

**Democratic Services**

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**To: All Members of the Council**

Chief Executive and other appropriate officers  
Press and Public

Dear Member

**Council: Tuesday, 18th February, 2014**

You are invited to attend a meeting of the **Council** to be held on **Tuesday, 18th February, 2014 at 6.30 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Refreshments 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:**

<b>Conservative</b>	<b>Brunswick Room, Ground Floor</b>
<b>Liberal Democrat</b>	<b>Kaposvar Room, Floor 1</b>
<b>Labour</b>	<b>Small Meeting Room, Floor 2</b>
<b>Independent</b>	<b>Independent Group room</b>

**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 and Midsomer Norton Public Libraries.

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

3. **Webcasting at Meetings:-**

This meeting is being filmed for live and archived broadcast via the Council's website: [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast)

At the start of the meeting, the chair will confirm if all or part of the meeting is to be filmed.

The Council will broadcast the images and sound live via the internet. An archived recording of the proceedings will also be available for viewing after the meeting. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

To comply with the Data Protection Act 1998, we require the consent of parents or guardians before filming children or young people. For more information, please speak to the camera operator.

4. **Spokespersons:** The Political Group Spokespersons for the Council are the Group Leaders, who are Councillors Paul Crossley (Liberal Democrat Group), Tim Warren (Conservative Group), John Bull (Labour Group) and Bryan Chalker (Independent Group).
5. **Attendance Register:** Members should sign the Register, which will be circulated at the meeting.
6. **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.
7. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.
8. **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.

9. **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. APOLOGIES FOR ABSENCE

3. 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 **a disclosable pecuniary interest** *or* an **other interest**, (as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests)

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

4. MINUTES - 16TH JANUARY 2014 (Pages 7 - 18)

To be confirmed as a correct record and signed by the Chair(man)

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 he has agreed to consider it at this meeting. In making his 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 2014/15 - 2015/16, & BUDGET AND COUNCIL TAX 2014/15 (Pages 19 - 112)

This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2014/15 financial year together with a proposal for a Council Tax level for 2014/15.

9. TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY 2014/15 (Pages 113 - 136)

In February 2012, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, 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. 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.

10. PETITION FOR DEBATE - LONDON RD - SAFE PASSAGE FOR CYCLISTS (Pages 137 - 150)

An electronic petition has been received regarding regeneration plans for London road. According to the Council's petition scheme, if a petition with over 1000 signatures of people who live, work and study in Bath & North East Somerset is received and meets the criteria, it triggers a debate at Council.

11. NOMINATION OF CHAIR(MAN) DESIGNATE FOR 2014/15 (Pages 151 - 154)

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 2014. The Council, at its Annual Meeting on 8th May 2014, 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.

# Protocol for Decision-making

## Guidance for Members when making decisions

When making decisions, the Cabinet/Committee must ensure it has regard only to relevant considerations and disregards those that are not material.

The Cabinet/Committee must ensure that it bears in mind the following legal duties when making its decisions:

- Equalities considerations
- Risk Management considerations
- Crime and Disorder considerations
- Sustainability considerations
- Natural Environment considerations
- Planning Act 2008 considerations
- Human Rights Act 1998 considerations
- Children Act 2004 considerations
- Public Health & Inequalities considerations

Whilst it is the responsibility of the report author and the Council's Monitoring Officer and Chief Financial Officer to assess the applicability of the legal requirements, decision makers should ensure they are satisfied that the information presented to them is consistent with and takes due regard of them.

**BATH AND NORTH EAST SOMERSET COUNCIL**

**MINUTES OF COUNCIL MEETING**

Thursday, 16th January, 2014

Present:- **Councillors** Simon Allen, Patrick Anketell-Jones, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, 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, Liz Hardman, Nathan Hartley, Steve Hedges, Eleanor Jackson, Les Kew, Dave Laming, Malcolm Lees, Marie Longstaff, David Martin, Loraine Morgan-Brinkhurst MBE, Robin Moss, Paul Myers, 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, David Veale, Martin Veal, Geoff Ward, Tim Warren, Chris Watt and Brian Webber

Apologies for absence: **Councillors** Gabriel Batt, Barry Macrae, Douglas Nicol and Liz Richardson

**51 EMERGENCY EVACUATION PROCEDURE**

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

**52 DECLARATIONS OF INTEREST**

Councillor Eleanor Jackson declared an 'other' interest in item 8 – 'Children's Centres' as Secretary of Radstock Youth Partnership.

Councillor Dave Laming declared an 'other' interest in item 11 – 'River Avon Flooding' as a Phoenix Marine Boatyard operator and boatbuilder at Broadmead Lane, Keynsham, Bristol.

**53 MINUTES - 14TH NOVEMBER 2013**

On a motion from Councillor Peter Edwards, seconded by Councillor Eleanor Jackson, it was

**RESOLVED** that the minutes of 14<sup>th</sup> November 2013 be confirmed as a correct record and signed by the Chairman.

**54 ANNOUNCEMENTS FROM THE CHAIRMAN OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE**

The Chairman made the customary announcements regarding mobile phones, webcasting the meeting and a comfort break.

He also offered congratulations to the following residents of Bath & North East Somerset Council who had received honours in the Queen's New Year's list; -

### **Order of the British Empire - Commanders of the Order of the British Empire (CBE)**

- **Peter Kendal Hargreaves** Co-founder, Hargreaves Lansdown. For services to Business Innovation, Financial Services & to the City of Bristol. (Chew Magna, Somerset)
- **Christopher John Mairs** Chief Scientist, Metaswitch Networks. For services to Engineering. (Bath, Somerset)

### **Order of the British Empire - Officers of the Order of the British Empire (OBE)**

- **Hugo Rudolph Pike.** Director of Water Works Ltd For Charitable services in the UK & abroad through the Rotary Club and World Waterworks Ltd (Pensford Bristol)
- **Linda Mary Catherine, Mrs Wyon** Founder and Honorary President, Bath Child Contact Centre. For services to Children and Families. (Bath, Somerset)

### **Order of the British Empire - Members of the Order of the British Empire (MBE)**

- **Paul Ian McDermott** Senior Executive Officer, Ministry of Defence. For services to Operational Helicopter Capability. (Bath, Somerset)
- **Ms Janet Lynn Paterson** Director of Olympic Relations, British Olympic Association. For services to Sport. (Radstock, Somerset)
- **Matthew David Whittington** Senior Executive Officer, Ministry of Defence. For services to Helicopter Operational Safety. (Somerset)

### **Order of the British Empire - Medallist of the Order of the British Empire (BEM)**

- **Shirley June, Mrs Steel** For services to the community in Midsomer Norton, Somerset. (Midsomer Norton, Somerset)
- **Clare Victoria, Mrs Clilverd** For services to the community in Seagry, North Wiltshire and to Young People in Bath, Bristol and Great Somerford. (Chippenham, Wiltshire)

### **Dame Commander of the Royal Victorian Order (DCVO)**

**Lady Elizabeth Periam Acland Hood Gass (Lady Gass)** has been awarded the DCVO in the New Year's Honours.

## **55 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN**

There were no items of urgent business.



## 56 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

Statements were made by the following people;

- Bryn Jones, Transition Larkhall, made a statement regarding the plans in the gateway project for a section of the London Road in Bath, in relation to removal of the cycle path. He referred to a petition of over 1,200 signatures which had been referred for debate at the February 18<sup>th</sup> Council meeting. In response to a question from Councillor Ben Stevens about whether Mr Jones was aware that the scheme had been amended to include the reinstatement of the cycle track, he responded that he had had a meeting with officers the day before and this had not been mentioned. The statement was referred to the Cabinet member for Transport.
- Lesley Mansell, Chair of Radstock Town Council, made a statement welcoming the reduction in cuts to the Children's Centres budget but asking Councillors to think carefully about the long-term impact of further reductions which could have a detrimental effect on schools in the Radstock area which has a high proportion of SEN children. In response to a question from Councillor Dine Romero about whether Ms Mansell was aware that the intention had always been that if more money was available, it would go into Children's Centres, Ms Mansell responded that their local service was run by volunteers and so its future was uncertain. In response to a question from Councillor John Bull about universal access for all parents, Ms Mansell responded that services should be available to all, not just those families deemed as deprived. The Chair indicated that the statement would be taken into account during the subsequent debate.
- Nettie Williams made a statement as a mother and past user of the Children's Centre service. She asked a series of questions about the future plans for the service and allocation of the £500,000. Councillor Romero thanked Ms Williams for her contribution thus far, and promised to get back to her regarding her specific queries. Councillor Tim Warren asked about the effect of the Centre on her life. Nettie Williams responded that it was more about the effect on the lives of the women she saw every week. In response to a question from Councillor Liz Hardman, Ms Williams confirmed that access should be universal. The Chair indicated that the statement would be taken into account during the subsequent debate.
- Jane Carter, Branch Secretary UNISON, made a statement opposing cuts to Children's Centre services, a copy of which has been placed on the Council's Minute book and is attached electronically to the minutes. In response to a query from Councillor Dine Romero about whether Ms Carter was aware that the proposals included plans to work with parishes and those providing specialist services, not just volunteers, Jane Carter responded that she was aware, but not of the details. In response to a query from Councillor Robin Moss about whether the uncertainty for existing staff made it difficult to recruit into positions, Ms Carter responded that they were concerned about job losses, loss of skills and the impact on children. The Chair indicated that the statement would be taken into account during the subsequent debate.

