Freeze Grant

Council Tax - Calculation

Council Tax Debit £'000	77,427	77,427						77,447
Tax Base (No. of Band D equivalent properties)	64,422.90	64,422.90						64,440.11
Band D Charge £	£1,201.85	£1,201.85						£1,201.85
%age Increase	0.00%	0.00%						0.00%

Chief Financial Officer's Opinion on Adequacy of Balances and the Robustness of the Budget

The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act which states the following:

(1) Where an authority to which section 32 or 43 of the Local Government Finance Act 1992 (billing or major Precepting authority) or section 85 of the Greater London Authority Act 1999 (c. 29) (Greater London Authority) applies is making calculations in accordance with that section, the chief finance officer of the authority must report to it on the following matters-

(a) The robustness of the estimates made for the purposes of the calculations, and

(b) The adequacy of the proposed financial reserves.

(2) An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.

Summary Report of the Divisional Director - Finance (as Chief Finance Officer for the Authority)

I have examined the budget proposals contained in this report, and believe that whilst the spending and service delivery proposals contained remain challenging, they are nevertheless achievable. I am satisfied that, in general, the requisite management processes exist within the Council to deliver this budget, and to identify and deal with any problems which may unexpectedly arise throughout the year.

The key points to highlight are:

- Un-earmarked reserves are at a prudent levels and this Budget proposes to maintain this position. This reserve will also be utilised for invest to save initiatives going forwards but at no point will the reserve fall below the risk assessed minimum level.
- This budget provides some additional revenue budget reserve contingency provisions to recognise the specific risks relating to revenue reversion for major capital projects.
- Sound financial planning processes are in place, and there is member scrutiny at each key stage
- Revenue spend is closely monitored on a monthly basis and integrated finance and performance management reports are produced

- Capital schemes are managed through a tightly controlled and integrated project management, risk and financial management process
- The intense external pressures on public finances require annually decreasing budgets and this will need to be closely managed.
- There is a need to use “invest to save” and “invest to avoid” approaches to enable the Council to maintain its spend within acceptable parameters and to achieve requisite efficiencies.

The Medium Term Service and Resource Plans rely on the delivery of strategies and action plans within individual services and it will continue to be necessary to give a high priority to the monitoring and review the implementation of these plans as part of the performance management processes of the Council.

The commitment in the capital programme in the coming years remains challenging. Sound monitoring, review and programming of schemes will need to continue, as will individual project management processes. Where projects form part of partnership arrangements, satisfactory partnership governance arrangements will need to be in place.

On the matter of unearmarked reserves, I have continued to evidence the requisite level by use of internal risk assessment. The 2012/13 recurring budget contains no reliance on the use of unallocated reserves.

The Council is maintaining its unearmarked reserves at the appropriate risk assessed level. As a result some of these reserves (above a minimum level) will be utilised on an Invest to Save basis under the parameters set out in Appendix 1.

In view of the challenging financial climate, it remains essential that unearmarked reserves are maintained at risk assessed levels, the only prudent exceptions being to fund invest to save schemes (provided a minimum level is maintained) and to enable exceptional risks or contingencies to be funded where no other funding is available.

It will be essential in the event of any exceptional use of unearmarked reserves for the Council to continue to put in place arrangements in future years' budgets to recover the level of reserves within 3 years.

From 2001/2, the Council adopted a risk management approach, which assesses the level of unearmarked reserves required against a corporate assessment of the risk being carried. The assessed risk suggests reserves of £10.5M for 2012/2013 with a minimum level of £6M, excluding earmarked reserves.

My recommendation that the budget is reasonably robust and Unearmarked reserves are adequate is on the basis that the Council and the Cabinet:

- Recognise the need to continue to regularly review the level of reserves in the light of the regularly updated corporate risk assessment
- Recognise that in any use of reserves to fund 'one-off' corporate priorities on an invest to save basis, the Council needs to be clear that the overall level of reserves remains adequate and that the relevant business cases for such expenditure are fully scrutinised and monitored appropriately.
- Recognise that where there is a draw down on risk assessed reserves taking them below the prudent level, for whatever reason, this is repaid within 3 years.
- Maintain a rigorous approach to financial monitoring, particularly at this time when a significant level of savings are expected to be delivered in the financial year ahead.
- Ensures that capital schemes are funded prudently and do not rely excessively on revenue funding and do not create unaffordable revenue consequences including maintenance and other running costs
- Maintain a prudent approach to budgeting for capital receipts, given current market conditions and the need to optimise value over the medium term.
- The Cabinet Members, Strategic Directors and Assistant Directors achieve their cash limits for 2011/12.

Processes

Budget estimates are exactly that - estimates of spending and income made at a point in time. This statement about the robustness of estimates cannot give a guarantee about the Budget but gives members reasonable assurances that the Budget has been based on the best available information and assumptions at the time. The budget process aims to set challenging budgets while recognising the risk of this within its reserves strategy.

In order to meet the requirement on the robustness of estimates a number of key processes have been put in place, including:

- The issuing of clear guidance to Directorates on preparing budgets.
- The development of Council wide risk assessment.
- The continuing use of budget monitoring and financial outturn information to identify risks.
- The Council's s151 Officer and his staff providing advice throughout the process of budget preparation and budget monitoring.

- The Directors' review of the robustness of their budgets and budget sensitivities.

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on the Strategic Directors and Divisional Directors having proper arrangements in place to identify issues, project costs, service demands, to consider value for money and efficiency, and to implement changes in their service plans. This is supported by appropriately qualified financial support service staff.

Corporate and departmental processes will continue to be improved in future years. Recent experience indicates that improvement needs to be greatest in relation to Service Delivery where there are inherent risks associated with the large income budgets such as for parking and where there are large management contracts such as for highways, waste etc.

Robustness of Estimates

The 2012/13 Budget and the service and resource planning process continue the need to link financial resources to corporate priorities and risks. There are complex and difficult choices for the Council:

- To realise ongoing efficiencies
- To increase financial resources to meet demand and reduce risk; or
- To reduce where necessary service levels and standards, frequency of service delivery, and eligibility for services.
- To ensure all resourcing decisions reflect statutory and other external requirements, as well as Council priorities

As part of developing the Budget, Members of the administration have considered these options and they are reflected in the proposed Budget.

Most notably the Council has had to address significant reductions in government grant funding, unavoidable cost increases, and demand pressures as well as the corporate priorities including;

- Significantly reduced Formula Grant
- Continued application of formula grant damping
- Priorities as set out in the Corporate Plan
- Low levels of interest rates
- Demand and price pressures in Adult Social Care
- Demand and price pressures in Children's Social Care
- Uncertainty in relation to capital receipts

- Need for capital investment in priority schemes
- A significant change agenda as a result of national policy changes e.g. Adult Social Care and Health, Academies Bill, Localism Bill etc.

The assumptions used for 2012/13 and potentially changing circumstances will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the autumn of each financial year.

Given all these factors I, as the Council's Section 151 Officer, consider the estimates for 2012/13 to be sufficiently robust, and the reserves adequate, to be recommended for approval by the Council.

The medium term remains extremely challenging and it is very likely that service improvement and reasonable Council Tax levels, will only be achievable through very different ways of working, and clear prioritisation between services.

The Capital Budget

Projects included in the capital programme for **Full Approval** were prepared by Divisional Directors and managers in line with financial regulations and guidance. All projects were agreed by the relevant Strategic Director and Cabinet Member and are fully funded, and reviewed through the Project Initiation and Delivery Group.

Projects have been estimated and costed at outturn prices with many subject to tender process after inclusion in the programme. This may lead to variance in the final cost.

Directorates are required to work within the given cash envelope so any under or over provision must be found within these limits.

In addition, I will require a clear commitment from the Council to:

- Ensure that all future commitments on the capital programme provide for a prudent source of funding in terms of revenue provision, including where investment will lead to future revenue savings.
- Carefully consider and balance the use of capital receipts to ensure they are prudently applied to help the council manage its resources effectively and achieve its priorities
- Review capital commitments in light of any future changes to Central Government support for capital projects where they are dependant on substantial Government funding.
- Be aware of the potential risks associated with capital spend before the scheme is completed i.e. the potential for costs charged to capital

budgets to revert to revenue in the event schemes are discontinued prior to completion.

I will require the Council, Strategic Directors and Divisional Directors:

- To remain within their service budget for 2012/13 and to commence early work to identify options to balance medium term service and resource plans for future years while maintaining strict adherence to recovering overspends within future years' plans (i.e. services will need to absorb any overspends, pressures over the medium term).
- Repayment to reserves over 3 years should risks materialise, and need to be funded temporarily from reserves.

Estimated Available Revenue Reserves

Earmarked Revenue Reserves

The Council's earmarked revenue reserves have been reviewed as part of the 2012/2013 Budget process and are fully committed over the medium term financial planning period as set out in Appendix 1. This position will be regularly reviewed.

Non-Earmarked Revenue Reserves

Detailed in the table below is the estimated level of non-earmarked revenue reserves over future years, reflecting the specific elements within the Budget as set out in Appendix 1.

Table: Projected Non-Earmarked Revenue Reserves

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Estimated Reserves @ 1st April each year	10,480	9,420	8,372
2011/2012 Invest to Save Funding (cumulative)	-680	-	-
2011/2012 Projected Outturn Underspending	-	-	-
Projected Invest to Save Movements	-380	-1,048	-878
Estimated Reserves @ 31st March each year	9,420	8,372	7,494

Assessment of Adequacy of Reserves

Under the Local Government 2003 Act the Secretary of State has reserve powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their s151 Officer.

Determining the appropriate levels of reserves is not a precise science or a formula e.g. a %age of the Council's budget. It is the Council's safety net for risks, unforeseen or other circumstances and must last the lifetime of the Council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the Council as these can and will change over time.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management. This judgement is subject to regular review as an integral part of the Council's financial reporting cycle, and annual review by full Council as an integral part of budget-setting and 3 year financial planning. Clearly, as circumstances change, the currently recommended level of reserves can be expected to change.

The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In addition, the other strategic, operational and financial risks taken into account when recommending the minimum level of unearmarked reserves include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Directors have been requested to be prudent in their assumptions and should have clear action plans to deliver such savings.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with certain emergencies over and above a threshold set by the Government.
- The extent to which the Council is dependent on traded income.
- The risk of major litigation, both current and in the future.
- Risks in the inter-relation between the Council and other partner authorities and organisations.

- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The need to retain a general contingency to provide for any unforeseen circumstances or emergencies, which may arise.
- The need to retain reserves for general day-today cash flow needs.

The recommendations of the Council's s151 Officer are:

- That the Council continues to maintain an absolute minimum prudent level of unearmarked reserves (excluding schools) of £6m at the end of any financial year, in addition to any specific earmarked reserves. The minimum level is designed to cope with risk and unforeseen circumstances that cannot be addressed by management or policy action within the year. Management and policy action should be the first actions taken before any resort to reserves.
- That an appropriate level of unearmarked reserves to provide resilience against day to day risks is £10.5m. This level of reserves is designed to allow the Council to withstand a measure of changes in circumstances during the year or minor variations in projected resources or spending over the period of the medium term service and resource plans.
- That the Council must restore reserves used to meet risks that crystallise within a period of 3 years.

SERVICE DELIVERY												
FOR APPROVAL												
	PY Spend pre 11/12 £'000	Forecast Outturn 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Rephasing from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000
Planning & Transport												
Local Sustainable Transport Fund		40	40		230	230					230	270
Waste Depot Fuel System Replacement	1,538	375	1,913		220	220					220	220
CMTAS schemes					184	184					184	2,097
BTP - Pre Construction Costs	5,413	1,122	6,535	1,005	55	1,060					1,060	7,595
BTP - Main Scheme											0	0
BTP Property	650	899	1,549	122	0	122					122	1,671
	7,601	2,436	10,037	1,127	689	1,816	0	0	0	0	1,816	11,853
Environmental Services												
Highways												
Highways Structural Maintenance					3,821	3,821					3,821	3,821

FOR PROVISIONAL APPROVAL									
Planning & Transport									

CHILDRENS SERVICES

FOR APPROVAL

Schools Capital Maintenance Programme
Ralph Allen Applied Learning Centre
Wellsway Sports Hall (inc 6 court)
Devolved Capital 2012/2013
BN - Moorland Inf Expansion
BN - Oldfield Park Infants Expansion
Oldfield Co Ed Capital Improvements
BN - Peasedown St John
St Gregory's / St Mark's 6th Form

Total Approved

FOR PROVISIONAL APPROVAL

Schools Capital Maintenance Programme

Basic Needs 2011/2012 Balance of Funding Unallocated

Basic Needs 2012/2013 Funding

Schools Capital Maintenance 2011/2012 Balance

Schools Capital Maintenance 2012/2013 Funding

Culverley Co-Ed Capital Improvements

Aiming High for Disabled Children

Total Approved Subject To

Total Capital Programme

Funded by:

Government/EU Grant
Revenue Contribution
Borrowing
3rd Party Income (inc s106 receipts)
Capital Receipts
Total

[illegible]

Resources & Support Services										
FOR APPROVAL										
Property & Facilities	Corporate Estate Planned Maintenance									
	Risk Assessment/Disabled Access (DDA)									
	Disposals - Blue Coat House	43	43							
	Disposal Cost of Sales	70	70							
	Property Developments - Saw Close	113	113							
	Total	0	0	0	0	0	0	0	0	0
Support Services	Customer Services System									
	Total	0	0	0	0	0	0	0	0	0
Workplaces Programme	Workplaces Programme Delivery									
	Lewis House (Inc Comms Hub & OSS)									
	Hollies	111	1,952	2,063						
	Keysham Regeneration & New Build	295	1,151	1,446						
	Total	4,765	6,499	11,264						
Total Approved		4,765	6,612	11,377						
FOR PROVISIONAL APPROVAL										
Property & Facilities	Corporate Estate Planned Maintenance									
	Risk Assessment/Disabled Access (DDA)									
	Property Developments									
	Total	0	0	0	0	0	0	0	0	0
Support Services	Change Programme Invest to Save Projects									
	Keysham S106									
	Total	0	0	0	0	0	0	0	0	0
Total Approved Subject To		0	0	0	0	0	0	0	0	0
Total Capital Programme		4,765	6,612	11,377						
Funded by:										
Government/EU Grant	Revenue Contribution									
	Borrowing									
	3rd Party Income (Inc s106 receipts)									
	Capital Receipts									
	Total	0	0	0	0	0	0	0	0	0

Adult Social Services & Housing											
Approved											
PV Spend pre 11/12 £'000	Forecast Outturn 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Rephasing from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000
0	0	0	0	1,000 1,000	1,000 1,000	0	0	0	0	1,000 1,000	1,000 1,000
Schemes progressing through capital approval process											
FOR PROVISIONAL APPROVAL											
Subject to											
Awaiting annual detailed project plan											
Awaiting detailed project plan and business case											
Awaiting detailed project plan and business case											
Awaiting detailed project plan and business case											
Total Capital Programme											
0	0	0	379	2,137 2,516	2,475 2,475	2,475 2,475	2,475 2,475	1,700 1,700	1,700 1,700	10,866 10,866	
Funded by:											
Government/EU Grant											
Revenue Contribution											
Borrowing											
3rd Party Income (inc s106 receipts)											
Capital Receipts											
Total											

Subject to
Awaiting annual detailed project plan
Awaiting detailed project plan and business case
Awaiting detailed project plan and business case
Awaiting detailed project plan and business case

Development & Major Projects										Overall Project Total £'000
FOR APPROVAL										
Combe Down Stone Mines (HCA)*	148,140	1,025	143,165		192					150,489
Combe Down Stone Mines (Council)			0		0					0
Public Realm - Wayfinding	1,319	626	1,945		146					146
Public Realm - Preparatory Project	344	417	761		0	310				310
Public Realm - High Street	18	307	325		0	1,676				1,676
Total	149,821	2,375	152,196	338	1,986	2,324	1,022	0	3,155	155,652
NPR Infrastructure	0	120	120	1,080					1,080	1,200
Southgate - Council	715	93	808	107					107	915
Total	715	213	928	1,187	0	1,187	0	0	1,187	2,115
BWR										
BWR Council Project Team	521	243	764	179	323	502	234		1,124	1,888
BWR - Affordable Housing	1,000	1,000	2,000		1,480	1,450	1,000		4,900	6,900
BWR - Infrastructure	744	2,710	3,454	-954	1,000	46	2,200		4,046	7,500
Total	2,265	3,953	6,218	-775	2,773	1,998	3,434	1,154	10,070	14,400
Total Approved	152,801	6,541	159,342	750	4,759	5,509	4,056	1,154	14,713	

FOR PROVISIONAL APPROVAL

FOR PROVISIONAL APPROVAL										Subject to
Public Realm - Transforming Spaces (Broad St, Queens Sq, Cheap St)	0	0	0		604	604	3,793	2,039	604	Awaiting detailed project plan & availability of Capital Receipts
Public Realm 2013/14 - 2016/17	0	0	0	0	604	604	3,793	2,039	10,500	Awaiting detailed project plan & availability of Capital Receipts
Total	0	0	0	0	604	604	3,793	2,039	11,104	
London Road Regeneration					750	750			750	Awaiting detailed project plan
Radstock Regeneration					500	500			500	Awaiting detailed project plan
Creative Hub					500	500			500	Awaiting detailed project plan
BDJK					175	175	150		475	Awaiting detailed project plan
Enterprise Area	0	0	0	0	1,925	1,925	150	0	2,225	Awaiting detailed project plans & funding availability (Growing Places)
Total	0	0	0	0	2,529	2,529	3,943	2,114	13,329	
Total Approved Subject To	0	0	0	0	2,529	2,529	3,943	2,114	13,329	
Total Capital Programme	152,801	6,541	159,342	750	7,288	8,038	7,999	3,193	28,042	

Funded by:

Government/EU Grant										1,324
Revenue Contribution										2,582
Borrowing										85
3rd Party Income (inc s106 receipts)										50
Capital Receipts										315
Total	192	0	192	412	4,318	4,720	1,022	819	2,564	28,042

Notes:

* Combe Down Stone Mines budget is dependent on agreement of the final claim figure with HCA & classification of future liabilities between revenue and capital.