- Hugo Jenks made a statement regarding funding to the Child Contact centre in Bath and raising in particular the issue of enabling contact with absent fathers. In response to a query from Councillor Dine Romero about whether Mr Jenks was aware that contact happens in the best place, not just in these Centres, Mr Jenks responded that he was making the case for this particular Centre. In response to a query from Councillor Eleanor Jackson about how many children would be affected by cuts in funding, Mr Jenks responded that he didn't have the figures but had felt compelled to put in a good word after his own positive experience. A copy of the statement has been placed on the Council's Minute book and is attached electronically to the minutes. The Chair indicated that the statement would be taken into account during the subsequent debate.
- Helen Dudden made a statement supporting the vital work of Children's Centres for vulnerable children and highlighting cases of child deaths at the hands of their parents. In response to a query from Councillor Liz Hardman as to whether early intervention from Children's Centres might have prevented some of those deaths, Ms Dudden responded that the earlier you could get to children, the more chance there was to save them. The Chair indicated that the statement would be taken into account during the subsequent debate.
- Ailsa McKenzie made a statement stressing the need for universal access to these services for all. She drew on her own experience of accessing Children's Centre services, and her professional experience as an Assistant Head Teacher and Early Years and SENCO co-ordinator. In response to a query from Councillor Liz Hardman about whether money should be targeted to the most vulnerable, Ms McKenzie responded that it was her strong belief that any service for children and families should be inclusive, not exclusive. The Chair indicated that the statement would be taken into account during the subsequent debate.

## 57 PETITION FOR DEBATE - CHILDREN'S CENTRES

The Council had received a petition with sufficient signatures to trigger a debate at Council. The title of the petition reads - "B&NES Council are planning to cut almost 40% from the Children's Services budget over the next two years, forcing drastic reductions in opening hours and the range of services at Children's Centres across Bath and North East Somerset. We, the undersigned, call on B&NES to protect our Children's Centres, and not to go ahead with its planned 38% cut to Children's Services".

Vicky Drew, lead petitioner, spoke in support of the petition.

On a motion from Councillor Liz Hardman (seconded by Councillor John Bull) and then amended by Councillor Michael Evans, seconded by Councillor Geoff Ward, it was

**RESOLVED** (unanimously) as set out below;

**This Council:**

- Thanks the organisers of the petition for bringing this matter to the attention of the Council;
- Welcomes the opportunity to debate the future of Children's Centres with the proposed cuts of 38.8% to Children's Centres services;
- Notes that a commitment has been made to publish detailed information regarding the proposed model for the future delivery of Children's Centre services but regrets that this detailed information will not be available until February 2014;
- Notes that the Cabinet has stated its intention to allocate an additional £500,000 to the Early Years & Children's Centres budget, thereby reducing the planned budget cut from £2.3m to £1.8m (38.8% to 30.4%);
- Remains concerned that the scale of the proposed budget cuts will still have a significant impact on the Children's Centre services available to some communities with a significant number of vulnerable residents, such as Odd Down, Peasedown, Paulton, Midsomer Norton and Weston village, and in areas of rural isolation such as the Chew Valley;
- Is concerned that the number and locations of the 'hub' Children's Centres, as currently being considered by the Cabinet, will result in a significantly downgraded service at the proposed non-hub Children's Centre locations

**This Council resolves:**

1. That subject to Council approval of the 2014 -15 budget in February, the additional £500,000 proposed by the Cabinet for the Children's Centres and Early Years budget become an on-going part of the base budget and that, in the event of the hub model being implemented, the majority of this additional funding be directed at supporting and protecting as much as possible the services available in the 'non-hub' centre areas, and particular to vulnerable families recognising that final allocations are determined using a needs-led formula.
2. To ask that Cabinet reassess the currently proposed number and location of its planned 'hub' Children's Centres to ensure that, if the 'hub' model is adopted, the 'hub' centres are situated in the most suitable locations so that the maximum possible Children's Centre services can continue in all communities currently served by Children's Centres.
3. To ask that the Cabinet, as part of their forthcoming budget proposals, seeks to find further additional resources to further reduce the scale of cuts to Children's Centres and Early Years services, beyond those mentioned in (1), with particular consideration given to providing additional 'pump-priming' and start-up funding to support voluntary and other organisations in taking on a greater role in the provision of Children's Centre services.

4. To instruct officers, when publishing details of the proposed model for the future delivery of Children's Centre services to identify the ways in which the proposed service specification differs from the service currently provided;
5. In respect of 4 (above), to instruct officers specifically to identify the following:
  - a. The services provided at all Children's Centres now, and services to be provided in the future;
  - b. The number of children provided for now and number of children to be provided for in the future, including information about how it is proposed to target services;
  - c. The current number and roles of staff in each Centre, and the future number and roles of staff under the proposed model; and
  - d. The opening hours for each Children's Centre now, and opening hours under the proposed model; and
6. Agrees, when considering the budget proposal at the budget-setting meeting in February 2014, to take account of a) the contributions made at this meeting and b) the detailed information provided as a result of paragraphs 3-5 (above).

[Notes:

1. *Councillor Dine Romero had moved a motion, seconded by Councillor David Bellotti, that the Council budget amendment leading to the substantial review of services, the consultation that would be held and the intention to put the £500,000 back into the base budget and thanking residents who had signed the petition on Children's Centres and contributed to the scrutiny process, and resolving to take these views into account during consideration of the 2014/15 budget. The motion was replaced by the successful amendment.*
2. *Councillor Liz Hardman moved an amendment (first 3 bullet points and 4, 5 & 6 of the resolution above), seconded by Councillor John Bull, which was carried by way of a named vote;*

**Councillors voting for (31)** – Patrick Anketell-Jones, Rob Appleyard, Colin Barrett, Matthew Blankley, John Bull, Anthony Clarke, Sally Davis, Doug Deacon, Peter Edwards, Michael Evans, Charles Gerrish, Francine Haeberling, Alan Hale, Liz Hardman, Nathan Hartley, Eleanor Jackson, Les Kew, Marie Longstaff, Robin Moss, Paul Myers, Bryan Organ, June Player, Vic Pritchard, Brian Simmons, Kate Simmons, Martin Veal, David Veale, Geoff Ward, Tim Warren, Chris Watt, Brian Webber

**Councillors voting against (30)** – Simon Allen, Sharon Ball, Tim Ball, Cherry Beath, David Bellotti, Sarah Bevan, Lisa Brett, Neil Butters, Bryan Chalker, Nicholas Coombes, Paul Crossley, Gerry Curran, David Dixon, Paul Fox, Andy Furse, Ian Gilchrist, Katie Hall, Steve Hedges, Dave Laming, Malcolm Lees, David Martin, Loraine Morgan-Brinkhurst MBE, Mandy Rigby, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Jeremy Sparks, Ben Stevens, Roger Symonds. No absences.

3. *The successful resolution as set out above was carried on a named vote*

**Councillors voting for (61)** Simon Allen, Patrick Anketell-Jones, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, Cherry Beath, David Bellotti, Sarah Bevan, Matthew Blankley, Lisa Brett, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke,

*Nicholas Coombes, Paul Crossley, Gerry Curran, Sally Davis, Doug Deacon, David Dixon, Peter Edwards, Michael Evans, Paul Fox, Andy Furse, Charles Gerrish, Ian Gilchrist, Francine Haeberling, Alan Hale, Katie Hall, Liz Hardman, Nathan Hartley, Steve Hedges, Eleanor Jackson, Les Kew, Dave Laming, Malcolm Lees, Marie Longstaff, David Martin, Loraine Morgan-Brinkhurst MBE, Robin Moss, Paul Myers, 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, Brian Webber.*

4. *At the conclusion of this debate, a ten minute recess was taken. The Council reconvened at 8.50pm.]*

## **58 MOTION FROM THE CONSERVATIVE GROUP - DORCHESTER STREET BUS GATE TRIAL**

An officer briefing note had been circulated for this item and is available on the Minute book and attached electronically to the minutes.

The Council considered a motion from the Conservative group.

On a motion from Councillor Anthony Clarke, seconded by Councillor Brian Webber, it was

**RESOLVED** that

**This Council:**

- Notes that the Council has announced that it is due to implement an experimental bus lane running eastbound on Dorchester Street from the 20<sup>th</sup> January which will be operational seven days a week from 10am to 6pm each day for a period of up to 18 months, with a view to this experimental order becoming permanent.
- Notes the concerns of residents over the Dorchester Street bus gate and the likely impact of displaced traffic on nearby roads.
- Notes that the Council's traffic assessment suggests that up to 160 vehicles an hour could be displaced onto the A36 Pulteney Road at peak times, with up to 130 displaced onto North Parade.
- Is concerned by the lack of clearly defined objectives in relation to the Dorchester Street bus gate by which the success of the trial can be judged, as well as the lack of clarity over what monitoring of traffic movements and journey times will take place during the trial period.
- Is concerned that the Dorchester Street bus gate trial is not being implemented as part of a wider traffic management strategy and prior to the publication of the draft Transport Strategy by Mott Macdonald.