Corporate

FOR APPROVAL										
Capital Contingency			0		2,079	500	2,579			
	0	0	0		2,079	500	2,579	0	0	
Total Capital Programme										

	PY Spend pre 11/12 £'000	Forecast Outturn 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Rephasing from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000
Summary:-												
Total Capital Programme - For Approval				8,355	29,116	37,471	24,260	12,470	1,158	450	75,809	
Total Capital Programme - Approved Subject To				379	26,812	27,191	26,657	21,608	11,706	11,610	98,772	
Total Capital Programme				8,734	55,928	64,662	50,917	34,078	12,864	12,060	174,581	
Funded By:												
Government/EU Grant				571	17,716	18,287	11,008	9,231	6,672	6,445	51,643	
Revenue Contribution				0	886	886	478	2,256	1,297	563	5,480	
Borrowing				8,017	30,093	38,110	33,202	14,737	964	1,066	88,079	
3rd Party Income (inc s106 receipts)				0	2,412	2,412	1,080	2,404	335	415	6,646	
Capital Receipts				146	4,821	4,967	5,149	5,450	3,596	3,571	22,733	
Total				8,734	55,928	64,662	50,917	34,078	12,864	12,060	174,581	

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Council MRP Policy

Bath and North East Somerset will make a prudent minimum revenue provision for all new unsupported borrowing from 1st April 2008.

For all Government Supported Borrowing

a) The Council will determine that its MRP is equal as the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 regulations.

For all new schemes of Council supported borrowing after 1st April 2008 it will use the Asset Life Method

b) This will be calculated where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be made in equal annual instalments over the life of the asset, in accordance with the following formula:

$$\frac{A - B}{C}$$

Where-

A is the amount of the capital expenditure in respect of the asset financed by borrowing or credit arrangements

B is the total provision made before the current financial year in respect of that expenditure

C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires.

c) Subject to paragraph f below, MRP will normally commence in the financial year following the one in which the expenditure was incurred.

d) Asset life. The estimated life of the asset will be determined in the year that MRP commences and not subsequently be revised.

e) Freehold land. If no life can reasonably be attributed to an asset, such as freehold land, the life will be taken to be a maximum of 50 years. However, in the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure, where this would exceed 50 years.

f) Construction period. When borrowing to construct an asset, the authority will treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone beginning to make MRP until that year. "Operational" here has its standard accounting definition. Investment properties will be regarded as becoming operational when they begin to generate revenues.

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SAVING PROPOSALS
SERVICE ACTION PLAN SUMMARY – Children’s Service
MTS&RP Items

SERVICE ACTION PLAN FINANCIAL ITEMS: A Ayre, Children’ Service

1. PROPOSED BASE REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

12/13 Saving £000	13/14 Saving £’000s	14/15 Saving £’000s	How to be achieved ?	Prior ity (1/2/ 3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
200			Transport Procurement savings	1	L	Nil	Nil	Re tender of HTST transport routes has generated savings in 2011- 12 and full year saving for 2012-13	
50			service reorganisation post savings	1	L	1 FTE	Nil	Service reorganisation has resulted in a vacant post being released.	
108			Various management efficiencies	1	L	Nil	Nil	Managers review of service areas- adjusting many minor budgets to eliminate any possible underspends.	
358			Cashable efficiencies						

12/13 Saving £000	13/14 Saving £'000s	14/15 Saving £'000s	How to be achieved ?	Prior ity (1/2/ 3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
30			Phase 3 school improvement restructure	1	L	1 post deleted	Nil	Focused Leadership development for all schools will cease,	
30			CMES Secondary service	1	L	Nil	Nil	As academies take service responsibility the service will reduce. No staffing implications as service delegated to school from 2011-12	
15			ACTES contract	1	L	Nil	Nil	Contract with other former Avon LA's renegotiated to deliver reduced service	
110			14-19 shared service	1	L	2 posts deleted	Nil	Remodelling of support for 14-18 Agenda,	
45			School Capital Planning	1	L	Nil	Nil	due to overall completion of secondary review saving of resources used to support programme	
230			Reduced services levels						
588			TOTAL BASE SAVINGS						

**MEDIUM TERM SERVICE & RESOURCE PLAN SUMMARY –
ADULT SOCIAL CARE & HOUSING, PEOPLE & COMMUNITIES
Saving Items**

1. PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Change Programme Savings								
			Sub Total – Change Programme Savings					
Other Cashable Efficiency Savings								
825			Reduction in unit cost of registered residential care for adults with learning difficulties	M	No direct impacts. Pressure on commissioning capacity	None	Delivering an efficiency saving from providers of residential care should not directly impact on service users. However, there is a fine balance between controlling fee increases, seeking efficiency savings from providers without compromising the viability of the business, and ensuring care services are safe and of a good quality. Commissioners will continue to closely monitor both the quality and safety of residential and nursing care services, including staffing levels and skill-mix, training and management arrangements.	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
325			Reduction in unit cost of nursing care – Older People and Physically Disabled (inc sensory impairment)	M	No direct impacts. Pressure on commissioning capacity.	None	As above.	
243			Reduction in unit cost of residential care – Older People and Physically Disabled (inc sensory impairment)	M	No direct impacts. Pressure on commissioning capacity.	None	As above.	
205			Personal Budgets (PB), including Direct Payments – Older People and Physically Disabled (including those with sensory impairment)	M	No direct impacts. Pressure on commissioning capacity.	None	Out of a service user population of 289 people there are currently a total of 183 people (63%) receiving a PB. Saving is from the purchasing budgets for PBs & the focus in delivering this saving will be on a) achieving efficiency savings through negotiations with providers of packages funded through commissioned PBs, which should not directly impact on service users; and b) ensuring tight application of the current policy on PBs, which may result in service users and/or social care practitioners experiencing more rigorous examination of proposed support plans and resource allocations than they have been used to previously.	

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							However, this is consistent with the approach taken for other service user groups.	
12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
120			Reduction in the unit cost of residential Care – Mental Health	M	No direct impacts. Pressure on commissioning capacity.	None	Delivering an efficiency saving from providers of residential care should not directly impact on service users. However, there is a fine balance between controlling fee increases, seeking efficiency savings from providers without compromising the viability of the business, and ensuring care services are safe and of a good quality. Commissioners will continue to closely monitor both the quality and safety of residential and nursing care services, including staffing levels and skill-mix, training and management arrangements.	
120			Reduction in the unit cost of nursing care – Mental Health	M	As above.	None	As above.	
294			Savings agreed with Sirona Care & Health CIC and reflected in Sirona's Business Plan	L	None	None	This has been agreed as part of the contract with Sirona Care & Health and is reflected in the contract terms.	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
100			Saving on expenditure on Supporting People & Communities funded services.	L	No direct impacts. Pressure on commissioning capacity.	None	To date efficiency savings have been delivered without a significant loss of service to any particular user group.	In June 2010, a project to reduce spend on the Supporting People & Communities funded programme began in order to deliver MTSRP targets. A significant proportion of savings have been achieved through large scale re-modelling/ re-tendering of contracts to reduce the number of contract holders and associated management costs. A small amount of de-commissioning of non-strategically relevant services has also taken place. Additional savings have been achieved through a process of negotiations across

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the programme.
West of England and
national
benchmarking
information informed
these negotiations.

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
72			Housing information, advice and support – saving on expenditure on provision of a range of housing services.	L	As far as possible, the saving will be delivered against non-pay costs. No redundancies are anticipated in delivering this saving.	None	To date efficiency savings have been delivered without a significant loss of service to any particular user group however reductions in staffing capacity may result in increased waiting times for some housing services.	
40			Community Meals Service.	L	None.	None.	No direct service user impact. Delivery of efficiencies by the Council in-house service provider has improved value for money and reduced the need to subsidise this service.	
2344	o/s	o/s	Sub Total – Other Cashable Efficiency Savings					

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Additional Income								
144			Increased income from personal contributions for social care. This represents the full-year effect of implementing the <i>Fairer Contributions</i> Policy for existing service users following agreement of the revised policy in May 2010. The Policy does not apply to registered residential or nursing care, which is subject to a national charging policy.				The <i>Fairer Contributions</i> Policy was introduced in May 2010 for all new service users entering the social care system and for existing service users in April 2011. Financial modelling set out in the November 2009 report to Healthier Communities & Older People Overview & Scrutiny Panel showed that approximately 72% of non-residential social care service users would see an increase in their contribution whilst around 11% would see a decrease and a further 17% would experience no change. Modelling suggested that the largest increased would be experienced by people receiving supported living type services (people with learning difficulties, physical/sensory disabilities or mental health problems) who have traditionally received free or	Prior to implementation of the new policy, Bath & North East Somerset generated the lowest level of income from contributions (6.98% of costs) when compared with all other South West local authorities (average 11.77% of costs). The new policy was the subject of extensive consultation, including with service users and with the Healthier Communities & Older People Overview & Scrutiny Panel prior to agreement and phased implementation.

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							heavily subsidised services, whilst older people would experience the smallest increases.	
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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
100			Saving on Council expenditure on home adaptations and aids for disabled people through agreeing with Somer Housing Group that Somer will fund an increased share of Disabled Facilities Grants (DFGs) for Somer tenants.				Delivering this saving will not impact on service users and, indeed, may speed up the agreement of aids and adaptations for service users who are Somer tenants.	The Housing Act 2004 makes it clear that the Local Housing Authority must approve mandatory DFGs for social housing tenants. However, there is a growing expectation that Registered Providers of social housing should take a more active role in assisting and funding adaptations for their own tenants. With the assistance of the Tenant Services Authority (TSA) Bristol City Council developed and piloted a Disabled Adaptations Protocol with the Registered Providers operating in their area,

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								including the Somer Housing Group. The adoption of a similar protocol in B&NES will not impact on service users.
244			Sub Total – Additional Income					
12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Reduced Service Levels and Discontinued Services								
			Sub Total – Reduced Service Levels & Discontinued Services					
Other								
1000			Slippage on 2011/12 Developments	L	None	None	Slower than planned implementation of some reablement services compared to the original joint health & social care programme as a consequence of timescales for developing proposals, specifying service developments and going through appropriate procurement process.	
1000			Sub Total – Other					
3588	o/s	o/s	TOTAL SAVINGS					

IMPACT OF PROPOSED BUDGET CHANGES

MEDIUM TERM SERVICE & RESOURCE PLAN SUMMARY – **SERVICE DELIVERY**

Saving Items

PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

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PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)								
12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Change Programme Savings								
0	0	0	Sub Total – Change Programme Savings					
Other Cashable Efficiency Savings								
100	0	0	Redeployment of existing Transport Staff to deliver LSTF.	L	2	Nil	Reduced resource in Transport Policy (not filling vacancy) and on School Travel Plans.	LSTF Key Component has been funded by DfT for 2011/12 & 12/13. So no impact on Council budget through this redeployment.
320	0	0	WASTE SERVICES - Recycling - ongoing savings following contract variations	L	0	Nil		
95	0	0	WASTE SERVICES – reduce collections by 1 vehicle and crew	L	2	Nil		
50	50	50	STREET LIGHTING – Implement findings from trial	H	0			Requires approval of business case and capex. Year 1 savings low.

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								Dependent upon approval of business case and capital investment
20	0	0	WASTE SERVICES - Waste Awareness Campaigning	L	0	Nil	Reduced publicity budgets. Risk is that landfill may not reduce as planned	
20	0	0	WASTE SERVICES – reduction in budget for legal fees	L	0	Nil	Will need to bid for additional funds when major procurements planned but none currently scheduled until 14/15 earliest	Replaces earlier undeliverable proposal to increase bulky waste charges
20	0	0	PUBLIC PROTECTION - Fair trading	L	1.0	Nil	Work to be ceased will include sampling, project work and low risk premises inspection as routine	Deletion of one £40K post.
10	0	0	PUBLIC PROTECTION - Food Safety and Standards	L	0	Nil	See above	See above
10	0	0	PUBLIC PROTECTION - Product safety	L	0	Nil	See above	See above
10	10	10	PARKING - On street parking	M	0	Nil	Targeted enforcement and tariff changes to increase net income	
9	0	0	PARKS - Horticultural Workshops	M	0.3	Reduced on site support for Parks equipment	Merger with vehicle workshops	
188	200	212	Increase in Heritage net profit	MM	N/A	Investment financed via	Five year business plan that integrates revenue streams,	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
						Business Plan	costs and investment undergoing annual review. National and international economic trends will significantly affect returns.	
38	0	0	Standstill on non staff budgets across TLC, including Heritage Services	LL	N/A	N/A	Will produce a real terms cut in activity	
20	50	0	Bath Festivals Trust - reduction in contract fee	L	N/A	N/A	Reduction agreed with Trust and built into their Forward Plan	
0	0	0	Water monitoring: reduction in water testing costs	L	N/A	N/A	Reduced frequency of testing will not impact on service levels	
11	0	0	Reduce administrative and computer costs within Library Services	L	N/A	N/A	Reductions will not impact on service levels	
50	0	0	Reduce Future Bath Plus fee following successful BID	M	N/A	N/A	Dependent upon outcome of BID	
33	0	0	Reduced consultancy costs, including legal	M	N/A	N/A	Depends upon resolution of contractual and other legal issues	
10	2	0	Spa monitoring - annual reduction in net cost / increase in net income	H	N/A	N/A	Dependent upon resolution of contractual issues	
19	0	0	Reduce BTP+ fee to finance TIC refurbishment	L	N/A	N/A	Reduction in fee to finance debt charges to support capital grant to BTP+	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
3	0	0	Reduced managerial, administrative and cultural staffing	L	0.1	N/A	Deletion of vacant posts to support the Divisional Director and Cultural activity	
33	0	0	Reduce staffing for sports development	M	1	N/A	There will be a direct impact on the partnerships development by this post over the years, affecting their Project areas. The reduction in capacity for the team will necessitate making decisions to cut service provision, or put extra strain on remaining posts.	
41	0	0	Reduce management provision within the Library service (This has £7k adjustment to make both sides balance – see also growth)	H	1	N/A	Withdrawal of these posts will remove an element of strategic and frontline management direction from the library service resulting in loss of leadership, management capacity and professionalism. Elements of the service's work with the elderly (Home Library service), recruitment/development of volunteers, equalities, social cohesion and developing literacy with targeted communities all would be reduced or withdrawn if posts are deleted.	
1110	312	272	Sub Total – Other Cashable Efficiency Savings					

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Additional Income								
104	104	104	All services – inflation rises assumed at 2% for all other fees		0	Nil		
400	400	0	Planning Development Management - Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament in time. (We have assumed this will be deferred until Oct 2012) Level of achievable savings depends upon legislation	H	0	Nil	There will be a big risk if the legislation is not agreed, will need to reflect on the risk robustness statement. Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament. Risk that increased prices will slow development.	Risk that legislation may be delayed making this impossible to implement. Must also be shown on the 12/13 risk robustness statement in order that suitable risk provision is made.
5	0	0	Transport - Pre-application advice including allocation of development sites	L	Nil	Nil	Discretionary - Ensure pre-application costs are recovered. No but work in hand to achieve this - requires support from finance (analysis - project type work)	
5	0	0	Transport – Transport Assessments (how developments impact on the highway)	L	Nil	Nil	Potential for additional income. Work in hand to achieve this - requires support from finance (analysis – project type work).	
60	25	0	WASTE SERVICES –	L	0	Nil	Increased annual price of	Put prices up as

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			Increase garden waste & cardboard prices				£5.55 per bin (including 2% assumed inflation)	recommended to Cabinet 2010, over a period of 2-3 years to a maximum of £35 in line with neighbouring authorities (currently £27.05)
45	0	0	WASTE SERVICES - Charge for non-household waste at recycling centres	H	0	Nil	Introduce charges for non-household waste. (Refers to C&D - i.e. rubble, Asbestos, Tyres & Plasterboard)	
20	0	0	PARKING - Permit system/ Residents Parking	H	0	Nil	Redesigned permit system to bring in extra income	Investment in revised systems required.
20	0	0	TRANSPORT - Provide SAFED training for contractors & others	M	0	Nil	Home to School Transport contractors trained in safe and efficient driving	May be achieved in 2011/12. Would have to replace with procurement savings
18	0	0	PARKING - BLUE BADGES - start charging for new scheme at £10	L	0	Nil	Charge made for issue of badges. No charge is made for the current service	New service will cost £31K but we can recover £28K through charges thereby improving net position by £18K (best case).
677	529	104	Sub Total – Additional Income					

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
Reduced Service Levels								
22	0	0	Grant contributions for Partnerships / Funded organisations	L	0	Nil		This saving has been agreed by working closely with our partners and does not put the partnerships at risk.
100	0	0	HIGHWAYS – Drainage and Gully Cleansing	L		Reduced quality of highway assets	Redefined service standards will impact on the street scene. Up to 50% cut but more flood response required.	Would require intelligent scheduling to mitigate local flood impacts
60	0	0	PARKS & GREEN SPACES – Grounds Maintenance	M		Impacts on quality of green spaces	Redefined service standards will impact on green spaces	Based on 6% cut.
50	0	0	HIGHWAYS – Footway Maintenance	L		Reduced quality of highway assets	Reduced quality of pavements. Service cuts will increase overall long term maintenance costs.	Linked to Asset Management Plan debate - spending level currently low and unsustainable.
42	43	0	HIGHWAYS - Road Maintenance	M	0	Reduced quality of highway assets	Highway network maintained at a lower standard	Savings to offset £42K pressure of new adoptions and Transport programme
70	30	0	PARKS - External floral displays	L	1.5	Impacts on quality of street scene	Less floral displays impacting on residents and visitors	Current spend c. £220K so 2 year saving is 30%+
25	0	0	HIGHWAYS- Verge Maintenance	L	0	Impacts on quality of street scene	Redefined service standards with risk of increased complaints due to footway	Will impact on street scene and require intelligent scheduling

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
							obstruction, growth overhanging carriageways	to mitigate safety risks.
25	0	0	PROW, legal orders 'diversions' 'stopping up' Village Green Applications etc	M	1.0	Nil	Applications will take longer to process	Reduction of team by 1 further post gives savings shown here
10	0	0	PROW advice and information	M	0	Nil	Reduced service to public offset by new web site	See above
5	0	0	PROW, Mapping the Network in Bath	M	0	Nil	Process will take longer	See above
15	0	0	GROUNDS MAINTENANCE (GOLF) - Contractual	M	0	Reduced frequency of mowing	Areas other than fine turf will be cut less often	Would require agreement of Aquaterre and TLC. Reduce cutting regime to save cost (currently £114K p.a.)
10	0	0	BEREAVEMENT SERVICES - management of closed cemeteries	H	0.2	Reduced frequency of mowing	Closed Churchyards maintained to statutory minimum	Statutory responsibility. Methods and costs reviewed 2011
10	0	0	WASTE SERVICES - Reduce hours at Recycling Centres	L	0	Nil	Reduced availability of service. Possible impacts on landfill diversion	Various options – e.g. possible earlier closing on Sundays (1pm)
25	0	0	Reduce spend on leisure activity and local	L	N/A	N/A	Potential to undermine provision and infrastructure of	

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			leisure events				delivery, which will have a direct impact on those persons deemed most vulnerable in society, ie those suffering with ill-health, disabled, children and young people at risk from exclusion. Bringing sporting events to the Authority makes a positive contribution to the local economy, as well as promoting community and family cohesion leading to stronger, safer communities.	
77	0	0	Heritage services – reduction in building maintenance; investment, grants to independent museums and discretionary spend	M	N/A	Reduction in building maintenance and investment in the visitor product could impact upon profitability; grants to independent museums severely reduced;	Will make the delivery of planned increases in profit target more challenging	
34	0	0	Reduce arts commissioning and grants	M	N/A	Removes project grants	Will reduce support to voluntary sector	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
21	11	0	Reduce Arts development team	M	1	Significantly reduces capacity of team		
21	0	0	SPORTS - Discretionary, Provision of sports facilities (excluding Golf)	M	N/A	Reduces contract fee to operator		
40	0	0	Tourism - further savings	M	N/A	Significant reduction in support for destination marketing		
632	84	0	Sub Total – Reduced Service Levels					
Discontinued Services								
30	0	0	PARKS - Internal floral displays		0.5	Nil	Service discontinued. Where required will be available from private sector	Deletion of service to cemetery chapels and Guildhall etc
0	30	0	Events to promote tourism offer	M	N/A	N/A	Will reduce attractiveness of destination and will impact on visitor numbers, income directly generated by the Council and the tourism economy	
50	50	0	End mobile library service	H	2.2		<ul style="list-style-type: none">Will remove Library Service in most rural areas.Will impact on elderly	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
							and other sections of the community without transport. Will require consideration of broader library options	
80	80	0	Sub Total – Discontinued Services					
Other Savings To Be Found								
0	1449	1771	Future year savings to be identified					
0	1449	1771	Sub Total – Other Savings To be Found					
2499	2454	2147	TOTAL SAVINGS					

MEDIUM TERM SERVICES & RESOURCES PLAN

RESOURCES & SUPPORT SERVICES BLOCK

PROPOSED REDUCTIONS TO BALANCE BUDGETS

The savings are grouped into: Change Programme Savings, Other Cashable Efficiency Savings, Additional Income, Reduced Service Levels, Discontinued Services.

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			Change Programme Savings						
Legal & Democratic Services									
35			Increased amount of external legal charges & services provided by Registration Service		H	none	none	Will be challenging as third year increase so risk market will not be prepared to pay	
70			Service restructure & efficiencies		M	2		Phase 2 of on-going process to review, rationalise and centralise although significant reductions already made. Some scope for shared service approach.	
Customer Services									
35			Remove Development budget	1	L		n/a	All future projects to be subject to formal business case and rolled into the change programme	
4	15		Savings to be identified to fund Service Supported Borrowing charges re Comms Hub	2	M		n/a	Achieved through the merger of services into the Comms Hub (emergency planning, CCTV monitoring, traffic management & out of hours calls) - part staffing resource (through natural wastage) and part technology alignment	
125			Review of service			3.5	n/a	Reduction in staff across the service as a	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			delivery structure, one stop shop & lean review changes					<p>result of future change programme improvements of approx. £100,000 with additional savings in printing, postage etc.</p> <p>The impact in 2012-13 is manageable but growing caseload could impact from new claimants if demand increases.</p> <p>In 2013–14 the impact of universal credits with phasing out of housing benefits, new extended role of DWP who will take over major parts of the service, and new localised Council Tax Benefits will have major impact.</p> <p>Cut in funding for Council Tax benefits will all other things being equal cost in region of £1Million in 2013/14.</p>	
Finance									
115	38		Finance Restructure – Phase 2			8-12	<p>Currently in discussion with Property Services – Workplaces project team; establish potential to co-locate & consolidate office accommodation requirements</p>	<p>Only the part year effect is shown. Full year effect at £153,000 hence the additional figure in year 2.</p> <p>Phase 1 restructure set a direction of travel for the future delivery of the Finance function building on the principles of centralisation, standardisation & simplification.</p> <p>Phase 2 restructure continues & develops these principles across all aspects of finance:</p> <ul style="list-style-type: none"> Payment invoice processing to be centralised into a single team 	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								<ul style="list-style-type: none"> Income collection (excl Council Tax & NNDR) to be centralised into a single team Management accountancy functions across Council (incl appropriate elements of Property & TLC) to be centralised centralisation of financial some administrative activities creation of finance business support unit to provide a skilled and flexible resource to provide financial advice & to support key strategic projects <p>The proposals will require significant changes to existing roles & working practices. This restructuring will require changes to existing arrangements particularly decentralised approach to financial management & transaction processing</p>	
Improvement & Performance									
51			Performance Development – non pay					<p>The savings were identified from a zero based exercise completed by the Service and can be fully implemented from April 2012.</p> <p>There will be no direct impact on service delivery; savings will arise from reshaping of the Department.</p>	
63			Human Resources – core services					This represents 10% of Mouchel contract sum in respect of HR admin and payroll services.	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								Will potentially arise from on-going negotiations with Mouchel regarding possible extension of current contract.	
Risk & Assurance									
60			Further 15% reduction in internal audit			1		Impacts can be managed by reducing focus on non-statutory duties	Proposal based on project which reviewed service delivery options. An internal restructure was a required first step towards a shared service with other authorities
IT & Transformation									
350			ICT contract savings					<p>A combination of savings proposals are being considered associated with:</p> <ul style="list-style-type: none"> • rationalising IT systems across the Council • reviewing IT procurement and rationalising • review of refresh programme for PCs pending move to thin client environment • review of investment spend in light of emerging IT architecture recommendations 	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								<ul style="list-style-type: none"> negotiations on possible Mouchel contract extension other internal efficiencies in operations 	
Property Services									
150			Staffing reductions			4.8		<p>As posts have become vacant they have been reviewed & held vacant to support savings targets. The focus is on savings in back office roles.</p> <p>There are minimal service delivery impacts from these plans but cuts at this level will be difficult to achieve in future years without significant impacts.</p> <p>To mitigate this advice is bought in as required and work is now strictly linked to an agreed development and disposal programme.</p> <p>The planning the future: financing the future project will help to establish priorities as well as some potential funding sources for development activity</p> <p>The priority is ensuring there are sufficient resources to protect council income (esp. Commercial Estate), ensuring safe use & maintenance of property assets, and supporting the Council's development aspirations for Council owned sites.</p>	
1,058	53		Change Programme sub-total						

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			Other Cashable Efficiency savings						
Policy & Partnerships									
50			Commissioning savings					This saving will be realised through a 'smart commissioning' process which will focus on evidenced need, the Council priorities and the changing policy context including the 'Big Society'. The aim will also be to reduce duplication and use new, more flexible approaches to commissioning, such as framework contracts.	
10			Reductions in Grants to Voluntary Bodies (SPA saving)						
70			Equalities			1		Reduction in staffing and reduction of corporate reasonable adjustment budget for workers with disabilities.	
Property Services									
53			Removal of Traded Services subsidy			2		<p>This will be achieved by removal of the current subsidy provided for Catering including the staff canteen and internal meetings</p> <p>The aim is to protect the canteen at Riverside to some extent by ensuring the facility remains as a break out area with some refreshments available and possibly using an external provider.</p>	
50			Reduction in Cleaning services (SPA)			2.4		<p>Cleaning Services have consistently delivered a surplus in recent years due to vacant management & efficiencies.</p> <p>From 2012-13 further efficiencies & staffing reductions will be introduced including by better procurement of materials</p>	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								The Workplaces Programme is impacting on the Service as offices close and staff are redeployed. The savings from this are part of the workplaces programme and as a whole that programme represents an invest to save project.	
Resources Change Programme									
60			Funding of additional Information Governance resource						
30			Procurement – funding of shared services with Bristol CC						
323	0	0	Cashable efficiencies sub-total						
			Additional Income						
Property Services									
300			Commercial Estate – increased net income stream					Increased income from investment opportunities taken in 2011-12. Increased rental income relating to reversion of leases. No annual growth in leases has been assumed due to current market conditions.	
300	0	0	Additional Income sub total						
			Reduced Service Levels						
Policy & Partnerships									
20			Community Safety			4			
35			Community Safety (SPA)					This is a reduction in the Council's Community Safety staffing and commissioning budget.	

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12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
								<p>The budget currently directly funds 5 posts and commissions and these will be significantly impacted.</p> <p>This is likely to include a significant impact on the Council's role relating to tackling Anti-Social Behaviour. Some of these impacts may be mitigated by restructuring as a consequence of the move to the new Communications Hub which would encompass the current CCTV control operation.</p> <p>The remaining service will be limited to a more efficient CCTV service, a core commissioning and co-ordinating role with Police, Somer and others, and some limited commissioning/grants but with aim being to protect Taxi Marshalls service albeit with appropriate involvement of the Business Improvement district (central Bath).</p>	
60			Community Safety					Partial removal of Community Safety grant to be offset by a reduction in service	
Property Services									
0			New delivery model required to re-provide Print service			6		New delivery model; options to achieve savings currently being evaluated	
115	0	0	Reduced service levels sub-total						
	831	939	Savings to be identified						

12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of FTE posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
1,796	884	939	TOTAL SAVINGS						

MEDIUM TERM SERVICES & RESOURCES PLAN

Development & Major Projects SERVICES BLOCK

PROPOSED REDUCTIONS TO BALANCE BUDGETS

The savings are grouped into: **Cashable Efficiency Savings and Reduced Service Levels,**

12/13 Saving £000	13/14 Saving £'000s	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			<u>Cashable Efficiency</u>						
160	115	96	Savings from employment of permanent staff and a reduction in external expenditure for 2012/13 following a zero based budget review. Reduction in employment support costs. Reduction in the external expenditure	1	L	3	None	Transferring the responsibility for skills and developing a plan in partnership with learning and training providers locally to ensure the District's workforce is equipped with skills for the future to the Children Services, Divisional Director of Skills and Employability The organisation review has been undertaken to deliver the priorities set out in the MTFRP from a zero based budget Reduction in the ability of the Directorate to undertake additional	

			budget.					duties without further budget.	
50			Savings achieved by stopping payments to the WEP for support with inward investment. Duties to be covered by existing staff resources.	1	M	0	n/a	Directorate will undertake this role within its existing staffing structure.	
			<u>Stopping Services</u>						
5			GIS Service to Developers	1	L	0	n/a	Services not offered to potential developers in the District	
215	115	96	TOTAL SAVINGS						

MEDIUM TERM SERVICES & RESOURCES PLAN

CORPORATE & AGENCY BUDGETS

The savings are grouped into: **Cashable Efficiency Savings and Additional Income**

12/13 Saving £000	13/14 Saving £'000s	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			<u>Cashable Efficiency</u>						
2,037			Corporate Headroom release (in effect this represents savings achieved previously)	1	L	0	n/a		

61			Reduction in Coroners & Magistrates Levy budgets as notified by administering bodies	1	L				
50			Housing / Council Tax Benefit Subsidy – reduction to reflect current spending	1	L				
12/13 Saving £000	13/14 Saving £'000s	14/15 Saving £'000s	How to be achieved ?	Priority (1/2/3)	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info
			Additional Income						
1,218			New Homes Bonus Grant.	1	L	0	n/a		
3,366			TOTAL SAVINGS						
12,052			OVERALL 2012/13 SAVINGS						

Consideration of Equalities as part of the Budget Process

Background

1. The budget report has been constructed on the basis that the majority of savings will be achieved by efficiencies rather than through service cuts or disproportionate increases in charges.
2. Only 10% of the required savings are proposed to come from service cuts, the vast majority of the remaining savings being derived from efficiencies.
3. The importance of equalities was considered by PDS meetings as they considered the medium term plans. All members were briefed on the equalities duty and the relevance of this to the budget process in November. The medium term plans, and the presentations of those plans, started to identify the headline issues.
4. Where service cuts have been proposed equalities impact assessments have been completed. These have been put together alongside the service action plans that have been reviewed by PDS panels scrutinising the budget in their January meetings.
5. Cabinet members and all Directors have been considering the impact of potential savings throughout the process. The budget proposals are supported by:
 - Budget impact statements that were attached to medium term plans and updated as service action planning took place – these show the service impacts and the staff impacts
 - Equalities impact analysis that looks in more detail at all equalities issues
6. The Council's HR policies ensure there is proper consultation and consideration of staffing matters and that employment related equalities issues are fully taken into account.
7. Cabinet has developed a vision and values to help with prioritisation. Where services cuts are deemed necessary mitigations are being put in place to minimise the equalities impacts.
8. In implementing necessary service cuts consideration was given to recent case law. Cuts that would have a substantial negative impact on vulnerable people have been avoided wherever possible including, for example, ensuring: cuts in voluntary sector funding (when commissioned) are kept to a minimum; that there is investment in supporting communities and also better access to services; and that the (reduced) cuts in community safety will not affect the most vulnerable people. Where cuts have been necessary we have identified steps that will be taken to

address negative impacts. These 'mitigating actions' are included in equality impact assessment action plans.

Public Sector Equality Duty

9. It is unlawful to discriminate against an individual because of their protected characteristics in the Equality Act 2010.
10. The equality duty enables equality matters and good relations to be integrated into day-to-day council business. Compliance with the duty is a legal obligation; we must, in the exercise of our functions, have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
11. Having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
12. The protected characteristics are: age, disability, sex, gender reassignment, pregnancy and maternity, race, sexual orientation, religion or belief and marriage and civil partnership.

Equality impact assessments / equality analysis

13. The Council has a written record of the equality considerations that have been taken; our decision-making processes include a consideration of the actions that would help to avoid or mitigate any negative impacts on particular protected groups; our decisions have a stronger evidence base through the use of equality mapping, making our decision-making processes more transparent.
14. Equality analysis / impact assessments are available to view at <http://www.bathnes.gov.uk/communityandliving/equality/Pages/Equality%20Impact%20Assessments.aspx>

MEDIUM TERM SERVICE & RESOURCE PLANS – 2012/13 to 2015/2016

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

The Council's Budget for 2012/2013 will represent the second year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010.

This CSR included a deficit reduction programme with 28% cuts to local authority spending spread over the four year period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years.

The financial implications for the Council were set out in the Local Government Finance Settlement in December 2010 which showed a 16% cash reduction in funding from Government in 2011/12 and, at least an 8% reduction in 2012/13. The Settlement did not go beyond two years as a result of the significant changes to the grant and business rates system from 2013/2014 although the direction of travel is clear from the CSR.

Since the approval of the Council Budget for 2011/2012, including the three-year Medium Term Financial plans, the Council continues to gain more information on emerging national and local issues which will add to the financial challenges over the medium term financial planning period – these include:

- In response to the health reforms, the establishment of a Social Enterprise in B&NES on 1st October 2011 to continue the delivery of integrated Community Health and Social Care Services.
- A future increase in the funding to finance Academy schools which is 'top sliced' from the Council general revenue grant funding. The Council was already expecting this to rise to £750K in 2012/2013 but this is likely to increase further in the future.
- A one-off grant will be provided by the Government in 2012/2013 to support those councils agreeing a freeze in council tax.
- Public health responsibility and related services will return to the Council from April 2013, together with an appropriate budget transfer from the PCT.

- National guidelines will be published for Council Tax increases as part of the Localism Initiative and if exceeded these could trigger a local referendum.
- The funding for local government is being reviewed with the intention of returning at least an element of future business rate growth to local authorities. The impact either positive or negative on the Council will depend on the way the new system is implemented and it is possible this Council will be relatively worse off under the new system in the first few years, with later years depending on how much growth is delivered.
- Responsibility for setting Council Tax Benefit returning to local authorities from 2013/2014 with subsidy funding from Government reduced by 10% at the same time.
- Reform of the planning system – new simplified guidelines for planning with a community infrastructure levy to replace much of the role of S106 agreements.
- Proposals for the future of the Local Government Pension Scheme will be considered by the Government for potential implementation in 2014.