- Is concerned that the Dorchester Street bus gate trial is taking place at the same time as a number of other traffic projects are due to take place, including the three month closure by the Highways Agency of the A36 as well as the Rossiter Road/Widcombe Parade works.

**Therefore Council resolves:**

1. To request the Cabinet instruct Officers to limit the trial period for the Dorchester Street bus lane to a maximum of six months, with the trial to be paused during the period of the Rossiter Road/Widcombe Parade road works if this work commences before the end of the trial period.
2. To request that Cabinet publish a set of measurable objectives against which the success or otherwise of the Dorchester Street bus lane trial can be judged.
3. To request that Cabinet instruct Officers to undertake detailed monitoring of the impact of the Dorchester Street bus lane on nearby roads during the trial period, including the amount of displaced traffic, pollution levels and journey times on nearby roads.
4. To request that at the end of the trial period the Cabinet report back to Full Council the findings of the experimental bus lane, including its impact on displaced traffic and its success or otherwise when measured against the objectives mentioned in (2) above, before deciding whether to make the bus lane permanent.

*[Notes*

1. *An amendment moved by Councillor Caroline Roberts, seconded by Councillor Paul Crossley, which noted various points rather than expressing concern and proposed that the criteria for judging success and the detailed monitoring of impact be published and for consideration of restrictions being removed when major works would be taking place on alternative routes was lost with 27 Councillors voting in favour and 33 Councillors voting against.*
2. *The original motion was carried with 33 Councillors voting in favour, 23 Councillors voting against and 4 Councillors abstaining.]*

**59 MOTION FROM THE CONSERVATIVE GROUP - A36 TEMPORARY CLOSURE AND HGV DISPLACEMENT**

An officer briefing note had been circulated for this item and is available on the Minute book and attached electronically to the minutes.

The Council considered a motion from the Conservative group.

On a motion from Councillor Martin Veal, seconded by Councillor Alan Hale, it was

**RESOLVED** that

**This Council:**

- Notes that the Highways Agency has announced plans to close the A36 between Hantone Hill in Bathampton and the centre of Brassknocker Hill in the Spring due to essential maintenance work for a period of up to three months.
- Notes that the Council was unsuccessful in its recent attempt to implement a weight restriction on the A36 due to objections from Wiltshire and Somerset Councils, as a result of concerns over the displacement of HGV traffic.
- Maintains its ambition to find ways of reducing the number of HGVs travelling into and through Bath.
- Notes that the Council is continuing its dialogue with Wiltshire Council over cross-boundary traffic issues, including HGVs travelling through Bath.

**Council resolves:**

1. To request that Cabinet instruct Officers to work with Wiltshire and Somerset Councils to closely monitor the impact of the planned A36 closure on the displacement of traffic, with particular attention paid to the alternative routes used by HGVs during the closure period, with a view to building an evidence base to support the Council's position in relation to the need to reduce HGV numbers within Bath.
2. To request that Cabinet instruct Officers to monitor the impact on visitors numbers within the city and its attractions, as well as the revenue implications to parking and heritage services during the closure period.

*[Notes*

1. *The above resolution contains wording (as underlined) proposed by Councillor Caroline Roberts and accepted by the mover and seconder of the motion.*
2. *The above motion was carried unanimously.*

**60 MOTION FROM THE RIVER CHAMPION, CLLR DAVE LAMING - B&NES SURFACE WATER AND RIVER FLOODING**

An officer briefing note had been circulated for this item and is available on the Minute book and attached electronically to the minutes.

James Hurley made a statement regarding severe flooding across B&NES and the opportunities that arose to address the challenges it brought up. In response to a question from Councillor June Player about Mr Hurley's reference to the path Wessex Water are taking, Mr Hurley responded that Wessex Water have led a management group and are working on a collaborative approach with a move towards eco system solutions which use the environment to be more resistant. A copy of the statement has been placed on the Council's Minute book and is attached electronically to the minutes. The Chair indicated that the statement would be taken into account during the subsequent debate.

Councillor Dave Laming opened the debate and moved his motion, which was seconded by Councillor Nigel Roberts.

It was **RESOLVED**

**This Council:-**

- Notes and recognises the seriousness of flooding throughout the District.
- Recognises that people look to this Council to take action to minimise the risk from flood waters and debris in accordance with the Flood Water Management Act 2010.
- Recognises that homes and businesses have been damaged and in some instances destroyed due to these flood waters and debris.
- Notes that on Christmas Eve, the City of Bath came very close to a serious flooding incident and other areas of the District have also been subjected to very serious flooding. This is becoming more frequent.

**Council therefore resolves:**

1. To recognise that there is an established command structure which takes control when a flood emergency is imminent or occurs as set out in the Bath and North East Somerset Major Incident Plan and to propose that a multi-agency response group is established to oversee the implementation of the plan.
2. To instruct Officers to establish a Flood Board in accordance with the legislation to ensure partnership working, raise awareness of flood risk, promote resilience and undertake the necessary work required by the Flood Water Management Act 2010.
3. To develop a community resilience strategy and ensure that members and partner organisations are aware of the flood plans which are in place. To make sure that the strategy and plans are future proofed and aligned with existing and planned regeneration, flood defence and flood conveyance measures.
4. To ensure that the flood plans become a vital component of the Bath and North East Somerset River Strategy and can support Bath and North East Somerset Council in its role as Lead Local Flood Authority.
5. Under the leadership and guidance of the Council's Strategic Director for Place to urgently form a Round Table Working Group from the top level decision makers of the Canal & River Trust, the Environment Agency, Wessex Water, The River Regeneration Trust, and Senior Officers from this Council to discuss the river on a wider basis including flooding issues and proposed flood mitigation projects and other aspects such as usage.



6. To send a letter, signed by the Leader and the Chief Executive, to the Secretary of State for the Department for Environment, Food and Rural Affairs (DEFRA) requesting that they urgently commit to implement all aspects of flood defence in the light of recent flooding events, and to express strong concern at any proposal to remove funding for Sustainable Urban Drainage Systems (SUDS).

*[Notes*

1. *This motion was carried with 45 Councillors voting for, 0 Councillors voting against and 12 Councillors abstaining.]*

**61 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS**

One question had been submitted by Councillor Roger Symonds. Three questions had been submitted by Councillor Brian Webber. Responses were circulated, placed on the Minute book and have been linked to the electronic record.

The meeting ended at 10.15 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Council</b>
MEETING DATE:	<b>18 February 2014</b>
TITLE:	<b>Medium Term Service &amp; Resource Planning 2014/15 – 2015/16, &amp; Budget and Council Tax 2014/15</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> – The Budget and Council Tax Proposal of the Cabinet 2014/15. This comprises a covering document, plus 5 Annexes</p> <p><b>Annex 1</b> Draft Base Revenue Budget 2014/15 – individual service cash limits</p> <p><b>Annex 2</b> Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget</p> <p><b>Annex 3</b> Draft Capital Programme 2014/15-2018/19 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.</p> <p><b>Annex 3i</b> Schools Planned Maintenance Programme 2014/15</p> <p><b>Annex 3ii</b> Corporate Estate Planned Maintenance Programme 2014/15</p> <p><b>Annex 3iii</b> Transport Improvement Programme 2014/15</p> <p><b>Annex 4</b> Minimum Revenue Provision (MRP) Policy</p> <p><b>Annex 5</b> Comparative English Unitary Authority Council Tax Levels 2013/14</p> <p><b>Appendix 2</b> – Variations to Budget</p> <p><b>Appendix 3</b> - Budget Setting Process – Advice of the Monitoring Officer</p> <p><b>Appendix 4</b> – Council Pay Policy Statement</p> <p><b>Appendix 5</b> – Community Asset Transfers</p> <p><b>Appendix 6</b> – Equalities</p> <p><b>Appendix 7</b> – Formal Council Tax Setting Resolutions (incorporating precepts from Parishes, Fire &amp; Police) – <b>TO FOLLOW</b></p>	

## **1 THE ISSUE**

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2014/15 financial year together with a proposal for a Council Tax level for 2014/15.

## **2 RECOMMENDATION**

- 2.1 That the Council approve:

- a) The General Fund net revenue budget for 2014/15 of £119.926m with no increase in Council Tax.
- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2014/15.
- c) The adequacy of reserves at Appendix 1 Table 8 with a risk-assessed level of £10.5m.
- d) The individual service cash limits for 2014/15 summarised at Appendix 1 Table 4 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 delegates the sign-off of the Better Care Plan on behalf of the Council to the Health & Wellbeing Board in consultation with the Chief Executive, the Leader and the Cabinet Member for Community Resources.

- 2.3 That the Council delegates the updating of the council's discretionary rate relief policy, to reflect the measures announced in the Autumn Budget Statement, to the Council's Section 151 Officer, in consultation with the Chief Executive and the Cabinet Member for Community Resources.

- 2.4 That the Council include in its Council Tax setting, 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.

- 2.5 That the Council notes 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.