These issues are reflected within the Budget planning process for 2012/2013 and the supporting medium term financial plans to the extent the impacts can be reasonably anticipated. It should be particularly highlighted that the scale of changes impacting in 2013/2014 makes the financial implications for the Council beyond the next financial year extremely difficult to predict.

2. Summary of Budget approach for 2012/2013

The sound financial management of the Council over the years means it is in a better position than many other Council's to face the continuing financial challenges arising as a result of the national economic situation.

The proposed Budget for 2012/2013 recognises the very difficult financial challenge now facing the whole of the public sector and the continuing need to prioritise resources. Against this backdrop the proposed Budget has taken into account a number of key principles, particularly

- Fiscal restraint including a frozen council tax level, reduced planned borrowing and no increases to car parking and park and ride fees.
- Protecting priority front line services especially where these support the most vulnerable

- Maximising efficiency savings and using invest to save as a means to achieve this.
- Passporting additional Government funding for Schools, Early Intervention (including additional funding for child care for qualifying 2 year olds) and Community Health and Social Care.

There will be increasingly limited resources available to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This has and will mean difficult choices both for the next financial year 2012/2013, and beyond.

The developing new visions and values of the Council will help to prioritise resources going forwards

- Promoting independence and positive lives for everyone
- Creating neighbourhoods where people are proud to live
- Building a stronger economy

Full details of the proposed Vision and Values are set out in a separate report to the Cabinet on 8th February 2012 and will support the development of the Corporate Plan for future consideration by the Council.

There are no longer the available resources to deliver the full range of services that have been provided in the past. New legislation and demographic changes similarly demand clear prioritisation and new approaches. This increasingly means difficult choices.

There are service specific growth pressures that need to be addressed including impacts of national policy changes. The most significant of these include:

- Rising elderly population placing significant demands on Adult Social Care and Health services.
- Increased demand from adults with learning difficulties.
- Increased demand for Children's care services.
- Inflationary costs particularly for care placements and external service contracts.
- Increases in national charges or taxes, for example the rate of the landfill tax.
- Local impacts of the economic downturn and increasing competition.
- Priority improvements including support for capital projects.

Taking account of the reductions in government grant funding and the pressures outlined above, requires the identification £12m of budget savings in 2012/2013.

The majority of these savings are being delivered from efficiencies through service review and the Council's change programme. However, the scale of the projected savings in 2012/2013 coming on top of those delivered in 2011/2012 is such that the Council will need to prioritise services.

In the medium term the need to strike an appropriate balance between the diminishing resources available to the Council and the demands placed on all its services will require an even greater prioritisation of services.

3. Council Tax

On 3rd October 2011 the Government announced the provision of one-off funding to support councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). This one-off funding was confirmed as part of the Local Government Finance Settlement and the proposed budget includes a recommendation for a zero increase in Council Tax for 2012/13.

For 2013/2014 and 2014/2015 no specific proposals have been considered for Council Tax given the scale of changes impacting from 1 April 2013. For purely financial planning purposes the national government assumption in relation to target inflation of 2.5% per annum has been used.

4. Government Grants

The Government originally set out its plans for tackling the significant budget deficit, in the Comprehensive Spending Review on 20th October 2010. This deficit reduction programme indicated 28% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years. In addition, funding for infrastructure such as school buildings, roads and transport was reduced by 45% on average.

The subsequent Local Government Finance Settlement announced in December 2010 showed the Council's Formula Grant reducing by 13.5% in 2011/2012 and then by a further 8.3% in 2012/2013.

The Government's Autumn Statement on 29th November 2011 reflected the on-going market concerns surrounding the national debt positions of a number of Eurozone countries. In particular the statement confirmed the need for public sector spending austerity measures to continue beyond the period of the current CSR into 2015/2016 and 2016/2017. The Statement also confirmed a ceiling on public sector pay of 1% per annum in the two years following the current pay freeze period.

The provisional Local Government Financial Settlement for 2012/2013 was announced on 8th December 2011 and confirmed the previously signalled 8.3 % reduction in the Council's formula grant funding from Government for 2012/2013.

As part of the settlement, the Government continues to provide protection to Councils they deem more dependent upon government grant notwithstanding that B&NES Council is one of the lowest funded unitary authorities. B&NES grant remains significantly 'damped' to the value of £2.3m for 2012/2013. The Council therefore continues to receive significantly less funding than the Government's own assessment of B&NES needs requirement.

The Formula Grant Baseline included a previously announced reduction of £335k as a result of the impact of Academies taking the total reduction of the over the two years 2011/2012 and 2012/2013 to £760k. It had also been anticipated that following a consultation issued by the Department for Education over the Summer of 2011, a further adjustment would be made from 2012/2013 to the level of funding being top sliced for academy schools. The financial planning model had assumed this would be up to an additional £1.5m however the Settlement deferred this to 2013/2014 pending further analysis and consultation. This creates potential one-off headroom within the financial planning model for 2012/2013.

The New Homes Bonus Scheme which provides funding for new homes brought into use and included in the Council Tax Base, was confirmed at £1.218m for 2012/2013 (which includes the second year of funding from 2011/2012). Funding provided from the New Homes Bonus scheme runs for 6 years from the year of initial allocation. This funding is un-ring-fenced and available for allocation as part of the overall revenue budget.

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year – 2012/2013. Unlike the freeze grant for 2011/2012 which is provided for a period of 4 years, the grant for 2012/2013 is stated to be a one off only and will therefore impact upon the budget considerations for 2013/2014 and beyond.

The December 2011 Local Government Finance Settlement is potentially the last under the current system of government funding for local authorities. It is the Government's stated intention to introduce a new funding system for 2013/2014 based on the principle of returning an element of the growth in business rates to local authorities – further details are expected in the spring.

The Settlement announcement confirmed that as part of the new Localism provisions, Council tax referendums are required for any Council (excludes parishes in 2012/2013) increasing council tax by

more than 3.5% (4% for police and fire). This is clearly irrelevant for councils accepting the council tax freeze grant.

5. Medium Term Service and Resource Plans

Whilst the medium term service and resource plans will ensure financial balance for 2012/2013, further work will be required in relation to 2013/14 and 2014/15. It is also the case, at this stage, that there is insufficient information available to fully identify future funding pressures including new government requirements, future demand changes and emerging issues. It is therefore expected that the requirements for savings in future years may increase.

The Council approach to these medium term challenges will be driven by the new Vision and Values which will support the development of a new Corporate Plan. These will be used to help prioritise services and resources going forwards to minimise the impact of unavoidable service cuts in future years. The Council will continue to focus on the delivery of efficiency savings, supported by its Change Programme.

Given the scale of efficiency savings already achieved and those planned for 2012/2013 it is likely that future savings will require reductions in Council services. A rigorous process will therefore continue to be applied to the 2013/2014 budget and medium term financial planning process to enable resources to be prioritised between service areas.

6. Reserves

The budget for the current financial year 2012/2013 provides for the Council's General Fund Balances to be maintained at their risk assessed minimum level of £10.5m. There are no assumptions to change this position.

A range of Earmarked Reserves are maintained by the Council for specific purposes and commitments. The likely commitments against each of these reserves were reviewed as part of the Budget for 2012/2013 the full details of which are set out in Appendix 1.

The Council's reserves position remains relatively strong but can only be used once, with the overarching principle of not using reserves to provide support for recurring budget pressures.

7. Pensions

The most recent actuarial review as at 31 March 2010 concluded a number of positive factors which did not require any significant variation

in the Council's employers contribution level overall. These factors included:-

- The Avon Pension Fund investments have performed relatively well albeit since that review investments generally have been volatile and affected by poor stock market performance.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes was being undertaken by the Government (the Hutton Review).

The outcome of the actuarial review was factored into the base Budget for 2011/2012 and whilst no change was provided for in terms of the overall contribution level for the Council, linked to an inflationary uplift, the implications of a reducing workforce will require a further adjustment by the Council in future years. For 2012/2013 the overall budget position is projected to be sufficient to meet the required contribution level although this will need to be reviewed for 2013/2014 reflecting on changes like the Sirona staff transfer, impact of Academies etc.

In considering the implications of future changes to the scheme, it is likely that there will be a single set of changes from 2014. Negotiations are currently underway between the Government and the unions on the nature of those changes. The next actuarial review will take place as at 31 March 2013 and will reflect any position agreed by this date for employer contribution rates from 2014/2015.

8. Pay

In accordance with national government expectations for a public sector pay freeze continuing into 2012, no provision for pay increases will be provided for financial planning purposes in developing the 2012/2013 Budget.

Purely for financial planning purposes at this stage, provision for 2013/2014 and 2014/2015 will be in-line with the national position outlined in the governments Autumn Financial Statement 2011. This provides for a maximum of 1% per annum.

9. Other Assumptions

Some of the other key assumptions being used in the development of the medium term plans include:

- No further provision has been made for retrospective or additional cuts to the Government funding levels announced in the 2012/2013 financial settlement.

- Balanced budgets are delivered for 2012/2013 - there is no specific provision for overspending.
- No general provision for inflation has been made although services have provided for known specific costs pressures.
- Interest earnings are based on a 1% return – the average Council investment return has fallen in recent years to just over 1%. No increase is now expected going forwards into 2012/2013. Interest earnings are assumed to increase to 2% in 2013/2014 and 3% in 2014/2015 should anticipated increases in the Bank Base Rate come through in the last quarter of 2012.

BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

1. It is important to be clear on the process to be followed in setting the 2012/13 Budget. This paper sets out the guidance provided by the Council's Monitoring Officer.
2. The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.
3. The Cabinet can, in its absolute discretion, receive from any political group that so wishes, an alternative budget proposal to that published in the Cabinet agenda papers. It can only consider such proposals if it is satisfied that they have been discussed with the Council's statutory officers and relevant Directors and that an impact statement from Officers about such proposals is available.
4. All proposals that the Cabinet meeting is prepared to consider will therefore be cleared with the Section 151 Officer, the Monitoring Officer, and relevant Strategic / Divisional Directors beforehand.
5. The Cabinet will formulate a budget proposal and Council Tax recommendation to the Council meeting on 14th February 2012. Such budget proposal may either take the form of a composite proposal or may include agreed core proposals and options for allocating parts of the budget.
6. The Council has available to it at the budget setting meeting two options. It can object to specific parts of the proposals and if it does so must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet the reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively it is, of course, open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.
7. Council may then determine the budget on the basis of the Cabinet's recommendations as set out in paragraph 5 above plus any insignificant changes adopted as amendments at the Council meeting. The constitution provides that the meeting itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget so as to require reconsideration by the Cabinet.

8. However if a significant proposal is accepted on a vote at Council, from those notified at the Cabinet meeting, this stands as a formal objection within the terms of the law and will be referred to the Leader for him to secure consideration by the Cabinet and report back to the Council meeting on 23rd February 2012.
9. When the Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the Council Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed that has been the subject of consideration under the process outlined in paragraphs 6 to 8.
10. In setting the budget the Council is required to approve a full budget resolution including the police, fire and parish precepts and the proposed Council revenue and capital budgets for 2012/13. That budget will include within it the overall proposed Council cash limits for 2012/13 including the provision for inflation, the proposed use of balances in the 2012/13 budget (if any) and the resulting budget requirement and Council Tax for Bath and North East Somerset including any recommendations for special expenses. The Council will also approve the borrowing limits for 2012/13 and prudential indicators.
11. Legally, the Council must set a balanced budget for the forthcoming year and determine the level of Council Tax. If a budget is not set by the date of the reserve budget-setting meeting (23rd February), this will lead to a delay in billing and a loss in council tax cash flow. It is highly likely that this will also translate into a higher level of uncollectable debt and debt collection costs and in addition this will significantly impact on council tax performance indicators. A delay until 23rd February will also compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will be delayed also with negative cash flow impacts.
12. The final Council Tax set will encompass all parish and police and fire precepts (that is the money we collect on behalf of the parishes, fire and police and pay to them).

Vernon Hitchman

Divisional Director – Legal & Democratic Services (Monitoring Officer)

APPENDIX 4 - DRAFT: Pay Policy Statement 2012-13

Background

- 1.1 The Localism Act which received Royal Assent on 15th November 2011. refers to 'Pay Accountability' and sets out the requirements for councils to determine and publish annual pay policy statements.
- 1.2 A pay policy statement must be approved by the authority, i.e. not delegated as an executive or committee function, in advance of the financial year to which it relates and the first such statement must be prepared for 2012/13. The authority must publish the statement on its website and may choose to expand the publication in other ways as part of its approach towards transparency.

General principles& practice

Principles:

Bath & North East Somerset Council values all its employees and aims to apply a consistent and fair approach to pay and benefits in line with the following principles:

- ❖ To work within financial constraints and use those limited funds in the most effective way to support the Council's in the provision of quality cost effective services and its workforce needs
- ❖ To aim for consistency and fairness in the processes used to manage pay and benefits, as appropriate to service delivery and in line with its commitment to remaining within the framework of the relevant national pay and conditions agreements
- ❖ To promote an equal pay agenda by ensuring that pay and job evaluation systems, processes and systems meet legislative requirements and to actively work towards reducing any unjustified gender pay gaps
- ❖ To ensure that our pay and benefits processes and policies are transparent and accessible to all employees
- ❖ To be mindful of the market in making decisions about pay and benefits
- ❖ To be clear about how we recognise and reward performance, whether at whole organisation, service, team or individual level
- ❖ To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts.
- ❖ To enable the Council to attract and retain its employees and in order to do so, respond to situations where market forces dictate the necessity to apply supplements to established salaries.
- ❖ Any pay structure must be affordable to introduce and maintain
- ❖ To aim to retain a core set of benefits for all employees

Practice:

Basic pay is determined by

- The job role and it's accountability in the overall context of the Council's services and responsibilities using the HAY job evaluation process which is based on objective criteria and free from discriminatory bias.
- All employees are dealt with on this basis with no distinction being made for senior management appointments including Chief Officers and their Deputies

APPENDIX 4 - DRAFT: Pay Policy Statement 2012-13

- The terms of the relevant national agreements on pay and conditions of service
- The amount available for the pay review process is also impacted by what the Councils which are party to the National Agreements can collectively afford.
- A comprehensive pay and grading structure has been adopted that positions the Council's against median salary benchmarking compared to a national data base maintained by the Hay Group, is affordable and offers recruitment and retention incentive. This is kept under review.

Pay on appointment

- Staff are normally appointed at the bottom scale point of the grade at which the post has been evaluated.
- Managers have discretion to appoint at a higher scale point within the grade band if the appointee can demonstrate that they are currently earning more than the minimum salary for the grade.

Pay review dates

- Grade progression (i.e. movement from a lower to a higher salary scale point (scp) within a grade) takes place on 1st April of each year until the highest scp is reached.
- Grade progression is subject to satisfactory performance (and may be withheld if performance has been unsatisfactory) and a minimum of 6 months service in the grade. Where 6 months service cannot be achieved by 1 April, progression is considered on the anniversary of six months service.
- Where an increase in pay has been negotiated through the national negotiation framework, it will be implemented with effect from 1st April of the appropriate year. If the negotiations have not been concluded by 1st April, the increase will be paid at the earliest opportunity together with back pay from 1st April.

Ensuring consistency

The Council seeks to ensure consistency through the following processes:

- All departments are provided with the same quality of internal support in the job evaluation process
- The Human Resources Service (in partnership with senior managers, as appropriate) has an on-going responsibility to review pay levels across the Council and highlight any potential anomalies.
- If there is an exceptional need to review pay outside of the normal pay review timetable, proposals will be considered and signed off by the relevant Director and the Head of Human Resources.

Honoraria

- Work outside the scope of the post can be recognised by the award of an honorarium. The conditions and framework are set out in the 'Recognition for work outside the scope of the post' policy, Where it is identified and accepted that, assessment and payment will be based on non-discriminatory objective criteria.

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Equal pay

The Council is committed to the principle of equal pay for all posts of the same size and value and implemented the national 'single status agreement with effect from 1st April 2007. In order to put its commitment to equal pay into practice the Council:

- reviews regularly its pay grade and rates for all current staff and starting pay for new staff in line with Equality and Human Rights Commission guidance in line with the Council's Equality policy.
- informs employees of how these practices work and how their own pay is arrived at
- provides training and guidance for managers and supervisory staff involved in decisions about pay and benefits.
- regularly monitors pay and grading data and statistics

Senior pay

- The remuneration of the Chief Executive and other senior management appointments in the Council (see Annex 1) is undertaken by external analysts using the Hay Job Evaluation process. Levels of pay have been market-related by being compared to a national data base maintained by the Hay Group of similar posts in a wide range of public and not for profit sector organisations. Six pay bands are in place for the most senior officers as set out in the Annex 1.
- Any increases in pay rates will be in line with those negotiated nationally by Joint Negotiating Committees (JNC's) for Chief Executives and Chief Officers respectively. The pay policy, whilst agreed in advance of the financial year to which it relates, can be amended during the course of the year to incorporate a pay award negotiated nationally or for other reasons.
- Where there is a pay range for a job the Council's adopted aim is to offer an appointment to the minimum point of the appropriate salary band. In order, however, to secure the services of the best candidate it may be necessary to offer a higher amount. In these circumstances approval by the employing Director or members of the appointing Member committee as appropriate, in consultation with the Head of Human Resources, is required
- Where a pay band consists of a number of different salary points, any progression to the next incremental point is subject to satisfactorily meeting performance criteria agreed in advance with the Chief Executive or Strategic Director, as appropriate (in consultation with the Group Leader(s)). Any increase is paid from 1 April subject to 12 months service in that pay band and the maximum not being exceeded.
- This is no provision for the Council to pay any bonuses, charges, fees or allowances, benefits in kind to senior employees or any other employees other than expenses necessarily incurred in the performance of their duties.
- Senior staff are not differentiated from other members of staff in terms of remuneration on resignation or termination. The Council's general arrangements for severance and scheme for discretionary payments apply to this staff group as to all employees.

APPENDIX 4 - DRAFT: Pay Policy Statement 2012-13

- Paragraphs 23 to 25 of the draft guidance require the Council to set out its policies relating to discretionary payments, severance packages, employment of staff in receipt of pension and re-engagement of former staff under contracts for services. The Council has in place a policy for flexible retirement which is specifically authorised by statute whereby individual staff may draw their pension and continue in employment at a lower pay grade/working shorter hours. Other than this the Council considers all proposals on their individual merits but would not take any action beyond that authorised by existing policy without reference to the appropriate Council decision making body.
- Other conditions of service are those determined nationally by the JNC's specifically for these appointments or, as locally determined for all other Council staff.
- The Council's threshold level for disclosure of senior staff salaries for future years will be at £58,200 and above (the current minimum point of the senior civil service pay scale).

Relationship between senior pay and the 'lowest paid council employee'

The grading structure and pay line determine the salary of the lowest paid Council employee. This is currently £12,145.00 per annum (based on a standard 37 hour week). Under the Code of Recommended Practice for Local Authorities on Data Transparency, the Council will publish the ratio between the highest paid salary and the median average salary for the whole of the authority's workforce in light of the published Guidance on Openness and Accountability in Local Pay. The Council will review this data during the year to determine its future policy in this respect.

Publication

The Council's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its website as part of its requirements under the Code of Recommended Practice for Local Authorities on Data Transparency.

Implementing the Future Council

The Council is in the process of implementing a new organisational model supported by different senior management arrangements based upon principles and a general approach agreed on 16 November 2010. Overall it is expected that implementation will be completed by 2013-14 with a timetable intended to prioritise those elements that deliver efficiencies and those that have statutory deadlines (taking account of the Government's legislative timetable, severity of cuts imposed etc.).

In order to recruit a new Chief Executive, it has been necessary to determine the level of remuneration and conditions of employment using the general senior pay policy practice and principles set out above. The rate of pay has been established taking the advice of independent analysts and the Hay data base and is as set out below. Further work will be completed during the coming year to establish the level of remuneration for other posts in the new senior management arrangements within the terms of this policy and the Council's constitutional arrangements.

APPENDIX 4 - DRAFT: Pay Policy Statement 2012-13

RECOMMENDATION:

The Council is recommended to adopt the policy set out in this statement

APPENDIX 4 - DRAFT: Pay Policy Statement 2012-13

Annex 1

SENIOR MANAGEMENT PAY & GRADING

BAND	MIN/MID/MAX POINTS	Terms & Conditions
CHIEF EXECUTIVE & HEAD OF PAID SERVICE		
Band 1	Fixed/Spot	<ul style="list-style-type: none"> A fixed salary within the range £145,000 to £155,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy No variable element within the remuneration package. All other conditions in accordance with overall Council pay policy.

BAND	MIN/MID/MAX POINTS	SALARY	COMPOSITION
STRATEGIC DIRECTORS			
Band 2	Minimum	£118,893	<ul style="list-style-type: none"> Children's Services [statutory roles for Children's' & Adult Services]
	Middle	£124,293	
	Maximum	£129,699	
Band 3	Minimum	£102,678	<ul style="list-style-type: none"> Delivery Resources & Support Services
	Middle	£108,081	
	Maximum	£113,490	

DIVISIONAL DIRECTORS/Heads of Service			
Band 4	Minimum	£91,869	<ul style="list-style-type: none"> Learning and Inclusion Service, Strategy and Management Safeguarding, Social Care and Family Services Planning & Transport Development Finance [S.151 officer] Property & Facilities [Chief Property Officer] Legal & Democratic [Monitoring Officer]
	Middle	£94,572	
	Maximum	£97,275	
Band 5	Minimum	£81,063	<ul style="list-style-type: none"> Programme Director -Non-Acute Health, Social Care, Housing and Supported Living Strategic Planning Skills and Employability Environmental Services Tourism, Leisure & Culture Policy & Partnership Improvement & Performance Project Management
	Middle	£83,763	
	Maximum	£86,469	
Band 6	Minimum	£70,254	<ul style="list-style-type: none"> Revenues & Benefits, Customer Access Audit, Risk & Information Transformation Human Resources
	Middle	£72,957	
	Maximum	£75,657	

There has been no annual pay award to any of this staff group since April 2008

Resolution for Setting Council Tax for 2012/13

That Council approves:

1. The revenue budget as set out in Appendix 1 Annex 1 to the report.
2. The 2012/13 capital budget as set out in Appendix 1 Annex 3 to the report.
3. That the 2012/13 expenditure is funded as follows:

	Total £
2012/13 Gross Expenditure	316,741,984
2012/13 Income (service income and specific grants)	195,455,389
Formula Grant*	
Revenue Support Grant = £788,809	41,481,012
Redistributed Business Rates = £40,692,203	
2012/13 Council Tax Freeze Grant	1,936,183
Collection Fund Surplus	422,000
2012/13 Gross Income	239,294,584
Council Tax Requirement (excluding Parish Precepts)	77,447,400

* Includes 2011/12 recurring Council Tax Freeze Grant

4. a) That it be noted that on 21st December 2011 The Divisional Director of Finance (as authorised section 151 officer) agreed **64,440.11** Band D property equivalent as the Council Tax Base for the year 2012/13 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 35(5) of the Local Government Finance Act 1992.

b) The amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate is given as Annex 1 (1).
[Annex 1 (1) gives Band D Tax base by parish]

5. That the following amounts be now calculated by the Council for the 2012/13 financial year in accordance with Sections 31 to 36 of the Local Government and Finance Act 1992, as amended:

a) **£318,908,481** (=£316,741,984 (gross expenditure including contribution to reserves) +£2,166,497 (Parish precepts)) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

[This is the gross expenditure incurred in performing functions and charged to the revenue account, contingencies for revenue, any financial reserves to be raised, financial reserves to meet prior year deficit not yet provided for, any amounts transferred from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and any amounts transferred from general fund to collection fund under section 98(5) of 1988 Act.]

b) **£239,294,584** (gross income) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

[This is the income estimated to accrue which will be credited into the revenue account for the year in accordance with proper practices, any amounts transferred in the year from the collection fund to the general fund in accordance with section 97(3) of the 1988 Act, any amounts which will be transferred from the collection fund to the general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to the revenue account for the year, and financial reserves used to provide for items in Section 31A(2)]

c) **£79,613,897** being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above calculated by the Council in accordance with Section 31A(4) of the Act as its **Council Tax requirement** for the year.

d) **£ 1,235.47** being the amount at 5(c) above divided by the amount at 4(a) above, calculated in accordance with Section 31B of the Act, as the basic amount of Council Tax for the year.

[This is the average Council tax including B&NES and parish precepts]

e) **£ 2,166,497** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

[This is the total of parish precepts]

f) **£1,201.85** being the amount at 5(d) above less the result given by dividing the amount at 5(e) above by the amount at 4(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

[This is the B&NES Council tax only excluding parish precepts]

g) The amounts given by adding to the amount at 5(f) above the amounts of special items or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 4(b) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate are given at Annex 1 (3).

*[Annex 1 (3) gives the Band D Council tax for each area **including** the parish precepts]*

h) The amounts given by multiplying the amounts at 5(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands are given in Annex 1 (4).

[Annex 1 (4) shows the B&NES and parish Council Tax for all bands.]

Precepting Authorities

6. That it be noted that for the year 2012/13 Avon and Somerset Police Authority met on 8 February 2012 to determine the amount in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

7. Avon and Somerset Police Authority

Valuation Bands

A	B	C	D	E	F	G	H
£112.02	£130.69	£149.36	£168.03	£205.37	£242.71	£280.05	£336.06

8. That it be noted that for the year 2012/13 Avon Fire Authority met on 10 February 2012 to determine the amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

9. Avon Fire Authority

Valuation Bands

A	B	C	D	E	F	G	H
£41.85	£48.82	£55.80	£62.77	£76.72	£90.67	£104.62	£125.54

10. That, having calculated the aggregate in each case of the amounts 7, 9 and 5(h) above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the 2012/13 financial year for each of the categories of dwellings shown, as listed in Annex 1 (5).

11. On average (for a Band D, 2 adult household) the Council Tax for 2012/13 will be as follows:

<i>Reference Band D 2011/12 £</i>		£ Band D 2012/13	% Increase on 2011/12
1,201.85	Bath and North East Somerset Council	1,201.85	0.00
31.37	Average Parish Precept	33.62	7.17
60.38	Avon Fire Authority	62.77	3.96
168.03	Avon and Somerset Police Authority	168.03	0.00
1,461.63	Total Tax charged	1,466.27	0.32

[Overall annual increase in average Band D Council Tax is £4.64]

12. The Council's basic amount of Council Tax for 2012/13 is not determined to be excessive in accordance with principles approved under section 52ZB Local Government Finance Act 1992.

Band D Tax Base Bath and North East Somerset Council Annex 1 (1)

Town/Parish/City of:-	Tax Base
Bath	31581.67
Bathampton	747.02
Batheaston	1134.15
Bathford	807.16
Cameley	455.09
Camerton	258.30
Charlcombe	205.21
Chelwood	60.42
Chew Magna	586.30
Chew Stoke	466.69
Claverton	65.98
Clutton	572.55
Combe Hay	94.60
Compton Dando	284.47
Compton Martin	246.97
Corston	205.02
Dunkerton	230.10
East Harptree	310.67
Englishcombe	137.39
Farmborough	436.23
Farrington Gurney	337.10
Freshford	285.24
High Littleton	812.37
Hinton Blewett	141.48
Hinton Charterhouse	233.41
Kelston	80.42
Keynsham	5652.72
Marksbury	182.94
Midsomer Norton	3841.40
Monkton Combe	161.56
Nempnett Thrubwell	92.45
Newton St. Loe	70.94
North Stoke	44.89
Norton Malreward	108.78
Paulton	1825.40
Peasedown St. John	2219.58
Priston	118.16
Publow	478.84
Radstock	1713.45
St. Catherine	37.20
Saltford	1836.21
Shoscombe	165.68
South Stoke	230.23
Stanton Drew	326.58
Stowey Sutton	608.52

Town/Parish/City of:-	
Swainswick	131.99
Timsbury	968.70
Ubley	166.15
Wellow	246.27
West Harptree	206.06
Westfield	1764.76
Whitchurch	464.64
TOTAL	64,440.11

Annex 1 (2)

Charter Trust / Parish Council Tax Rates 2012/13

Parish/Charter Trust/Town Council	Precept £	Tax base	Band D £
Bath	207,808	31581.67	6.58
Bathampton	24,000	747.02	32.13
Batheaston	10,000	1134.15	8.82
Bathford	18,560	807.16	22.99
Cameley	18,750	455.09	41.20
Camerton	11,000	258.30	42.59
Charlcombe	1,500	205.21	7.31
Chelwood	650	60.42	10.76
Chew Magna	21,500	586.30	36.67
Chew Stoke	15,000	466.69	32.14
Claverton	3,000	65.98	45.47
Clutton	16,402	572.55	28.65
Combe Hay	8,000	94.60	84.57
Compton Dando	7,009	284.47	24.64
Compton Martin	9,500	246.97	38.47
Corston	7,500	205.02	36.58
Dunkerton	6,844	230.10	29.74
East Harptree	8,500	310.67	27.36
Englishcombe	4,402	137.39	32.04
Farmborough	14,000	436.23	32.09
Farrington Gurney	11,000	337.10	32.63
Freshford	13,500	285.24	47.33
High Littleton	23,000	812.37	28.31
Hinton Blewett	4,285	141.48	30.29
Hinton Charterhouse	11,860	233.41	50.81
Kelston	1,500	80.42	18.65
Keynsham	443,811	5652.72	78.51
Marksbury	5,400	182.94	29.52
Midsomer Norton	330,994	3841.40	86.16
Monkton Combe	3,600	161.56	22.28
Nempnett Thrubwell	1,700	92.45	18.39
Newton St. Loe	1,625	70.94	22.91
North Stoke	0	44.89	0.00

Parish/Charter Trust/Town Council	Precept £	Tax base	Band D £
Norton Malreward	3,700	108.78	34.01
Paulton	210,500	1825.40	115.32
Peasedown St. John	139,108	2219.58	62.67
Priston	4,360	118.16	36.90
Publow	11,000	478.84	22.97
Radstock	227,872	1713.45	132.99
St. Catherine	500	37.20	13.44
Saltford	24,000	1836.21	13.07
Shoscombe	6,528	165.68	39.40
South Stoke	4,790	230.23	20.81
Stanton Drew	6,683	326.58	20.46
Stowey Sutton	16,000	608.52	26.29
Swainswick	2,800	131.99	21.21
Timsbury	30,000	968.70	30.97
Ubley	7,000	166.15	42.13
Wellow	10,138	246.27	41.17
West Harptree	7,500	206.06	36.40
Westfield	170,818	1764.76	96.79
Whitchurch	17,000	464.64	36.59
Total	2,166,497	64440.11	33.62

**B&NES Council Tax Band D Rates 2012/13 - including parishes but without
Police and Fire Precept**

Parish/Charter Trust/Town Council	Council element of Band D Council Tax £	Parish Precept Band D Council Tax £	Total Band D Council Tax £
Bath	1,201.85	6.58	£1,208.43
Bathampton	1,201.85	32.13	£1,233.98
Batheaston	1,201.85	8.82	£1,210.67
Bathford	1,201.85	22.99	£1,224.84
Cameley	1,201.85	41.20	£1,243.05
Camerton	1,201.85	42.59	£1,244.44
Charlcombe	1,201.85	7.31	£1,209.16
Chelwood	1,201.85	10.76	£1,212.61
Chew Magna	1,201.85	36.67	£1,238.52
Chew Stoke	1,201.85	32.14	£1,233.99
Claverton	1,201.85	45.47	£1,247.32
Clutton	1,201.85	28.65	£1,230.50
Combe Hay	1,201.85	84.57	£1,286.42
Compton Dando	1,201.85	24.64	£1,226.49
Compton Martin	1,201.85	38.47	£1,240.32
Corston	1,201.85	36.58	£1,238.43
Dunkerton	1,201.85	29.74	£1,231.59
East Harptree	1,201.85	27.36	£1,229.21
Englishcombe	1,201.85	32.04	£1,233.89
Farmborough	1,201.85	32.09	£1,233.94
Farrington Gurney	1,201.85	32.63	£1,234.48
Freshford	1,201.85	47.33	£1,249.18
High Littleton	1,201.85	28.31	£1,230.16
Hinton Blewett	1,201.85	30.29	£1,232.14
Hinton Charterhouse	1,201.85	50.81	£1,252.66
Kelston	1,201.85	18.65	£1,220.50
Keynsham	1,201.85	78.51	£1,280.36
Marksbury	1,201.85	29.52	£1,231.37
Midsomer Norton	1,201.85	86.16	£1,288.01
Monkton Combe	1,201.85	22.28	£1,224.13
Nempnett Thrubwell	1,201.85	18.39	£1,220.24
Newton St. Loe	1,201.85	22.91	£1,224.76
North Stoke	1,201.85	0.00	£1,201.85
Norton Malreward	1,201.85	34.01	£1,235.86
Paulton	1,201.85	115.32	£1,317.17
Peasedown St. John	1,201.85	62.67	£1,264.52
Priston	1,201.85	36.90	£1,238.75
Publow	1,201.85	22.97	£1,224.82
Radstock	1,201.85	132.99	£1,334.84
St. Catherine	1,201.85	13.44	£1,215.29
Saltford	1,201.85	13.07	£1,214.92
Shoscombe	1,201.85	39.40	£1,241.25
South Stoke	1,201.85	20.81	£1,222.66

Parish/Charter Trust/Town Council	Council element of Band D Council Tax £	Parish Precept Band D Council Tax £	Total Band D Council Tax £
Stanton Drew	1,201.85	20.46	£1,222.31
Stowey Sutton	1,201.85	26.29	£1,228.14
Swainswick	1,201.85	21.21	£1,223.06
Timsbury	1,201.85	30.97	£1,232.82
Ubley	1,201.85	42.13	£1,243.98
Wellow	1,201.85	41.17	£1,243.02
West Harptree	1,201.85	36.40	£1,238.25
Westfield	1,201.85	96.79	£1,298.64
Whitchurch	1,201.85	36.59	£1,238.44