- 2.6 That in relation to the capital budget the Council:

- a) approves a capital programme of £65.865m for 2014/15 and notes items for provisional approval in 2014/15 and the programme for 2015/16 to 2018/19 as shown at Appendix 1, Annex 3 including the planned sources of funding .

- b) delegates implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 3i to Annex 3iii to the relevant Strategic Director in Consultation with the appropriate Cabinet Member.
- c) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4
- d) approves the Capital Prudential Indicators as set out in Appendix 1 Table 6.

- 2.7 That the Council agree the Council's proposed pay policy statement, including the arrangements for senior severance practice, as set out at Appendix 4.
- 2.8 That the Council notes the approach to Community Assets as set out in Appendix 5.
- 2.9 That the Council notes the issues raised in Appendix 6 and agree that the proposals in the budget properly reflect the Council's duties under the Equalities Act 2010.
- 2.10 That the Council approves the technical resolutions that are derived from the budget report, and all figures in that report, including the precepts for towns, parishes and other precepting bodies as set out in Appendix 7.

### **3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 3.1 The resource implications are contained within the body of the report.

### **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

- 4.1 The Council is committed to ensuring that our financial decisions and the budgetary processes are subject to proportionate equality analysis.
- 4.2 Bath & North East Somerset Council can demonstrate that it has taken due regard for equality in its decisions by using a template for equality impact assessment (EqIA). Thus the Council has a written record of the equality considerations that have been taken; which include a consideration of the actions that would help to avoid or mitigate any negative impacts on people of particular protected groups.
- 4.3 Our decisions are supported by a strong evidence base (through effective use of equality mapping and Joint Strategic Needs Assessment) assisting to make our decision-making processes more transparent. The EqIA can be updated and amended as new information is made available.
- 4.4 When a budget proposal has implications for people covered by the Equality Act 2010 an equality analysis must be carried out (using the EqIA template) and considered before decisions are taken on the proposal. The decision maker must assure themselves that they are fully apprised of the equality implications of the decision proposed and should not assume the proposal must be approved. The report should contain a summary of the key findings from the EqIA and the decision maker should consider the full EqIA, which should be attached to the report. It is not sufficient for the decision maker to have only a summary of the EqIA or for there just to be to a link to the EqIA in the report to the decision maker.

4.5 Other issues considered 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.

4.6 See Appendix 6.

## 5 THE REPORT

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

- Its medium term service and resource planning financial assumptions which set the basis for the draft budget proposal for 2014/15.
- Its draft budget proposal for 2014/15 (Appendix 1). This provides the detail of the second year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2014/15, together with capital commitments for future years, and recommends a level of Council Tax for 2014/15.

5.2 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 £3.5m or 2.9% decrease in the non-schools budget to £119.926m
- An increase in the DSG estimated at £1.1m with total funding of £117.7m (including academies). The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Additional resources are also provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
- 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.

5.3 It is important to be clear on the process to be followed in setting the 2014/15 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.

5.4 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 18<sup>th</sup> February and any decision having to be deferred until the reserve date on 27<sup>th</sup> February. This includes potential delays to the Council Tax billing process.

5.5 The Council's pay policy statement as required under The Localism Act 2011 legislation is set out at Appendix 4.

5.6 The budget proposal also sets out the proposed approach to Community Asset transfers in Appendix 5.

## 6 RATIONALE

- 6.1 The rationale for the recommendations is contained in the supporting paper to this report.
- 6.2 The Council's Section 151 Officer is the Divisional Director – Business Support. 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.

## 7 OTHER OPTIONS CONSIDERED

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

## 8 CONSULTATION

- 8.1 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 included four Budget Fair's (Bath, South Bath, Keynsham and Midsomer Norton), enabling cross service consideration of the range of proposals by a range of stakeholders.
- 8.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.
- 8.3 Comments received from consultation, including the Budget Fair, Policy Development and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

## 9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 9.2 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.

<b>Contact person</b>	Tim Richens, Divisional Director – Business Support (01225) 477468
<b>Background papers</b>	Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels during November 2013. Consultation Response Summary – Report to Resources PDS 10 <sup>th</sup> February 2014 Financial Settlement 2014/15 to 2015/16, CLG website
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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## THE BUDGET PROPOSAL OF THE CABINET 2014/2015

### Budget Headline

This is the second year of the period covered by the 2013-14 to 2015-16 medium term plans. The plans were underpinned in the Budget approved by Council in February 2013.

The proposed 2014/2015 Budget focusses on the variations required to the three year plan and continues to focus on protecting high priority frontline services and investing in the future of our area, promoting new homes and jobs.

We are proposing that Council Tax is frozen in 2014/15 for the fourth consecutive year, recognising the on-going pressure on household incomes. The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,201.85 which represents no change on the previous year (no increase).

The proposed net revenue budget for Bath & North East Somerset Council next year, 2014/15, is £119.926m, a net cash reduction of £3.524m on the previous year. This reflects the impact of significant cuts in government grant funding amounting to 9.6% for 2014/2015.

### The Budget Context

The financial challenge was summarised last year equating to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. The challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased this challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).
- The Spending Review 2013 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these.
- The Local government Finance Settlement on 18<sup>th</sup> December 2013 which confirms the anticipated reductions in grant funding for 2014/15 and 2015/16.

Total reductions in Government Grant Funding are now estimated to average 10.8% per annum over the period 2011/12 to 2015/16 as set out in Table 1 below:

**Table 1: Reduction in Government Grant Funding**

	2011/12	2012/13	2013/14	2014/15	2015/16
Actual B&NES Funding Reduction	-13.5%	-8.3%	-9.4%	-9.6%	-13.4%

These changes, together with the existing savings to be identified, mean further savings totalling at least £6m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 the Budget focuses on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal. The specific variation proposals together with the new and emerging priorities are set out in more detail within this report.

The Cabinet's aim remains to achieve the medium term plan with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes.

The Council has a prudent level of reserves and can use these to smooth the effects of policy changes and additional financial challenges.

The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 3 year plan which starts in 2016/2017, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

### **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 2014/2015. Annex 1 provides the breakdown of the Budget for 2014/2015.

Section 2 sets out the position regarding the WoE City Region Deal.

Section 3 sets out the recommended capital programme for 2014/2015 including the indicative capital programme through to 2018/2019. 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 2014/2015.

**Table 2: Summary Net Revenue Budget and Capital Programme 2014/15 – 2015/16**

	<b>2014/15</b>	<b>2015/16</b>
<b>Revenue Budget Funding:</b>	<b>£m</b>	<b>£m</b>
Council Tax	72.632	72.782
Council Tax Freeze Grant	0.800	1.590
Revenue Support Grant	26.469	19.505
Retained Business Rates (after tariff)	20.954	21.237
Reserves & Collection Fund Surplus	(0.929)	0.232
<b>Total Funding</b>	<b>119.926</b>	<b>115.345</b>
<b>Net Revenue Budget Spend</b>	<b>119.926</b>	<b>115.345</b>
<b>Capital Programme – for approval</b>	<b>65,865</b>	<b>3,800</b>
<b>Capital Programme - for provisional approval (subject to)</b>	<b>35,817</b>	<b>30,750</b>

**Note:** Revenue Budget figures beyond 2014/2015 are indicative only. Some of the figures in the table are affected by rounding.

## Section 1 – The Revenue Budget for 2014/2015

### The Budget Proposal

Each Directorate of the Council prepared a detailed Medium Term Service and Resource Plan (MTSRP) covering a full three-year period from 2013/2014 to 2015/2016. These plans were agreed as part of the Budget in February 2013 and progress against each of these was reported to the relevant Policy and Development Scrutiny (PDS) Panel throughout November 2013.

The MTSRP's set out the specific service and resource requirements for 2013/2014 to 2015/2016. Feedback from the individual PDS panels, the four Budget Fairs, the community, trade unions and other stakeholders has been considered by the Cabinet in arriving at the proposed Budget for 2014/2015.

The proposed Budget continues to recognise the very difficult financial challenge now facing the whole of the public sector and the increasing need to prioritise resources. The following principles have continued to be used to support this:

- Protecting frontline services;
- No increases in Council Tax;
- Investing in homes and jobs for local people.

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 will increasingly mean difficult choices.

The Budget proposal for 2014/2015 sets out the variations to the medium term plan approved by the Council in February 2013 that have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- The provisional Local Government Finance Settlement
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes
- Changes to the Council Tax Base

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

### **Corporate Assumptions**

The key assumptions which underpin the budget are summarised below – full details are included at Appendix 3:

- A pay increases of no more than 1% in each year of the MTSRP 2013/2014 to 2015/2016.
- Continued low rates of interest from treasury management cash investments of 0.5% per annum. The Council will maintain a minimum cash policy.
- Provision for a 2% per annum increase in the level of the employers' contribution to the Local Government Pension Fund has been provided for within the MTSRP, recognising the outcome of the Actuarial Review in 2013.
- Balanced budgets are achieved for 2013/2014 with no related on-going funding pressures.
- No general inflationary provision – specific inflation has been provided and identified as growth within service areas based on specific service circumstances and contractual commitments
- That capital funding is provided as far as possible from Capital Receipts and internal cash flow. New borrowing will be kept to a minimum subject to market conditions.
- Fees and charges set by statute will be calculated in accordance with defined calculations under statutory guidance.
- The level of discretionary fees and charges are delegated to Officers, in consultation with the relevant Cabinet member, will generally increase in line with the increase in the costs of the relevant service.
- No increases are proposed to Car Parking Charges during 2014/2015.
- Park and Ride Charges – charges are now set by the operator within agreed contractual limits.