B&NES Council Tax Rates 2012/13 - including parishes but without Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Bath	£805.62	£939.89	£1,074.16	£1,208.43	£1,476.97	£1,745.51	£2,014.05	£2,416.86
Bathampton	£822.65	£959.76	£1,096.87	£1,233.98	£1,508.20	£1,782.42	£2,056.63	£2,467.96
Batheaston	£807.11	£941.63	£1,076.15	£1,210.67	£1,479.71	£1,748.75	£2,017.78	£2,421.34
Bathford	£816.56	£952.65	£1,088.75	£1,224.84	£1,497.03	£1,769.22	£2,041.40	£2,449.68
Cameley	£828.70	£966.81	£1,104.93	£1,243.05	£1,519.29	£1,795.52	£2,071.75	£2,486.10
Camerton	£829.62	£967.90	£1,106.17	£1,244.44	£1,520.98	£1,797.53	£2,074.06	£2,488.88
Charlcombe	£806.10	£940.46	£1,074.81	£1,209.16	£1,477.86	£1,746.57	£2,015.26	£2,418.32
Chelwood	£808.40	£943.14	£1,077.87	£1,212.61	£1,482.08	£1,751.55	£2,021.01	£2,425.22
Chew Magna	£825.68	£963.29	£1,100.91	£1,238.52	£1,513.75	£1,788.98	£2,064.20	£2,477.04
Chew Stoke	£822.66	£959.77	£1,096.88	£1,233.99	£1,508.21	£1,782.43	£2,056.65	£2,467.98
Claverton	£831.54	£970.14	£1,108.73	£1,247.32	£1,524.50	£1,801.69	£2,078.86	£2,494.64
Clutton	£820.33	£957.05	£1,093.78	£1,230.50	£1,503.95	£1,777.39	£2,050.83	£2,461.00
Combe Hay	£857.61	£1,000.55	£1,143.48	£1,286.42	£1,572.29	£1,858.17	£2,144.03	£2,572.84
Compton Dando	£817.66	£953.93	£1,090.21	£1,226.49	£1,499.05	£1,771.60	£2,044.15	£2,452.98
Compton Martin	£826.88	£964.69	£1,102.51	£1,240.32	£1,515.95	£1,791.58	£2,067.20	£2,480.64
Corston	£825.62	£963.22	£1,100.83	£1,238.43	£1,513.64	£1,788.85	£2,064.05	£2,476.86
Dunkerton	£821.06	£957.90	£1,094.75	£1,231.59	£1,505.28	£1,778.97	£2,052.65	£2,463.18
East Harptree	£819.47	£956.05	£1,092.63	£1,229.21	£1,502.37	£1,775.53	£2,048.68	£2,458.42
Englishcombe	£822.59	£959.69	£1,096.79	£1,233.89	£1,508.09	£1,782.29	£2,056.48	£2,467.78
Farmborough	£822.62	£959.73	£1,096.83	£1,233.94	£1,508.15	£1,782.36	£2,056.56	£2,467.88
Farrington Gurney	£822.98	£960.15	£1,097.31	£1,234.48	£1,508.81	£1,783.14	£2,057.46	£2,468.96
Freshford	£832.78	£971.58	£1,110.38	£1,249.18	£1,526.78	£1,804.38	£2,081.96	£2,498.36
High Littleton	£820.10	£956.79	£1,093.47	£1,230.16	£1,503.53	£1,776.90	£2,050.26	£2,460.32
Hinton Blewett	£821.42	£958.33	£1,095.23	£1,232.14	£1,505.95	£1,779.76	£2,053.56	£2,464.28
Hinton Charterhouse	£835.10	£974.29	£1,113.47	£1,252.66	£1,531.03	£1,809.40	£2,087.76	£2,505.32
Kelston	£813.66	£949.28	£1,084.89	£1,220.50	£1,491.72	£1,762.95	£2,034.16	£2,441.00
Keynsham	£853.57	£995.83	£1,138.10	£1,280.36	£1,564.89	£1,849.41	£2,133.93	£2,560.72
Marksbury	£820.91	£957.73	£1,094.55	£1,231.37	£1,505.01	£1,778.65	£2,052.28	£2,462.74

B&NES Council Tax Rates 2012/13- including parishes but without Police and Fire Precept (continued)

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Midsomer Norton	£858.67	£1,001.78	£1,144.90	£1,288.01	£1,574.24	£1,860.46	£2,146.68	£2,576.02
Monkton Combe	£816.08	£952.10	£1,088.11	£1,224.13	£1,496.16	£1,768.19	£2,040.21	£2,448.26
Nempnett Thrubwell	£813.49	£949.07	£1,084.66	£1,220.24	£1,491.41	£1,762.57	£2,033.73	£2,440.48
Newton St. Loe	£816.50	£952.59	£1,088.67	£1,224.76	£1,496.93	£1,769.10	£2,041.26	£2,449.52
North Stoke	£801.23	£934.77	£1,068.31	£1,201.85	£1,468.93	£1,736.01	£2,003.08	£2,403.70
Norton Malreward	£823.90	£961.22	£1,098.54	£1,235.86	£1,510.50	£1,785.14	£2,059.76	£2,471.72
Paulton	£878.11	£1,024.46	£1,170.82	£1,317.17	£1,609.88	£1,902.58	£2,195.28	£2,634.34
Peasedown St. John	£843.01	£983.51	£1,124.02	£1,264.52	£1,545.53	£1,826.53	£2,107.53	£2,529.04
Priston	£825.83	£963.47	£1,101.11	£1,238.75	£1,514.03	£1,789.31	£2,064.58	£2,477.50
Publow	£816.54	£952.64	£1,088.73	£1,224.82	£1,497.00	£1,769.19	£2,041.36	£2,449.64
Radstock	£889.89	£1,038.21	£1,186.52	£1,334.84	£1,631.47	£1,928.11	£2,224.73	£2,669.68
St. Catherine	£810.19	£945.22	£1,080.26	£1,215.29	£1,485.36	£1,755.42	£2,025.48	£2,430.58
Saltford	£809.94	£944.94	£1,079.93	£1,214.92	£1,484.90	£1,754.89	£2,024.86	£2,429.84
Shoscombe	£827.50	£965.41	£1,103.33	£1,241.25	£1,517.09	£1,792.92	£2,068.75	£2,482.50
South Stoke	£815.10	£950.96	£1,086.81	£1,222.66	£1,494.36	£1,766.07	£2,037.76	£2,445.32
Stanton Drew	£814.87	£950.68	£1,086.50	£1,222.31	£1,493.94	£1,765.56	£2,037.18	£2,444.62
Stowey Sutton	£818.76	£955.22	£1,091.68	£1,228.14	£1,501.06	£1,773.98	£2,046.90	£2,456.28
Swainswick	£815.37	£951.27	£1,087.16	£1,223.06	£1,494.85	£1,766.65	£2,038.43	£2,446.12
Timsbury	£821.88	£958.86	£1,095.84	£1,232.82	£1,506.78	£1,780.74	£2,054.70	£2,465.64
Ubley	£829.32	£967.54	£1,105.76	£1,243.98	£1,520.42	£1,796.86	£2,073.30	£2,487.96
Wellow	£828.68	£966.79	£1,104.91	£1,243.02	£1,519.25	£1,795.48	£2,071.70	£2,486.04
West Harptree	£825.50	£963.08	£1,100.67	£1,238.25	£1,513.42	£1,788.59	£2,063.75	£2,476.50
Westfield	£865.76	£1,010.05	£1,154.35	£1,298.64	£1,587.23	£1,875.82	£2,164.40	£2,597.28
Whitchurch	£825.62	£963.23	£1,100.83	£1,238.44	£1,513.65	£1,788.86	£2,064.06	£2,476.88

B&NES Council Tax Rates 2012/13 with Parish, Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Bath	£959.49	£1,119.40	£1,279.32	£1,439.23	£1,759.06	£2,078.89	£2,398.72	£2,878.46
Bathampton	£976.52	£1,139.27	£1,302.03	£1,464.78	£1,790.29	£2,115.80	£2,441.30	£2,929.56
Batheaston	£960.98	£1,121.14	£1,281.31	£1,441.47	£1,761.80	£2,082.13	£2,402.45	£2,882.94
Bathford	£970.43	£1,132.16	£1,293.91	£1,455.64	£1,779.12	£2,102.60	£2,426.07	£2,911.28
Cameley	£982.57	£1,146.32	£1,310.09	£1,473.85	£1,801.38	£2,128.90	£2,456.42	£2,947.70
Camerton	£983.49	£1,147.41	£1,311.33	£1,475.24	£1,803.07	£2,130.91	£2,458.73	£2,950.48
Charlcombe	£959.97	£1,119.97	£1,279.97	£1,439.96	£1,759.95	£2,079.95	£2,399.93	£2,879.92
Chelwood	£962.27	£1,122.65	£1,283.03	£1,443.41	£1,764.17	£2,084.93	£2,405.68	£2,886.82
Chew Magna	£979.55	£1,142.80	£1,306.07	£1,469.32	£1,795.84	£2,122.36	£2,448.87	£2,938.64
Chew Stoke	£976.53	£1,139.28	£1,302.04	£1,464.79	£1,790.30	£2,115.81	£2,441.32	£2,929.58
Claverton	£985.41	£1,149.65	£1,313.89	£1,478.12	£1,806.59	£2,135.07	£2,463.53	£2,956.24
Clutton	£974.20	£1,136.56	£1,298.94	£1,461.30	£1,786.04	£2,110.77	£2,435.50	£2,922.60
Combe Hay	£1,011.48	£1,180.06	£1,348.64	£1,517.22	£1,854.38	£2,191.55	£2,528.70	£3,034.44
Compton Dando	£971.53	£1,133.44	£1,295.37	£1,457.29	£1,781.14	£2,104.98	£2,428.82	£2,914.58
Compton Martin	£980.75	£1,144.20	£1,307.67	£1,471.12	£1,798.04	£2,124.96	£2,451.87	£2,942.24
Corston	£979.49	£1,142.73	£1,305.99	£1,469.23	£1,795.73	£2,122.23	£2,448.72	£2,938.46
Dunkerton	£974.93	£1,137.41	£1,299.91	£1,462.39	£1,787.37	£2,112.35	£2,437.32	£2,924.78
East Harptree	£973.34	£1,135.56	£1,297.79	£1,460.01	£1,784.46	£2,108.91	£2,433.35	£2,920.02
Englishcombe	£976.46	£1,139.20	£1,301.95	£1,464.69	£1,790.18	£2,115.67	£2,441.15	£2,929.38
Farmborough	£976.49	£1,139.24	£1,301.99	£1,464.74	£1,790.24	£2,115.74	£2,441.23	£2,929.48
Farrington Gurney	£976.85	£1,139.66	£1,302.47	£1,465.28	£1,790.90	£2,116.52	£2,442.13	£2,930.56
Freshford	£986.65	£1,151.09	£1,315.54	£1,479.98	£1,808.87	£2,137.76	£2,466.63	£2,959.96
High Littleton	£973.97	£1,136.30	£1,298.63	£1,460.96	£1,785.62	£2,110.28	£2,434.93	£2,921.92
Hinton Blewett	£975.29	£1,137.84	£1,300.39	£1,462.94	£1,788.04	£2,113.14	£2,438.23	£2,925.88
Hinton Charterhouse	£988.97	£1,153.80	£1,318.63	£1,483.46	£1,813.12	£2,142.78	£2,472.43	£2,966.92
Kelston	£967.53	£1,128.79	£1,290.05	£1,451.30	£1,773.81	£2,096.33	£2,418.83	£2,902.60
Keynsham	£1,007.44	£1,175.34	£1,343.26	£1,511.16	£1,846.98	£2,182.79	£2,518.60	£3,022.32

B&NES Council Tax Rates 2012/13 with Parish, Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Marksbury	£974.78	£1,137.24	£1,299.71	£1,462.17	£1,787.10	£2,112.03	£2,436.95	£2,924.34
Midsomer Norton	£1,012.54	£1,181.29	£1,350.06	£1,518.81	£1,856.33	£2,193.84	£2,531.35	£3,037.62
Monkton Combe	£969.95	£1,131.61	£1,293.27	£1,454.93	£1,778.25	£2,101.57	£2,424.88	£2,909.86
Nempnett Thrubwell	£967.36	£1,128.58	£1,289.82	£1,451.04	£1,773.50	£2,095.95	£2,418.40	£2,902.08
Newton St. Loe	£970.37	£1,132.10	£1,293.83	£1,455.56	£1,779.02	£2,102.48	£2,425.93	£2,911.12
North Stoke	£955.10	£1,114.28	£1,273.47	£1,432.65	£1,751.02	£2,069.39	£2,387.75	£2,865.30
Norton Malreward	£977.77	£1,140.73	£1,303.70	£1,466.66	£1,792.59	£2,118.52	£2,444.43	£2,933.32
Paulton	£1,031.98	£1,203.97	£1,375.98	£1,547.97	£1,891.97	£2,235.96	£2,579.95	£3,095.94
Peasedown St. John	£996.88	£1,163.02	£1,329.18	£1,495.32	£1,827.62	£2,159.91	£2,492.20	£2,990.64
Priston	£979.70	£1,142.98	£1,306.27	£1,469.55	£1,796.12	£2,122.69	£2,449.25	£2,939.10
Publow	£970.41	£1,132.15	£1,293.89	£1,455.62	£1,779.09	£2,102.57	£2,426.03	£2,911.24
Radstock	£1,043.76	£1,217.72	£1,391.68	£1,565.64	£1,913.56	£2,261.49	£2,609.40	£3,131.28
St. Catherine	£964.06	£1,124.73	£1,285.42	£1,446.09	£1,767.45	£2,088.80	£2,410.15	£2,892.18
Saltford	£963.81	£1,124.45	£1,285.09	£1,445.72	£1,766.99	£2,088.27	£2,409.53	£2,891.44
Shoscombe	£981.37	£1,144.92	£1,308.49	£1,472.05	£1,799.18	£2,126.30	£2,453.42	£2,944.10
South Stoke	£968.97	£1,130.47	£1,291.97	£1,453.46	£1,776.45	£2,099.45	£2,422.43	£2,906.92
Stanton Drew	£968.74	£1,130.19	£1,291.66	£1,453.11	£1,776.03	£2,098.94	£2,421.85	£2,906.22
Stowey Sutton	£972.63	£1,134.73	£1,296.84	£1,458.94	£1,783.15	£2,107.36	£2,431.57	£2,917.88
Swainswick	£969.24	£1,130.78	£1,292.32	£1,453.86	£1,776.94	£2,100.03	£2,423.10	£2,907.72
Timsbury	£975.75	£1,138.37	£1,301.00	£1,463.62	£1,788.87	£2,114.12	£2,439.37	£2,927.24
Ubley	£983.19	£1,147.05	£1,310.92	£1,474.78	£1,802.51	£2,130.24	£2,457.97	£2,949.56
Wellow	£982.55	£1,146.30	£1,310.07	£1,473.82	£1,801.34	£2,128.86	£2,456.37	£2,947.64
West Harptree	£979.37	£1,142.59	£1,305.83	£1,469.05	£1,795.51	£2,121.97	£2,448.42	£2,938.10
Westfield	£1,019.63	£1,189.56	£1,359.51	£1,529.44	£1,869.32	£2,209.20	£2,549.07	£3,058.88
Whitchurch	£979.49	£1,142.74	£1,305.99	£1,469.24	£1,795.74	£2,122.24	£2,448.73	£2,938.48

Bath & North East Somerset Council	
MEETING:	Council
MEETING DATE:	14 th February 2012
TITLE:	2012/13 LTP Transport Improvement Schemes - Capital Programme
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1: Draft indicative Transport Improvement Capital Programme for consultation</p>	

1 THE ISSUE

- 1.1 Supplementary to the Council Budget Report, to agree the 2012/13 LTP Transport Improvement Schemes as set out in the Capital Programme.

2 RECOMMENDATION

Council is asked to agree that:

- 2.1 The 2012/13 LTP Transport Improvement Capital Programme in Appendix 1 be approved for consultation.
- 2.2 The Group Manager, Transport and Planning Policy be delegated authority to alter the programme, in consultation with the Cabinet Member for Transport, following consultation and as may prove necessary during 2012/13 within the overall approved capital budget allocation.

3 FINANCIAL IMPLICATIONS

- 3.1 The Government has allocated £1.225m to the Council to fund transport improvements for 2012/13 to this we have £0.148m by way of developer contributions to supplement this programme. The financial implications of this programme are discussed in the Council's budget report elsewhere on this meeting agenda.
- 3.2 The revenue implications of the LTP Transport Improvement Capital Programme have been factored into the Medium Term Service and Resource Plan.
- 3.3 In order to manage the budget effectively regular monthly monitoring will be carried out and exceptions reported to the Cabinet Member, with reporting to Transport Board on a quarterly basis, and programme changes approved through delegated decision making. Spending will be managed throughout the year to ensure that the overall budget is spent in a timely manner.

4 CORPORATE PRIORITIES

4.1 The consideration of schemes within the Local Transport Improvement Capital Programme takes account of the Council's corporate priorities as appropriate.

5 THE REPORT

5.1 The replacement Joint Local Transport Plan 3 (JLTP3) covers the period from 2011 to 2026. The Council at its meeting on 20th January 2011 approved the Joint Local Transport Plan 3.

5.2 The attached programme is designed to meet the objectives and deliver the policies of the JLTP. It is attached for approval and consultation with Councillors and Parish Councils.

6 RISK MANAGEMENT

6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with Council's decision making risk management guidance.

7 EQUALITIES

7.1 An Equalities Impact Assessment has been carried out as part of the JLTP3 development process. The impact on vulnerable groups, and particularly disabled groups, will be assessed on individual project basis.

8 CONSULTATION

8.1 Cabinet Member; Section 151 Finance Officer; Chief Executive; Monitoring Officer

8.2 Further consultation on the draft programme will be carried out by email.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 Corporate; Other Legal Considerations

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	<u>Adrian.Clarke@BathNES.gov.uk</u> Tel: 01225 395223
Background papers	Joint Local Transport Plan 3
Please contact the report author if you need to access this report in an alternative format	

Consultation Draft LTP Capital Programme 2012/13

WARD	LTP TRANSPORT IMPROVEMENTS	2012/13
	FUNDING:	
	LTP - Integrated Transport Block Grant	1225
	Developer Contributions	148
	TRANSPORT IMPROVEMENTS FUNDING	1373
	Less: LTP Contributions to Schemes Subject to Separate Approval	
	LSTF Key Component	248
	CIVITAS	17
	Separately Approved / Reported Projects	265
	TOTAL FUNDING AVAILABLE	1108
	Local Safety Schemes	
Various	Anti-Skid Surfacing	10
Various	AIP Scheme Investigation & design only	10
Odd		
Down/Southdown	Englishcombe Lane/Southdown Rd	40
	Local Safety Schemes Sub-total	60
	Public Transport	
Various	Bus stop facilities	15
Keynsham North	Keynsham Station Ramp	50
	Public Transport Sub-total	65
	Managing Congestion	
Various	Parking schemes	45
	Managing Congestion Sub-total	45
	Safer Routes to Schools	
Clutton	A37 Clutton Puffin	83
High Littleton	A39 Wells Rd Footway Provision Ph 1 High Littleton	30
High Littleton	A39 Wells Rd Footway Provision Ph 2 High Littleton	5
Clutton	Station Road footway provision Clutton	40
Bathwick	Sydney Gardens/A36 ped phase at signals	2
Chew Valley North	Bristol Road, Chew Stoke footway provision	5
Bathwick	Warminster Road Central Refuge	12
Bathavon South	Freshford table/footway/bus stop	5
Radstock	St Mary's Writhlington table	5
Various	SRTS minor improvements	5
	Safer Routes to School Sub-total	192
	Cycle Schemes	
Chew Valley North	Chew Valley Lake (Phase1)	30
Various	B&NES Cycle Network	45
High Littleton	Farrington Gurney - Old Mills Cycle Path	5
Various	Cycle Parking	5
Walcott	Bathwick St at St Johns Rd - Toucan	5
	Cycle Schemes Sub-total	90
	Pedestrian Schemes	
Kingsmead	Malborough Buildings/Cavendish Road	2
Various	Aids to Mobility eg Dropped Kerbs & ped improvements	35
Various	Public Rights of Way	85
Abbey	Paragon at Hay Hill - ped facility	5
Farmborough	Farmborough- Timsbury footway	5

WARD	LTP TRANSPORT IMPROVEMENTS	2012/13
Lansdown	Lansdown Road ped facilities study	5
Farmborough	New Inn - Farmboro village footway provision	5
Newbridge	Brassmill Lane Footway and Crossing Point	5
Bathwick	Bathwick Hill at Darlington St - Zebra	25
Weston	Crown Hill Footway Provision	25
Widcombe	Brougham Hayes/Stanley Rd West ped facilities	5
Kingsmead/Abbey	Julian Road Zebra	36
Abbey	Argyle St/Grove St Pad Facility	5
Bathavon West	Dunkerton Island/Footway	2
Chew Valley North	Highfield Chew Magna Build Out	5
Bath Avon South	Midford - South Stoke	97
Oldfield	Moorland Road/Livingston Road Speed Table	12
	Pedestrian Schemes Sub-total	359
	Traffic Management Schemes	
Various	Minor Improvements	60
Combe Down	Ralph Allen Drive/Min R/A and Zebra	5
Lyncombe	Entry Hill traffic calming	15
Combe Down	Claverton Down Rd/Norwood Ave R/A & slip road entry	5
Combe Down	Combe Hay 20 limit	5
Abbey	Circus Traffic Management	17
All	Post completion schme review	10
	Traffic Management Schemes Sub-total	117
	Miscellaneous	
	JLTP Development	50
	JLTP Monitoring & Equipment	30
	Capital Programme Management	55
	Miscellaneous Sub-total	135
	TRANSPORT IMPROVEMENTS TOTAL	1063
	Funding Surplus (Deficit)	45

Bath & North East Somerset Council	
MEETING:	Council
MEETING DATE:	14th February 2012
TITLE:	Treasury Management Strategy Statement and Annual Investment Strategy 2012/13
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 - Treasury Management Strategy 2012/13 Appendix 2 - Annual Investment Strategy 2012/13 Appendix 3 - Authorised Lending List Appendix 4 - Treasury Management Policy Statement	

1 THE ISSUE

- 1.1 In February 2010, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be scrutinised by an individual / group of individuals or committee.
- 1.2 The Institute published a revised version of CIPFA Code in November 2011 in light of the additional financial freedoms available to local authorities in the Localism Act 2011. The Council is therefore asked to formally adopt the Treasury Management in the Public Services: Code of Practice 2011 Edition.
- 1.3 The new Code of Practice requires some amendments to the Council's Treasury Management Policy Statement (amendment to Treasury Indicators, and inclusion of a policy on derivatives), and the Council is asked to formally adopt the new policy statement in Appendix 4.
- 1.4 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
- 1.5 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.6 This report was scrutinised by the Corporate Audit Committee at the 7th February 2012 meeting, and reported to Cabinet on 8th February 2012.

2 RECOMMENDATION

Council is asked to agree that:

- 2.1 the actions proposed within the Treasury Management Strategy Statement (Appendix 1) is approved.
- 2.2 the Investment Strategy as detailed in Appendix 2 is approved.
- 2.3 the changes to the authorised lending lists detailed in Appendix 2 and highlighted in Appendix 3 is approved.
- 2.4 CIPFA's revised Code of Practice on Treasury Management, as detailed in 5.5, is adopted.
- 2.5 the revised Treasury Management Policy Statement, as detailed in Appendix 4 is approved.

3 FINANCIAL IMPLICATIONS

- 3.1 Included in the report and appendices.

4 CORPORATE PRIORITIES

- 4.1 This report is of a corporate and technical nature and therefore does not directly contribute to individual Corporate Priorities.

5 THE REPORT

Background

- 5.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 5.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 5.3 The suggested strategy for 2012/13 in respect of the following aspects of the treasury management function is based on the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor.

The strategy covers:

•	Treasury limits in force which will limit the treasury risk and activities of the Council;
•	Treasury Management Indicators;
•	The current treasury position;
•	The borrowing requirement;
•	Prospects for interest rates;
•	The borrowing strategy;
•	The investment strategy.

5.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects, and
3. increases in the Minimum Revenue Provision for capital expenditure

are limited to a level which is affordable within the projected income of the Council for the foreseeable future

5.5 The revised CIPFA Treasury Management in Public services Code of Practice, adopted by Council in February 2010, requires the Treasury Management Strategy and policies to be scrutinised by an individual / group of individuals or committee. This report was scrutinised by the Corporate Audit Committee at the 7th February 2012 meeting.

2012/13 Treasury Management & Annual Investment Strategy

5.6 The Prudential Code was introduced for the first time in 2004/05. The Strategy Statement for 2011/12 set Prudential Indicators for 2011/12 – 2013/14, which included a total borrowing requirement at the end of 2011/12 of £150 million. At the end of December 2011, external borrowing was at £120 million, with no further borrowing planned in the 2011/12 financial year. There is a full provision for this borrowing within the Council's revenue budget.

5.7 The proposed Treasury Management Strategy is attached as Appendix 1 and includes the Treasury Management Indicators required by the Treasury Management Code.

5.8 Although the indicators provide for a maximum level of total borrowing, this should by no means be taken as a recommended level of borrowing as each year affordability needs to be taken into account together with other changes in

circumstances, for example revenue pressures, levels and timing of capital receipts, changes to capital projects spend profiles, and levels of internal cash balances.

- 5.9 The budget report, which is also on the agenda, includes full provision for the revenue costs of proposed borrowing recognising the affordability of the capital programme including the significant efficiency savings which will be generated as a result.
- 5.10 Appendix 1 also details the Council's current portfolio position as at 31st December 2011, which shows after the netting off of the £95 million investments, the Council's net debt position was £25 million.
- 5.11 The Annual Investment Strategy is attached at Appendix 2. This sets 'outer limits' for treasury management operations. While the strategy uses credit ratings in a "mechanistic" way to rule out counterparties, in operating within the policy Officers complement this with the use of other financial information when making investment decisions, for example Credit Default Swap (CDS) Prices, Individual Ratings, financial press. This has been the case in recent years, which protected the Council against losses of investment in Icelandic banks.
- 5.12 The Counterparty listing in Appendix 3 includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in Appendix 2 as at 31st December 2011 are included in the listing in Appendix 3.
- 5.13 Interest rate forecasts from the Council's Treasury advisors are included in Appendix 1.

6 RISK MANAGEMENT

- 6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.
- 6.2 The Council's lending & borrowing list has been regularly reviewed over the past year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment & Borrowing advice is provided by our Treasury Management Advisers Sterling.

7 EQUALITIES

- 7.1 This report provides information about the Council's Treasury Management Strategy and therefore no specific equalities impact assessment was carried out.

8 CONSULTATION

- 8.1 Consultation has been carried out electronically with the Cabinet Member for Community Resources, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 This report deals with issues of a corporate nature.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director – Finance) will have had the opportunity to input to this report and have cleared it for publication.

Contact person	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> Tim_Richens@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk
Sponsoring Cabinet Member	<i>Cllr David Bellotti</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

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APPENDIX 1

TREASURY MANAGEMENT STRATEGY – 2012/2013

Introduction

In February 2010 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice Fully Revised Second Edition 2009 (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

The Institute published a revised version of CIPFA Code in November 2011 in light of the additional financial freedoms available to local authorities in the Localism Act 2011. The Council is therefore asked to formally adopt the Treasury Management in the Public Services: Code of Practice 2011 Edition. The new Code of Practice requires some amendments to the Council's Treasury Management Policy Statement, and the Council is asked to formally adopt the new policy statement in Appendix 4.

In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

Treasury Borrowing Limits for 2012/13 to 2014/15

It is a statutory duty under s.3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. This amount is termed the 'Affordable Borrowing Limit'.

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit. The Code requires an authority to ensure that its total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.

The Affordable Borrowing Limit must include all planned capital investment to be financed by external borrowing and any other forms of liability, such as credit arrangements. The Affordable Borrowing Limit is to be set on a rolling basis for the forthcoming year and two successive financial years.

Treasury Management Indicators for 2012/13 – 2014/15

The Council measures and manages its exposures to treasury management risks using the following indicators. The council is asked to approve the following indicators:.

Treasury Management Indicators for 2012/13 – 2014/15

Security: average credit rating

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of its investment portfolio.

	2012/13
Minimum Portfolio average credit rating	A+

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2012/13	2013/14	2014/15
Upper limit on fixed interest rate exposures	£171m	£197m	£205m
Upper limit on variable interest rate exposures	£0m	£0m	£0m

The variable interest rate exposure limit is set at £0m to restrict the amount of variable rate debt up to the level of variable rate investments.

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within five years	50%	0%
Five years and within 10 years	50%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the proportion of total principal sum invested to final maturities beyond the period end will be:

	2012/13	2013/14	2014/15
Limit on proportion of principal invested beyond year end	£30m	£30m	£30m

Gross and net debt

The upper limit on net debt indicator was introduced in 2011 and is intended to highlight where the Council borrowing in advance of need. Since net debt does not change when loans are borrowed and the proceeds re-invested, it is not yet clear how this indicator will work. CIPFA has not yet produced guidance on its use, and so the Council is being asked to set a deliberately high limit this year.

	2012/13	2013/14	2014/15
Upper limit on net debt (<i>as a proportion of gross debt</i>)	100%	100%	100%

Borrowing limits

The Authorised limits for external debt include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over and above the operational limit for unusual cash movements.

The Operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements. This level also factors in the proposed approach to use internal borrowing backed by cashflow and capital receipts as the financing method for the Keynsham Town Centre Regeneration project, subject to approval.

	2012/13	2013/14	2014/15
Operational boundary – borrowing	£161m	£167m	£170m
Operational boundary – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Operational boundary – TOTAL	£163m	£169m	£172m
Authorised limit – borrowing	£171m	£197m	£205m
Authorised limit – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Authorised limit – TOTAL	£173m	£199m	£207m

Current Portfolio Position

The Council's treasury portfolio position at 31st December 2011 comprised:

	Principal	Ave. rate
	£m	%
Total Fixed rate funding	PWLB 100	4.45
Variable rate funding	Market 20	4.50*
Other long term liabilities	Nil	N/A
TOTAL DEBT	120	4.46
TOTAL INVESTMENTS**	95.0	1.15
NET DEBT	25.0	

* The market loans are 'lenders options' or LOBO's. These are fixed at a relatively low rate of interest for an initial period but then revert to a higher

rate of 4.5%. When the initial period is over the loans are then classed as variable, as the lender has the option to change the interest rate at 6 monthly intervals, however at this point the borrower has the option to repay the loan without penalty.

** Total Investments includes Schools balances where schools have not opted for an external bank account and cash balances related to B&NES PCT Pooled budgets and West of England Growth Points funding.

Prospects for Interest Rates

The Council has appointed Sterling Treasury Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following section gives their commentary on the economic context and views on the prospects for future interest rates.

Economic Context

Current position

The global economy appears to be teetering on the edge of another slowdown, despite early optimism for a continued recovery from the 2008 financial crisis and recession. The combination of fiscal consolidation in developed economies, monetary tightening in developing economies, the Eurozone debt crisis and, in the UK, a fall in real household income, has severely damaged business and consumer confidence. As a result, household spending and business investment have weakened, with a consequent effect on the labour market.

The outlook for 2012/13

The short-term global outlook is relatively pessimistic. The effect of the debt crisis is likely to cause a shallow recession in the Eurozone, reducing demand for exported goods from trading partners, thus causing slower growth elsewhere. On the brighter side, the US consumer appears to be awakening from a long slumber, possibly helping the world's largest economy avoid a similar fate to the Eurozone. After engaging in monetary tightening throughout 2011, the Chinese government could reverse its stance in response to slowing global growth to try to boost domestic demand, essential to global rebalancing. Japan appears to have recovered from the March earthquake, but unlike China, will find stimulating domestic demand to offset ebbing foreign demand more difficult. The Eurozone will remain a drag on global growth in the short run, but other large economies should allow the global economy to tread water.

Once driven by the unrelenting appetite of consumers, the UK economy is currently more reliant on global demand as the combination of fiscal consolidation, the contraction in real household incomes and the resultant negative impact on sentiment dampens domestic demand. With foreign demand, particularly from one of the country's main trading partners, slowing, the economic outlook over the near term is somewhat weaker. In this low growth environment, there is little chance of inflation remaining at

current high levels. As temporary factors fall out of the twelve-month comparison and more aggressive competition becomes commonplace, the CPI rate will fall back towards target.

While GDP growth may pick up from mid- to late-2012, the deteriorating outlook is likely to prompt further monetary easing in the next few months from the Bank of England, building on the extra £75bn of asset purchases it announced in October. Bank Rate will therefore remain unchanged in the short term, but faces upside risks from mid- to late-2012 as the economy gets back on track.

Businesses and households have deleveraged since 2008. The household savings rate also remains substantially above pre-crisis levels. While this implies that households remain cautious, confidence will return as the economy starts to recover and the pressure on incomes eases. Spending is therefore likely to rise, with a beneficial impact on employment. Following substantial injections of newly created money and recovering domestic demand, monetary policy will require tightening to keep inflation in check. MPC policymakers will attempt to stay ahead of the curve to avoid the prospect of demand-led inflation boosting wages and prices.

The main downside risk is a partial breakup of the Euro-area. No matter how well managed, such an exercise would create huge uncertainty and act as a severe drag on the global and UK economy for some time.

SCS and Markets Interest Rate Forecasts

Sterling Consultancy Services central interest rate forecast – November 2011

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB
Current	0.50	0.73	1.01	1.79	4.06
Q1 2012	0.50	0.70	1.00	1.75	4.20
Q2 2012	0.50	0.70	1.00	1.70	4.40
Q3 2012	0.50	0.75	1.00	1.80	4.50
Q4 2012	0.75	0.85	1.05	1.90	4.50
H1 2013	1.00	1.10	1.25	2.00	4.60
H2 2013	1.50	1.60	1.75	2.50	4.70
H1 2014	2.00	2.10	2.25	3.00	4.80
H2 2014	2.50	2.60	2.75	3.50	4.90

HM Treasury Survey of Forecasts – November 2011

	Average annual Bank Rate %			
	2012	2013	2014	2015
Highest	1.1	2.6	3.0	3.7
Average	0.6	0.9	1.7	2.7
Lowest	0.5	0.5	0.9	1.4

The Council has budgeted for interest rates at 1.0% for 2012/13, 2.0% for 2013/14 & 3.0% thereafter.

Borrowing Strategy

The Council currently holds £120 million of long-term loans, and we will continue to monitor appropriate opportunities for borrowing in line with the overall Capital Financing Requirement.

The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2012 is expected to be £142 million, and is forecast to rise to £170 million by March 2013 as capital expenditure is incurred.

The maximum expected long-term borrowing requirement for 2012/13 is:

	£m
Not borrowed in previous years	22
Forecast increase in CFR	28
Loans maturing in 2013/14	0
TOTAL	50

However, depending on the pattern of interest rates during the year, it may be more beneficial to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead. The capital financing budget for borrowing in 2012/13 assumes borrowing of £30 million is taken during the year.

In addition, the Council may borrow for short periods of time (normally up to two weeks) to cover unexpected cash flow shortages.

Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- any institution approved for investments that meets the investment criteria (this includes other local authorities)
- any other bank or building society on the Financial Services Authority list
- Public or Private Bond Placement
- Special purpose companies created to enable joint Local Authority bond issues.

Debt instruments

Loans will be arranged by one of the following debt instruments:

- fixed term loans at fixed or variable rates of interest.
- lender's option borrower's option (LOBO) loans.
- bonds

As an alternative to borrowing loans, the Council may also finance capital expenditure and incur long-term liabilities by means of:

- leases
- Private Finance Initiative

Planned Borrowing strategy for 2012/13

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to not borrow and reduce the level of investments held instead. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against potential longer-term costs. Officers will keep the borrowing strategy under review during the year and take advice from our external advisers with reference to movements in the differential between short term and long term interest rates.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board. However, the Government's decision in 2010 to raise the interest rates on new PWLB loans by around 0.85% means that other sources of finance may now be more favourable and will be kept under review.

The Public Works Loan Board allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates where this will lead to an overall saving or reduce risk.

All rescheduling will be reported in the next available Treasury Management Monitoring report following its action with all rescheduling detailed in the annual review report.

Policy on use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).

The Localism Bill 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment Policy

The Council will have regard to the CLG's Guidance on Local Authority Investments and CIPFA's Treasury Management in Public Services Code of Practice. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investment before seeking the highest rate of return, or **yield**.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

The strategy of this policy is to set outer limits for treasury management operations. In times of exceptional market uncertainty, Council Officers will operate in a more restrictive manner than the policy allows, as has been the case during the last three years.