### **Government Grant Funding**

The provisional Local Government Finance Settlement was announced on 18 December 2013 and provided government grant funding figures for 2014/15 together with indicative details for 2015/2016.

This showed the Council's funding baseline for 2014/2015 reducing by 9.6% and then by a further 13.4% in 2015/2016. Whilst these numbers represent a significant reduction of £11.4M in cash terms over the two years, this is in line with the scale of cuts we were anticipating in the updated medium term financial plan.

The funding baseline itself takes account of the start-up funding baseline for the Localised Business Rate element so the overall reductions in Revenue Support Grant (RSG) equate to far larger percentages (17% and 26% respectively for 2014/15 and 2015/16). In reality reductions to RSG will look increasingly large in percentage terms as the Government seeks to take the cash reductions from an increasingly reducing pot of RSG funding.

This settlement confirms that B&NES Council will remain one of the lowest funded unitary authorities in fact the Council has the 9<sup>th</sup> lowest spending power per dwelling when comparing all Unitary Authorities for 2014/2015.

Revenue Support Grant now includes the grant funding support for the Local Council Tax Support Scheme which became a new responsibility for local government in 2013/14. The local scheme for the Council was designed to ensure the 10% reduction in funding provided by the government at the time was captured within the scheme itself. The actual grant funding now provided by the government is effectively lost as the grant has been merged with RSG – the overall cuts to which are set out above. No further changes have been made to the LCTSS by the Council for 2014/2015.

The New Homes Bonus Scheme which provides funding for new homes brought into use and included in the Council Tax Base, was provisionally confirmed at a total of £2.665m for 2014/2015. This is the fourth year for funding for New Homes Bonus and includes an additional £0.688m for 2014/2015. The New Homes Bonus scheme runs for 6 years from the year of initial allocation. This funding is un-ring-fenced and is currently fully allocated as part of the overall revenue budget supporting all Council services.

Potential changes proposed to allocation of the New Homes Bonus Scheme for 2015/2016 initially set out in the Spending Review in the summer of 2013, were not implemented in the Provisional Financial Settlement.

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year – 2014/2015. The grant is equivalent to a 1% Council Tax increase and is confirmed as being included in the baseline grant funding calculations going forwards.

The Settlement announcement confirmed the requirements for a council tax referendum, where any council increases council tax by more than a prescribed level. This was originally stated to be 2% however, the government is currently reviewing this figure and no announcement is expected before early February 2014. There is some speculation that this figure may reduce below 2%. This is clearly irrelevant for councils accepting the council tax freeze grant although the position in relation to other precepting bodies including police, fire and parish and town councils, is key for the overall council tax setting decision.

## **Retained Local Business Rates**

The 2014/2015 financial year will be the second year of operation of the retained local business rate shares although with the first year yet to be completed and uncertainty still exists on many aspects of the new arrangements.

The Council now retains about a third of all future growth in business rates which, comprises 49% of growth less a levy payment of 31p in every £1 to provide for a national safety net.

Whilst the Council benefits from new growth it also bears 49% of the cost of reductions in business rates from for example, appeals, business closures or relocations, charitable reliefs etc. A national safety net will be provided where business rates reduce by over 7.5%, equivalent to approximately £2M for the Council.

As part of the Autumn Budget Statement and the provisional Local Government Finance Settlement the Government announced the introduction and extension of a range of business rate reliefs including small businesses, new retail premises and a cap on the annual inflationary increase. This includes the following two business rate measures which will require delivery through the Council's local discount powers (under s47 of the Local Government Finance Act 1988):

- A discount of £1,000 for shops, pubs and restaurants with a rateable value below £50,000 for two years up to the state aid limits, from 1<sup>st</sup> April 2014;
- A 50% business rates relief for 18 months – between 1 April 2014 and 31 March 2016 – for businesses that move into retail premises that have been empty for a year or more;

It is requested that authority to update the council's discretionary relief policy to reflect these new temporary reliefs is delegated to the Council's Section 151 Officer, in consultation with the Chief Executive and Cabinet Member for Resources.

The Government has indicated that the cost of all these reliefs will be met through the "New Burdens" provisions. We still await full details of how some of these payments will be made.

As part of the proposed Budget, reasonable assumptions have been made for likely future Business Rates and actual experience for first year of operation will help inform future Budget setting assumptions. Any surplus or deficit on the Business Rate Collection Fund will be transferred to an earmarked reserve for consideration as part of the Business Rates calculations for 2015/2016.

The introduction of the West of England City Deal for 2014/2015 should have no impact on retained local business rates as the pooling arrangements will include a "no worse off" provision. Further details of the City Deal are set out in the Section 2 of this report.



## **Social Fund**

In April 2013 the Council started to operate a Local Welfare Support Scheme, which was funded by the DWP to the sum of £249k following the abolition of the Social Fund.

Customer Services set up a dedicated team to administer this new provision in accordance with a newly established Welfare Support Policy which enables additional financial support to be given to the most vulnerable Members of our Community with payment towards short term support such as essential food supplies, and essential household items. The scheme has also been used to give short term support to those struggling to pay Council Tax following the introduction of the new Council Tax Support Scheme.

We are on course to spend the full award this year and the same amount of money has been provided for 2014/15.

The provisional settlement has indicated that the award of this funding will change from 2015 onwards and will no longer be provided as a specific grant to the Council, instead forming part of the RSG settlement. The Cabinet will bring forward proposals for how this will be funded as part of the 2015/2016 Budget process.

## **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 2013/2014 is complicated by the conversion of several schools to academies, and the transfer of additional responsibilities into the DSG from other funding routes. The overall increase in the DSG is estimated for 2014/2015 at £1.1m with total funding of £117.7m. The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Additional resources are also provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.

Whilst the Dedicated Schools Grant (DSG) is being allocated to Local Authorities on a cash freeze basis. In 2014/2015, The Pupil Premium allocations for maintained schools are increasing from £900 to £1300 per Free School Meals (FSM) primary pupil, from £900 to £935 per FSM Secondary pupil and from £900 to £1900 for pupils in categories of being Looked After. This increase will bring the total payable to B&NES schools to £2.85m in 2014/2015, an increase of £650k. This represents approximately a further 0.85% increase in overall resources for schools.

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 £39.9m in 2014/2015 leaving £77.8m payable to the Council.



This recoupment by the DFE is based on 10 secondary, 3 special and 3 primary academies in 2014/2015. It is difficult to assess whether there will be more schools converting to academies over the next year.

Further budget changes to council funding are generated by the creation of the Education Services Grant (ESG) to replace the recoupment process for resources for academies taking on the statutory responsibilities of the council. Schools converting to academies and the Local Authority will be allocated resources that were originally part of the local government settlement. The grant allocations are based on pupil numbers in the establishments with academies being funded directly and the Local Authority receiving the allocation for all maintained schools. As schools convert to academies the resources allocated to the Local Authority under the ESG would diminish on a per pupil basis.

### **The Better Care Fund**

As part of the provisional local government finance settlement, the government have introduced the Better Care Fund to be spent locally on health and social care. The purpose of the fund is to drive closer integration and improve outcomes for patients, service users and carers through the establishment of pooled budgets.

Nationally this amounts to some £3.5bn in revenue funding by 2015/2016 although crucially the majority of this is not new money, it is a reprioritisation of existing Health Service funding.

This Council already has a well-established integrated partnership in place with the Bath and North East Somerset Clinical Commissioning Group. This includes significant arrangements for shared funding and pooled budgets to support community health and social care.

The 2014/2015 Budget proposal already incorporates the following financial provisions which will now be classified as falling within the Better Care Fund:-

- £2.6M of Section 256 Funding in the Council base budget to support adult social care services.
- £608K of initially one-off funding in 2014/2015 to potentially support set up costs for the implementation of the Care and Support Bill, the Dilnot Social Care Funding Cap, and development of performance metrics.

For 2015/2016 further work will be undertaken to clarify the allocation of funding to the Council as part of the Better Care Fund. This will be subject to further development and planning with the Clinical Commissioning Group and relevant health service providers. The specific proposals for this Fund will form part of 2015/2016 budget process.

In accordance with government requirements, the Council, Clinical Commissioning Group and Health and Wellbeing Board will be required to sign of a Better Care Plan by 31 March 2014, outlining how the Fund will be used to improve a range of health and social care outcomes.

This Better Care Plan is currently being drafted and it is recommended that the Council should delegate sign-off of the Better Care Plan to the Health and Wellbeing Board in consultation with the Chief Executive, Leader and Cabinet Member for Community Resources.

### **Variation Budget Savings**

The medium term service and resource plan covering the period 2013/14 to 2015/2016 was agreed as part of the Budget process in February 2013. This included a range of actions to meet the majority of the anticipated financial savings required over this period.

This plan indicated that further savings of £1.1m and £2.9M remained to be identified for 2014/2015 and 2015/2016 respectively to fully close the anticipated budget gap.

In addition to this existing budget gap, a range of further variations to the medium term plan approved by the Council in Feb 2014 have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap.

Where possible these proposals for variation budget savings will avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis.

Full details of the variations are set out at Appendix 2

### **Resource Allocation including Recurring and One-Off Funding**

The Cabinet has considered the allocation of recurring and one-off funding to meet resourcing priorities. This recurring or one-off funding 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 savings proposals
- Adjustments to corporate finance items
- Calculation of the Council Tax Base
- Calculation of the Retained Local Business Rates
- One-off funding provisions and variations, for example the council tax collection fund surplus (or deficit).

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

On-going Resourcing Allocations - £1.4M

The following allocations are to be made for the available on-going funding resources:

- £500K to reduce the overall saving required from Early Year and Childrens Centres.
- £100K to reduce the overall saving required from Public Protection Services.
- £800K will be allocated to the Financial Planning Reserve with the recurring funding allocated to help meet the significant funding gap for 2015/2016.

These allocations provide a prudent balance between addressing current funding priorities and recognising the scale of the future financial challenge.

One-off Headroom Allocations - £1.6M

These following allocations are to be made from the anticipate Council Tax Collection Fund Surplus:

- £375K to the Green Deal, Energy at Home scheme spread over 2014/15 and 2015/16.
- £150K to provide for the delivery of a Keynsham wide regeneration delivery plan.
- £75K to meet initial IT set up costs to maintain compliance with the Government Public Service Network requirements for data security.
- £80K to provide for reviews of Council Tax Single Person Discounts and large NNDR payers. This will provide the potential for enhanced future income.
- £63K to meet the anticipated costs, net of sponsorship, for hosting a Tour of Britain cycle race stage in the Council area in 2014.
- £120K to meet the one-off cost of delaying the reduction in the numbers of public conveniences for up to one-year to provide further time to consider opportunities for alternative provision.
- £107K per year for two years (total £214K) to support the aims of the proposed adult advice and information strategy.
- £523K to the Financial Planning Reserve.

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.

## **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 2014/2015 is stated as being included in baseline funding for 2014/15 and beyond. The income from the grant is equivalent to a 1% increase in council tax.

The government has also indicated that a similar level of financial support will be available in addition to support a council tax freeze in 2015/2016. This will create the opportunity for the Council to consider a freeze council tax levels again in 2015/2016.

### **The proposed Council Budget utilises the council tax freeze grant and provides for a zero increase in Council Tax for 2014/2015.**

The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,201.85 which is no change on the previous year. Comparative details of the council tax levels from English Unitary Councils for 2013/2014 are attached at Annex 5 and illustrates that the council tax for this Council remains below the average level.

## **Future Years**

The Medium Term Service and Resource Plans were constructed to cover the 3 years 2013/14 – 2015/16 in line with the specific budget priorities and the council policy framework.

The MTSRP's together with the variation items set out in this Budget proposal provide clear actions to address the estimated Budget funding shortfall faced by the Council over this period, including a balanced Budget for 2014/2015

Table 4 below summarises the resource allocation from this Budget proposal together with the anticipated position for 2015/2016.

Whilst the Budget proposal provides for financial balance in 2014/2015, further work will be undertaken to present a balanced Budget for 2015/2016.

We cannot be certain about local government funding from 2016/2017 onwards although we expect the financial challenge facing the public sector to continue until at least 2018/2019 in line with the Government's Autumn Budget Statement in December 2013.

At this stage there is insufficient information available to identify the full scale of future funding pressures for 2016/2017 and beyond albeit there are a number of factors which we can identify that will impact on local government funding at this time, including:

- Continuing reductions in the national control total for local government funding – we assume this will be at least 9% per annum for this Council or £4M in cash terms.
- A significant increase in employers national insurance contributions to fund the new national pension arrangements – equivalent to £2.5M in cash terms for this Council.

- The impact of the new funding arrangements for Adult Social Care arising from the Care and Support Bill – the full implications of this have yet to be assessed.
- The likelihood of increasing pay inflation.
- The potential impact of changes to interest rates and the revenue cost of meeting the Council's full borrowing requirement.

Given the scale of savings already achieved and those outlined in the MTSRP's and this Budget, it is likely that future savings will require prioritised changes to Council services. A rigorous process will therefore need to be applied to the development of the Council budget and medium term financial planning process going forwards to enable resources to be prioritised between service areas.

### **Revenue Budget Proposal – The Headline Numbers**

The proposed revenue budget for 2014/2015 represents:

- A net £3.5m or 2.9% decrease in the non-schools budget.
- An increase in the DSG estimated at £1.1m with total funding of £117.7m (including academies). The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Additional resources are also provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
- 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 2014/2015 of £119.926m. Table 3 below, and Annex 1 to this Appendix, show the build-up of the recommended 2014/2015 revenue budget, compared to the rolled forward base budget from the current year.

Table 3: High Level Build-up of the 2014/2015 Budget (detail in Annex 1)

Description	£'000
<b>Total Base Budget rolled forward – 2014/2015 (after removal of one-off items in 2013/2014 Budget)</b>	<b>123,450</b>
One-off Allocations	845
Contractual and Unavoidable Inflation	3,457
New Legislation / Government Initiatives	443
Increased Service Volumes	1,372
Other / Technical (Including Capital Financing)	1,238
<b>Total including Growth</b>	<b>130,805</b>
Change Programme & Efficiency Savings	6,263
Increases in Income from fees, charges and other grants	2,070
Service Reduction	2,546
<b>Total Savings</b>	<b>10,879</b>
<b>Recommended Net Revenue Budget 2014/2015</b>	<b>119,926</b>

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2014/2015. These are shown in **Annex 1** to this Appendix. Table 4 shows the resource allocation for 2014/2015 and 2015/2016 by service area.

Table 4: Resource Allocation 2014/2015 to 2015/2016

SERVICE AREA	2014/2015			2015/2016
	GROWTH (£M)	SAVINGS (£M)	CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)
<b>Adult Social Care &amp; Housing</b>	1,920	1,582	<b>58,281</b>	<b>58,976</b>
<b>Children's Services</b>	396	663	<b>23,317</b>	<b>21,654</b>
<b>Place</b>	1,344	2,171	<b>24,865</b>	<b>24,295</b>
<b>Resources &amp; Support Services</b>	857	3,302	<b>7,450</b>	<b>5,922</b>
<b>Corporate &amp; Agency</b>	2,838	3,161	<b>6,013</b>	<b>7,873</b>
<b>Totals</b>	<b>7,355</b>	<b>10,879</b>	<b>119,926</b>	<b>118,720</b>
<b>(Savings to be identified)</b>				<b>(4,175)</b>
<b>Less use of retained on-going headroom from 2014/2015</b>				<b>800</b>
<b>(Savings remaining to be identified)</b>				<b>(3,375)</b>
<b>Medium Term Financial Planning Total</b>				<b>115,345</b>

The Cash limits for 2015/2016 are at this stage indicative and will be reviewed as part of the Medium Term Service & Resource Planning process for 2015/2016 onwards.

## Section 2 – West of England City Region Deal

### Background

The WoE City Region Deal has been agreed between Government, the WoE Councils and the WoE Local Enterprise Partnership (the LEP).

One of the key elements of the deal is a Growth Incentive whereby the WoE Councils will retain 100% of the business rates growth in the five WoE Enterprise Areas. The business rates will be pooled with those from the existing Temple Quarter Enterprise Zone and, after providing funding to ensure the Councils are “no worse off”, the pool will make a significant financial contribution of up to £500m into a WoE Economic Development Fund. This will support an overall package of up to £1bn of investment in the local economy.

### The Revenue Budget 2014/2015

The business rate pooling arrangements within the City Region Deal will need to be considered in terms of impact on this Council’s revenue budget in the future.

The City Region Deal provides a licensed exemption from the effects of the resets and levies of the local government finance system in the five Enterprise Areas over 25 years, enabling the WoE to retain 100% of growth in business rates against an agreed baseline in the Enterprise Areas and Temple Quarter Enterprise Zone.

The pool will make a significant financial contribution (up to £500m over 25 years) into the Economic Development Fund which will support an overall package of £1bn of investment in the local economy. Income will also be used to ensure no Council will be worse off compared to the local government finance system, and to manage local demographic and service pressures arising from growth.

The “no worse off” payment will be the first call on the pool and will ensure each Council is paid what it would have received under the local government finance system. In this respect no Council should have any direct financial impact as a result of signing up to the City Region Deal.

A payment to each Council to mitigate local demographic and service pressures arising from the additional growth may also be made in the future. However, it is important this payment only grows in proportion to the level of growth being generated and a ratio of 5:1 has been assumed (for every £5 paid into the Economic Development Fund there will be a £1 payment made for local demographic and service pressures). To support cash flow in the early years and prioritise investment in unlocking the growth sites earlier, these payments will not be paid to Councils in the first 5 years of the City Region Deal. The amount payable to the EDF is capped at £500M and any funding over this level is fully allocated to local demographic. Should this situation arise it will be close to the end of the 25 year period of the City Region Deal.