Avon Pension Fund Investments

The Council's Treasury Management team also manage the Avon Pension Fund's internally held cash on behalf of the Fund. New regulations required that this cash is accounted for separately and needs to be invested separately from the Council's cash, and the split has been managed this way since 1 April 2010. The Fund's investment managers are responsible for the investment of cash held within their portfolios and this policy does not relate to their cash investments.

The cash balance held internally is a working balance to cover pension payments at any point in time and as a result the working balance will be c. £10 million. This working balance represents around 0.5% of the overall assets of the Fund. These investments will operate within the framework of this Annual Investment Strategy, but the maximum counterparty limit and investment term with any counterparty were set by the Avon Pension Fund Committee at its meeting on 18th December 2009. These limits are in addition to the Council's limits for counterparties as set out in Appendix 3.

Specified Investments

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:

- the UK Government,
- a UK local authority, parish council or community council, or
- a body or investment scheme of “high credit quality”.

The Council defines the following as being of “high credit quality” for making specified investments, subject to the monetary and time limits shown.

	Maximum Monetary limit	Time limit (or notice)
Banks and building societies holding long-term credit ratings no lower than A- or equivalent, short-term credit ratings no lower than F1 or equivalent and a Fitch Support Rating (where given) no lower than 3.	£20m each (highest limit) ¹	12 months
UK building societies not meeting the above criteria that have a minimum asset size of £4bn and a long-term rating of BBB or above and short-term credit rating of F2 or above.	£2m each	3 months
Money market funds ² holding the highest possible credit ratings (AAA)	£10m each	1 week
UK Central Government (Including Debt Management Agency Deposit Facility)	no limit	12 months
UK Local Authorities ³ (irrespective of ratings)	£5m each	12 months

¹ The matrix for limits on each rating is provided in Appendix 3. Banks within the same group ownership are treated as one bank for limit purposes. The countries from which banks the Council can invest are detailed in the paragraph “Foreign Countries” below

² as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

³ as defined in the Local Government Act 2003

Building Societies

UK building societies with lower credit ratings will be considered to be of “high credit quality”, but subject to a lower cash limit and shorter time limit than rated societies. The Council takes additional comfort from the building societies’ regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council’s deposits would be paid out in preference to retail depositors. Investments in lower rated and unrated building societies will be reviewed if the insolvency regime is amended in future.

However, no investments will be made with building societies that hold a short-term credit rating lower than F2 or equivalent or a long-term credit rating lower than BBB or equivalent due to the increased likelihood of default implied by this rating.

Money market funds

Money market funds are pooled investment vehicles consisting of instruments similar to those used by the Council. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Council.

Funds that offer same-day liquidity and a constant net asset value will be used as an alternative to instant access call accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Not more than 50% of the Council's total investment portfolio shall be invested in Money Market Funds.

Collateralised investments

Where the Council makes an investment with an organisation that is secured on collateral in a third party (e.g. a reverse repo or a collateralised deposit), the time limit may be extended to match the limit given above for the third party. However, the investment will still count against the cash limit of the organisation receiving the funds.

Non-Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments which are:

- denominated in foreign currencies,
- nor any with low credit quality bodies,
- nor any that are defined as capital expenditure by legislation, such as company shares.

Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement.

Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement. The maximum duration of the investment will depend upon its lowest published long-term credit rating and whether it is a UK counterparty:

Long-term credit rating	Time limit (UK)	Time limit (Foreign)
AAA	10 years	5 years
AA+	2 years	2 years
AA	2 years	N/A
AA-	2 years	N/A

The time limit for long-term investments in UK Local Authorities will be five years.

Long-term investments will be limited to 50% of a counterparty's limit where it meets the above credit rating criteria (except the UK Government). The combined value of short-term and long-term investments with any organisation will not exceed the limits for specified investments highlighted above.

The total limit on long-term investments, and the total limit on non-specified investments is £30m.

Information on the security of investments

Full regard will be given to available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria set out above.

Use of Credit Ratings

The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings Ltd, Moody's Investors Service Inc and Standard & Poor's Financial Services LLC to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is unlikely that the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks.

If further counterparties are identified during the year that meet the minimum credit rating criteria and conform to the other criteria set out in the Treasury Management Practice Schedules, they can be added to the lending list following the agreement of the Section 151 Officer.

Investment instruments

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term deposits
- call or notice deposits (where the Council can demand repayment)
- callable deposits (where the bank can make early repayment)
- collared deposits
- certificates of deposit
- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks
- corporate bonds
- AAA money market funds

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR.

Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £20m per country for those rated AAA and £15 million per country for those rated AA+. Banks that are domiciled in one country but are owned in another country will need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

Liquidity management

The Council regularly reviews and updates its cash flow forecasts to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Council's medium term financial plan, levels of reserves and cash flow forecast.

Planned investment strategy for 2012/13

Investments are made in three broad categories:

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

Short-term funds are required to meet cash flows occurring in the next month or so, and the preservation of capital and liquidity is therefore of paramount importance. Generating investment returns is of limited concern here, although it should not be ignored. Bank deposit accounts and Money Market Funds will be the main methods used to manage short-term cash.

Medium-term funds which may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks and building societies. Preference will continue to be given to investments with UK banks with high credit ratings, on the basis that they either had already or were likely to receive support from the UK Government should they experience financial difficulties. The higher counterparty limits assigned to these banks facilitates this approach.

Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local authority services. Decisions on making longer term investments (i.e. over 1 year) will be considered during the year after taking account of the interest rate yield curve, levels of core cash and the amount of temporary internal borrowing related to funding of capital spend.

With short-term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long-term borrowing. In addition to the savings on the interest rate differential, this strategy will also reduce the Council's exposure to credit risk and interest rate risk.

Review Reports

The revised CIPFA Code of Practice requires that both mid year and annual review reports on treasury activities are reported to Full Council.

Other Matters

The revised CLG Investment Guidance also requires the Council to note the following matters each year as part of the investment strategy:

Investment consultants

The Council contracts with Sterling Consultancy Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,

- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of this service is monitored by officers on a regular basis, focusing on supply of relevant, accurate and timely information across the headings above.

Investment training

The needs of the Council's treasury management staff for training in investment management are assessed every year as part of the staff performance development review process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Sterling Consultancy Services and CIPFA.

Investment of money borrowed in advance of need

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the 2012/13 authorised borrowing limit of £173 million. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

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**Proposed Counterparty List
2012/13**

2012/13									
CRITERIA									
			FITCH RATINGS			Moody's Ratings		S&P Ratings	
			S/Term	L/Term	Support	S/Term	L/Term	S/Term	L/Term
Duration	Council Limit (£m)		F1	A	3	P-1	A2	A-1	A
UK Banks	Sovereign Rating		AAA			Aaa		AAA	
Barclays Bank	6 Months	10	F1	A	1	P-1	Aa3	A-1	A+
HSBC Bank plc	1 Year	20	F1+	AA	1	P-1	Aa2	A-1+	AA-
Lloyds Banking Group									
Lloyds TSB Bank	6 Months	10	F1	A	1	P-1	A1	A-1	A
Bank of Scotland	6 Months	10	F1	A	1	P-1	A1	A-1	A
RBS Group									
National Westminster Bank	6 Months	10	F1	A	1	P-1	A2	A-1	A
Royal Bank of Scotland	6 Months	10	F1	A	1	P-1	A2	A-1	A
Standard Chartered Bank	6 Months	10	F1+	AA-	3	P-1	A1	A-1	A+
UK Building Societies									
Nationwide	6 Months	10	F1	A+	1	P-1	A2	A-1	A+
Yorkshire	3 Months	2	F2	BBB+	5	P-2	Baa2	A-2	A-
Coventry	3 Months	2	F1	A	5	P-2	A3	-	-
Leeds	3 Months	2	F2	A-	5	P-2	A3	-	-
Foreign Banks									
Australia									
Sovereign Rating			AAA			Aaa		AAA	
Australia & New Zealand Banking Group	6 Months	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-
Commonwealth Bank of Australia	6 Months	10	F1+	AA	1	P-1	Aa2	A-1+	AA-
National Australia Bank									
National Australia Bank	6 Months	10	F1+	AA	1	P-1	Aa2	A-1+	AA-
Westpac Banking Corporation	6 Months	10	F1+	AA	1	P-1	Aa2	A-1+	AA-
Austria									
Sovereign Rating			AAA			Aaa		AAA	
Raiffeisen Zentralbank Österreich AG	3 Months	5	F1	A	1	P-1	A1	A-1	A
Canada									
Sovereign Rating			AAA			Aaa		AAA	
Bank of Montreal	6 Months	5	F1+	AA-	1	P-1	Aa2	A-1	A+
Bank of Nova Scotia	6 Months	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-
Canadian Imperial Bank of Commerce	6 Months	5	F1+	AA-	1	P-1	Aa2	A-1	A+
Royal Bank of Canada	6 Months	10	F1+	AA	1	P-1	Aa1	A-1+	AA-
Toronto-Dominion Bank	6 Months	10	F1+	AA-	1	P-1	Aaa	A-1+	AA-
Denmark									
Sovereign Rating			AAA			Aaa		AAA	
Danske Bank	3 Months	5	F1	A	1	P-1	A2	A-1	A
France									
Sovereign Rating			AAA			Aaa		AAA	
BNP Paribas Group									
BNP Paribas	6 Months	5	F1+	A+	1	P-1	Aa3	A-1+	AA-
Fortis Bank	3 Months	5	F1	A	1	P-1	A1	A-1+	AA-
Credit Mutuel Centre Est Europe Group									
Banque Federative du Credit Mutuel	6 Months	5	F1+	A+	1	P-1	Aa3	A-1	A+
Credit Industriel et Commercial	3 Months	5	F1+	A+	1	P-1	Aa3	A-1	A
Group BPCE									
BPCE	6 Months	5	F1+	A+	1	P-1	Aa3	A-1	A+
Credit Foncier de France	3 Months	5	F1+	A+	1	P-1	Aa3	A-1	A
Group Credit Agricole									
Credit Agricole	6 Months	5	F1+	A+	1	P-1	Aa3	A-1	A+
Credit Agricole Corp. & Investment Bank	6 Months	5	F1+	A+	1	P-1	Aa3	A-1	A+
Societe Generale	6 Months	5	F1+	A+	1	P-1	A1	A-1	A+

Proposed Counterparty List

2012/13

CRITERIA									
				FITCH RATINGS			Moody's Ratings		S&P Ratings
				S/Term	L/Term	Support	S/Term	L/Term	S/Term L/Term
Council Limit				F1	A	3	P-1	A2	A-1 A
Duration (£m)									
Germany									
Sovereign Rating					AAA		Aaa		AAA
Commerzbank AG	3 Months	5		F1+	A+	1	P-1	A2	A-1 A
Deutsche Bank	6 Months	5		F1+	A+	1	P-1	Aa3	A-1 A+
DZ Bank	6 Months	5		F1+	A+	1	P-1	Aa3	A-1 AA-
Landesbank Hessen-Thuringen	3 Months	5		F1+	A+	1	P-1	A1	A-1 A
Netherlands									
Sovereign Rating					AAA		Aaa		AAA
ING Bank NV	6 Months	5		F1+	A+	1	P-1	Aa3	A-1 A+
Rabobank Group	1 Year	10		F1+	AA	1	P-1	Aaa	A-1+ AA
Norway									
Sovereign Rating					AAA		Aaa		AAA
DnB NOR Bank	6 Months	5		F1	A+	1	P-1	Aa3	A-1 A+
Singapore									
Sovereign Rating					AAA		Aaa		AAA
Development Bank of Singapore	6 Months	10		F1+	AA-	1	P-1	Aa1	A-1+ AA-
Oversea-Chinese Banking Corp	6 Months	10		F1+	AA-	1	P-1	Aa1	A-1+ AA-
United Overseas Bank	6 Months	10		F1+	AA-	1	P-1	Aa1	A-1+ AA-
Sweden									
Sovereign Rating					AAA		Aaa		AAA
Nordea Group									
Nordea Bank AB	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+ AA-
Nordea Bank Finland plc	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+ AA-
Skandinaviska Enskilda Banken (SEB)	3 Months	5		F1	A+	1	P-1	A1	A-1 A
Svenska Handelsbanken	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+ AA-
Switzerland									
Sovereign Rating					AAA		Aaa		AAA
Credit Suisse	3 Months	5		F1	A	1	P-1	Aa1	A-1 A+
UBS AG	3 Months	5		F1	A	1	P-1	Aa3	A-1 A
USA									
Sovereign Rating					AAA		Aaa		AA+
Bank of America Corporation									
Bank of America NA	3 Months	5		F1	A	1	P-1	A2	A-1 A
Bank of New York Mellon	6 Months	10		F1+	AA-	1	P-1	Aaa	A-1+ AA-
Citigroup									
Citibank NA	3 Months	5		F1	A	1	P-1	A1	A-1 A
Citibank International plc	3 Months	5		F1	A	1	P-1	A2	A-1 A
J P Morgan Chase Bank NA	6 Months	5		F1+	AA-	1	P-1	Aa1	A-1 A+
Wells Fargo & Co									
Wells Fargo Bank NA	6 Months	10		F1+	AA-	1	P-1	Aa3	A-1+ AA-

Credit Rating Matrix - UK Banks & Building Societies from 1st April 2012

Total Limit	Maximum Term	Short Term	Long Term	Support	Short Term	Long Term	Short Term	Long Term
£5M	3 Months	F1	A-	3	P-1	A3	A-1	A-
£10M	6 Months	F1	A	3	P-1	A2	A-1	A
£10M	1 Year	F1+	A	3	P-1	A2	A-1+	A
£20M	1 Year	F1+	A+	1	P-1	A1	A-1+	A+
£20M	2 Years	F1+	AA	1	P-1	Aa2	A-1+	AA
£20M	10 Years	F1+	AAA	1	P-1	Aaa	A-1+	AAA

Credit Rating Matrix - Foreign Banks from 1st April 2012

Total Limit	Maximum Term	Short Term	Long Term	Support	Short Term	Long Term	Short Term	Long Term
£5M	3 Months	F1	A	3	P-1	A2	A-1	A
£5M	6 Months	F1	A+	3	P-1	A1	A-1	A+
£10M	6 Months	F1	AA-	3	P-1	Aa3	A-1	AA-
£10M	1 Year	F1+	AA	2	P-1	Aa2	A-1+	AA
£10M	2 Years	F1+	AA+	2	P-1	Aa1	A-1+	AA+
£10M	5 Years	F1+	AAA	1	P-1	Aaa	A-1+	AAA

APPENDIX 4

Treasury Management Policy Statement

The Council's financial regulations require it to create and maintain a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

Definition

The Council defines its treasury management activities as: the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Risk management

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Value for money

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Borrowing policy

The Council greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.

The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003*, and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

Investment policy

The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of

investment income to support the provision of local authority services is an important, but secondary, objective.

The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

Bath & North East Somerset Council	
MEETING:	COUNCIL
MEETING DATE:	14 th FEBRUARY 2012
TITLE:	ANNOUNCEMENT OF CHAIR(MAN) DESIGNATE FOR 2012/13
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: None	

1 THE ISSUE

- 1.1 The purpose of this report is to invite the Council to name a Councillor as Chair(man) of the Council (Designate) for the next Council Year beginning in May 2012.
- 1.2 The Council, at its Annual Meeting on 13th May 2012, will still be required formally to elect a Councillor to be the Chair(man) of the Council for the forthcoming Council Year.

2 RECOMMENDATION

- 2.1 That the Council names a Councillor to be treated for forward planning purposes as Chair(man) of the Council (Designate) for the 2012/13 Council Year.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising from this report.

4 CORPORATE PRIORITIES

- 4.1 Because of the pivotal role of the Chair(man) of the Council in the community, the nomination at this stage of the Councillor who will hold the office from May 2012 will contribute towards the achievement of the Council's vision of Bath and North East Somerset as a distinctive place with vibrant communities.

5 THE REPORT

- 5.1 The role of the Chair(man) of the Council has increased significantly in recent years. The number of civic engagements and requests for the presence of the Chair(man) at local events throughout the area continues to rise year on year.
- 5.2 In addition, the Chair(man) supports a number of awards and functions which require advance planning.
- 5.3 It is extremely helpful to community groups, and to the internal administration and scheduling of the Chair(man)'s functions, to have advanced confirmation of the Councillor who will hold the office from May 2012 and their preferred style of working and availability.
- 5.4 There is no requirement on the Council to name the intended Chair(man) in advance of the Council's Annual Meeting. The Council may prefer to leave the matter until then when the election of Chair(man) for the year will by law be the first item of business on the agenda. The reasons for the recommended course of action are as set out in paragraphs 5.1 to 5.3 above.

6 RISK MANAGEMENT

- 6.1 No risk assessment related to this issue is required because the decision as to whether to make a nomination at this stage in the Council Year rests solely with the Council and does not affect the legal requirement for the Chair(man) to be elected at the Annual General Meeting in May.

7 EQUALITIES

- 7.1 The wide range of community groups who seek civic involvement in their activities through inviting the Chair(man) to their events will be helped in their diary planning by having a Councillor named as Chair(man) Designate at this stage. It will also assist the Councillor with his or her preparations for their year as Chair(man).

8 ISSUES TO CONSIDER IN REACHING THE DECISION

- 8.1 The Council's civic and corporate community interests.

9 ADVICE SOUGHT

- 9.1 The Chief Executive, the Monitoring Officer and the Section 151 Officer have had the opportunity to provide input to this report and have cleared it for publication.

Contact person	<i>Jo Morrison, Democratic Services Manager, telephone 01225 394358</i>
Background papers	<i>None</i>

Please contact the report author if you need to access this report in an alternative format

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