The Council's future revenue budgets will be updated for the inclusion of the funding streams outlined above, together with, the impact of any revenue support costs for critical infrastructure or other high priority schemes approved by the West of England Local Enterprise Partnership.

The Avon Fire Service does not form part of the City Region Deal although it does currently receive 1% of the total business rate growth. In order to ensure the Fire Service is "no worse off" as a result of the City Deal, it is recommended that each Council passes on this element of their "no worse off payment" to the Avon Fire Service as an annual grant amount. This will remain revenue neutral for each Council.

### **Economic Development Fund and the Capital Programme**

Work has been undertaken by the WoE Office and the Councils to identify a list of critical infrastructure and other high priority schemes which are required to unlock the Enterprise Areas or advance development and hence the economic benefits to the sub-region.

The LEP will be considering approval of an initial indicative programme of schemes from this list. This initial programme will still be subject to economic benefit justification via the submission of a detailed business case before final approval is given. Agreed funding (for capital and borrowing costs) can then be drawn from the Economic Development Fund as the project is completed.

Each Council will need to consider the inclusion within their capital programme of critical infrastructure or other high priority schemes as they develop business cases for consideration by the LEP.

It is important to recognise that whilst a Council can borrow to fund the full cost of an approved scheme, the level of revenue support they receive back to support this borrowing will always be limited by the available funds of the Economic Development Fund.

Therefore, it should be noted that there is still a risk to the timing and total level of funding that maybe available to the LEP through the City Region Deal. Ultimately, the LEP will only be able to commit the actual funding it has within the Economic Development Fund at any point in time. The future funding risk will need to be accepted and carried by the respective Council.

Section 3 of this Report, sets out this Council's capital programme including appropriate reference to emerging schemes for consideration against the Economic Development Fund.

## Section 3 – The Capital Budget for 2014/2015

### Introduction

The Cabinet's proposals for the Council's capital programme are limited to a number of specific new additions to the existing approved programme full details of which are set out in this Section.

This Capital programme proposals:

- Limits new commitments to items which are in line with Council priorities and objectives and which are funded either from external sources, from anticipated future capital receipts, or where the potential costs of borrowing can 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.

The MTSRP's recognise the intention to minimise new borrowing in the current market climate and fund the capital programme from a mixture of future capital receipts and internal cash flow wherever possible. However the decision on the timing of new borrowing will be driven by market factors, particularly movements in interest rates to provide overall value for money to the Council.

The projected capital receipts for the period 2013/2014 to 2017/2018 were shaped by the Property Review and proposals for development of Council owned sites. These projected receipts are kept under regular review to ensure the latest position is reflected in budget planning and all existing and future projected capital receipts will be utilised to support the general financing of the Council's Approved Capital Programme.

The presentation of the Capital Programme retains the clear 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.

### **Recommended Programme for 2014/2015**

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 2014/2015, comprising both the programme for Full Approval of £65.865m and a programme for Provisional Approval (subject to) of £35.817m, as shown in

## APPENDIX 1

Table 5 below. This table also shows the indicative capital programme and funding at summary level for 2014/2015 to 2018/2019. **Annex 3** shows the total capital programme for 2014/2015 to 2018/2019 in more detail.

**Table 5: Summary Capital Programme and Financing 2014/15 - 2018/19**

**For Approval**

Capital Scheme	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
Place	33,692	3,251	580	40	50	37,613
People & Communities	7,355	435	0	0	0	7,790
Resources & Support Services	24,818	114	25	90	135	25,182
<b>Total</b>	<b>65,865</b>	<b>3,800</b>	<b>605</b>	<b>130</b>	<b>185</b>	<b>70,585</b>

**For Provisional Approval (Subject to)**

Capital Scheme	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
Place	14,044	9,855	11,503	1,421	46	36,869
People & Communities	6,075	9,240	8,149	1,065	0	24,529
Resources & Support Services	15,698	11,654	2,307	1,757	0	31,416
<b>Total</b>	<b>35,817</b>	<b>30,750</b>	<b>21,959</b>	<b>4,243</b>	<b>46</b>	<b>92,814</b>

<b>Grand Total</b>	<b>101,682</b>	<b>34,550</b>	<b>22,564</b>	<b>4,373</b>	<b>231</b>	<b>163,399</b>
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**Funded By**

Financing	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
Grant	32,434	13,584	12,594	487	0	59,099
Capital Receipts/RTB	14,454	10,117	6,106	11,000	0	41,677
Revenue	2,599	1,394	563	478	0	5,034
Borrowing	49,401	8,134	2,886	-7,692	231	52,960
3 <sup>rd</sup> Party (inc S106)	2,794	1,320	415	100	0	4,629
<b>Total</b>	<b>101,682</b>	<b>34,550</b>	<b>22,564</b>	<b>4,373</b>	<b>231</b>	<b>163,399</b>

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

**Funding**

The revenue budget for 2014/2015 and the Medium Term Service and Resource Plans for 2015/2016 provide for the revenue consequences of the Council borrowing in support of capital expenditure where appropriate.

A desire to minimise the planned levels of external borrowing continues to be recognised within the funding arrangements for the Capital Programme. It is anticipated that all current and future capital receipts will be utilised, together with the Council's internal cash balances to fund the Capital Programme. However the decision on the timing of new borrowing will be driven by market factors, particularly movements in interest rates to provide overall value for money to the Council.

The Capital Programme assumes the following achievement of capital receipts:

- 2014/15 = £14.3M
- 2015/16 = £10.0M
- 2016/17 = £ 6.1M
- 2017/18 = £11.0M

This prudent assumption recognises the difficulty in accurately projecting the actual level of capital receipts over longer-term periods.

The £3m set aside in an earmarked revenue reserve for affordable housing and capital development in 2010/2011 is maintained to support the provision of affordable homes in the Bath Western Riverside development. This will be reviewed during 2014/2015 in light of actual levels of Right to Buy capital receipts which will remain the preferred funding mechanism for this affordable housing commitment.

### **New Schemes within the Capital Programme**

#### **Highways Structural Maintenance**

The Highways Structural Maintenance budget is included for **Provisional Approval** at £3.788m funded wholly from direct government grants including additional Highway Maintenance Funding of £353K to recognise deterioration due to adverse weather.

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. Further detail on proposed schemes will be considered by Cabinet in April 2014 for decision.

#### **Highways Surfacing – Additional Funding**

Additional essential Maintenance and upgrading of highway and footway surfaces will be addressed with a **Provisional Approval** of £2.0m.

The proposed programme of work will help address the backlog of maintenance and improve the condition of the highway network, reducing the whole life costs of maintaining roads through earlier intervention. Further details will be considered by Cabinet in April 2014 for decision.

### **Highways Structures – Additional Funding**

This investment will address backlog maintenance issues and help to ensure traffic can move efficiently on the highway network. This project will ensure compliance with the Council's statutory duties under the Traffic Management Act and Highways Maintenance Act. **Provisional Approval** of £2.0m and further details will be considered by Cabinet in April 2014 for decision.

### **Footway Improvement in the Highways – Additional Funding**

It is proposed to enhance the quality of substandard footways in the district. This project supports the key objective of encouraging walking as sustainable travel and by resurfacing footways at the optimum time the council is saving the costs of more expensive and disruptive repair works. **Provisional Approval** of £400K and further details to be considered by Cabinet in April for decision.

### **Flood Protection in Chew Magna**

A pilot scheme to implement Property Level Protection against flooding (PLP) to a number of properties in Chew Magna was funded from a government grant. As a condition of the grant, the success of the scheme has been reviewed and highlights the need for further work to increase the protection offered. These additional works are essential to safeguard residents from the considerable distress and damage resulting from flooding. **Provisional Approval** of £200K subject to further design being presented.

### **Weston Flood Protection Scheme for Provisional Approval of £2M**

The Weston, Bath Flood protection scheme is an approved Environment Agency Scheme funded by a Flood and Coastal Risk Management Grant for delivery by the Council in 2014/2015. The scheme is subject to the consideration of a detailed project cost and delivery plan.

### **Cycling and Walking Schemes**

Continuation of the cycling infrastructure programme started in 2013/14 aimed at encouraging and promoting cycling as part of the healthy living and sustainable transport initiatives. **Provisional Approval** of £250K subject to further design and project plan being presented by May 2014.

**Grit Bins and Snow Warden Equipment for Provisional Approval of £50K**

It is proposed to further develop and enhance the voluntary Snow Warden scheme which has been implemented in some parts of the authority's area. This funding is intended to support the provision of equipment and infrastructure to support people within the community helping to keep our network of pavements and roads free of ice and snow during severe weather.

**Royal Victoria Park Skate Park and Open Space Improvements**

Replacement of the existing skateboard area with new skate park together with improvements to litter bins, recycling facilities, seating and the installation of a BBQ area. A **Provisional Approval** for a total of £300K subject to further design and project plan being presented

**East of Bath Skate Park for Provisional Approval of £100K**

Contribution to an additional local skate park facility in an open space to the east of Bath.

**Improvements at the Sandpits for Provisional Approval of £40K**

Project to improve drainage, play equipment and facilities, subject to further design and a project plan being presented.

**Queen Square improvements for Provisional Approval of £100K**

Project to enhance the Square along the lines previously consulted upon and to modify the highway in order to enable future closure of part of the Square to support events.

**Litter Bins for Provisional Approval of £20K**

Funding to support the provision of additional new bins and the replacement of existing, life-expired bins and benches within the public realm.

**Play Equipment for Provisional Approval of £100K**

Funding to support the additional provision of new play equipment and the replacement of existing, life-expired play equipment in consultation with local members and Cabinet.

**Great Dell Walkway for Provisional Approval of £25K**

To re-provide the Great Dell Walkway which has been closed for three years due to deterioration and safety concerns.

**Public WC Conversions**

To develop concessionary opportunities alongside public toilets to increase use of Council assets, minimise liability and retain local toilet provision. A **Provisional Approval of £100K** subject to further design being presented.

**Leisure Centre Capital Maintenance.**

Condition reports have identified the need to undertake property maintenance and repairs at the Council's Leisure Centres. High priority works will be undertaken in order to maintain properties in adequate order for customers and to avoid excessive liabilities within the new contract. Any spend would be met from payments made by the current contractor as a result of a secured contract renegotiation. This is for **Provisional** approval subject to a detailed costed project and delivery plan.

**Local Transport Improvement Schemes for Full Approval of £1.429m**

The Local Transport Improvement Schemes budget is included at £1.429m funded from remaining government grant and section 106 contributions. The 2014/2015 schemes proposals will focus on supporting the Joint Local Transport Plan approved with our WoE partner authorities and the 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. A detailed list of proposed priorities for this funding is attached at Annex 3(iii)

**East of Bath Park and Ride for Provisional Approval of £5.2M**

This item is in accordance with the Council resolution on the Bath Transport Package which agreed officers work on alternatives to Bathampton Meadows park and ride, involving rail, as part of our future Transport Strategy.

The Bath Transport Strategy will be recommending the development of a new park and ride site and it is prudent that the authority make a financial provision for this proposal to allow it to be brought forward at an early opportunity. This outline cost estimate is based on the provision of a bus based solution.



### **Digital BANES for Provisional Approval of £350K**

Primarily works to enable existing street furniture to be utilised as for the delivery of a wireless network for city and town centres and the expansion the Council's duct network to enable the deployment of fibre to deliver ultra-fast broadband to key Enterprise Area sites. Delivery would be through revenue earning contracts with wholesale providers which could underpin further capital investment by the Council in future years.

The allocation would also allow the Council to bid, as part of the Connecting Devon & Somerset programme for a share of the additional Government infrastructure fund of £250m to provide Superfast Broadband to 100% of premises by 2020.

This will support Business Retention, Growth and Innovation for B&NES as well as digital inclusion in recognition that digital connectivity is increasingly important for local companies and communities.

### **Midsomer Norton Business Centre for Provisional Approval of £1.325m**

The Council has a 999 year lease (from September 1993) of the Midsomer Norton Business Centre which is sub-let to Business West to manage as a small business / conference centre. It is located on the Midsomer Enterprise Park. The Centre covers approximately 7,800sqft with circa 5,000sqft of managed office space. The limited overall size of the Centre meant that annual running costs exceeded direct income. The extension and refurbishment of the Business Centre to provide 10,000sqft of managed workspace will provide a self-funding facility, safeguarding and creating up to 250 jobs.

### **River Corridor Fund - for Provisional Approval of £340K**

The River Corridor Fund will bring forward the implementation of selected river improvement capital projects during the 14/15 financial year. The projects will enhance the use of the river as a key cultural, economic and social asset for Bath and beyond. The priorities will be established through a River Corridor Working Group led by B&NES and including the Environment Agency, Canals and Rivers Trust and The River Regeneration Trust. Initial priorities are likely to be Pulteney Weir and replacement of the Radial Gate, the development of a River Strategy, projects to mitigate flooding, providing a river walkway in Bath City Centre, improving river safety and providing capital support for activities on the river.

### **Schools Capital Investment**

The Council retains responsibility for capital funding of schools excluding academies and for the expansion of school places at all schools, including academies.



Schools capital grant funding for 2015/16 and 2016/17 has been confirmed by the Education Funding Agency (EFA) as £13,069,578 for Basic Need to support provision of additional pupil places where there is population growth. An allocation for Capital Maintenance has yet to be announced. Capital in support of Universal Infant Free School Meals of £353,269 has been confirmed.

The significant increase in grant funding for Basic Need reflects the projected rise in pupil numbers due to rising birth rate and increase in resident population in Bath and North East Somerset. Basic Need priorities will include provision of additional pupil places in Bath, Keynsham/Saltford, Midsomer Norton and Radstock. Initial discussions have been held with schools in these areas but proposals will need further evaluation and options costed before projects can be brought forward for approval for inclusion in the capital programme.

It may also be appropriate to combine Basic Need grant with developer funding where new schools or expansions of existing schools are required due to new housing developments and underlying population growth.

Priority for Capital Maintenance funding will be to address the most pressing condition items in schools e.g. windows, roofs, boilers etc. through the Schools Planned Maintenance Programme (SCPM). A detailed list of proposed priorities for this funding is attached at Annex 3(i). Due to prudent management of previous years' Capital Maintenance allocations the 2014/15 programme is fully funded and is included for full approval.

An initial assessment of the implications of the introduction of Universal Infant Free School Meals suggests that the grant funding may be sufficient to provide the additional facilities and equipment required but it may be necessary to provide additional funding from Capital Maintenance where remodelling of kitchens is required. This is currently being evaluated.

### **Disabled Facilities Grant for Full Approval of £1.0m in 2014/2015**

This is the annual mandatory grant service administered for eligible applicants that satisfy the criteria of firstly, a necessary and appropriate home adaptation to enable them access to and use of the their home, secondly, the required adaption being reasonable and practical, and thirdly, meet the requirements of a test of resources. The assessment of need is carried out by the Council's OT service. The scheme allows an eligible applicant to continue to live independently in their own home by providing a stair lift, suitable washing facilities or other relevant home adaptations.

### **Community Partnership Grants for Provisional Approval of £1M**

To provide a potential capital grant to support the improvement of youth and community facilities in the London Road area of Bath, subject to the consideration of a detailed business case.

**Green Investment and Jobs Fund for Provisional Approval of £1M**

Investment of a policy loan in local renewable energy projects to further a range of Council policy objectives, whilst generating a source of income for the Council and contributing to the creation of 'green' jobs.

**Cleveland Pools for Provisional Approval - £200K**

Cleveland Pools Trust, in partnership with the Prince's Regeneration Trust, English Heritage and the Council will be submitting a bid in April 2014 to the Heritage Lottery Fund to restore the country's only surviving Georgian lido and reclaim them for outdoor swimming. A provisional item is included for £200K to provide grant funding towards the match funding requirement for this scheme in the event this bid is successful and subject to conditions to be agreed.

**Property Specific Developments**

The following schemes are listed for **Full Approval**:

1 to 3 James Street West - £175K

Heads of terms have been agreed with the preferred developer for the redevelopment of James Street West, for residential on the upper floors and ground floor retail, with discussions on-going with regard to the relocation of the current temporary tenants to accommodation identified in Walcot Street.

Transfer of the accommodation in Walcot Street being considered within a community asset transfer proposal

7 to 9 Lower Borough Walls – £75K

Premises being offered to the market for disposal by way of a building agreement and long lease, to provide upper floor residential together with ground floor restaurant use which will revert to the Council to produce a revenue income.

Existing temporary tenants have been offered the Council accommodation at 4 Bath Street on terms still to be agreed.

Cattlemarket/Cornmarket - £50K

On the market for disposal and redevelopment with bids due on 27<sup>th</sup> January, 2014. All bids will be assessed by an officer/member panel to determine the successful bidder(s).

Roseberry Place £50K

The disposal has been deferred on the request of Economic Development and Regeneration pending the production of the Enterprise Area Masterplan.

Commercial Estate Development Fund - £200K

The purpose of this fund is to ensure that key properties reach their maximum income potential and/or do not remain un-let for a significant length of time.

Englishcombe Lane – £30K

Disposal of the site for development

The following schemes are for **Provisional Approval** pending further details and project plans for Cabinet Decision.

Grand Parade and Undercroft – Phase 2 £1M

Discussions taking place with consultants over this scheme, particularly with regard to the type of roof structure which will be permitted, together with a layout concept of the space to be utilised.

Follows on from Phase 1 which is redeveloping the Undercroft. This scheme will see the extension of the Guildhall Markets.

Grand Parade and Undercroft – Phase 3 £3.7M

Consideration of the redevelopment of the upper floors to Newmarket Row. Retail and residential development. To tie in with expiry of existing leases starting 2015

Bath Quays North - £1.0M

Potential costs associated with the preparation of the site for disposal of the site for development as part of the Enterprise Area redevelopment plans. It is anticipated that this will deliver a significant capital receipt for the Council.

**Acquisitions–Future Revenue Generation for Provisional Approval of £15M**

The Council has a challenging income generation target over the next 3 years. To enable this to be achieved income producing assets will need to be acquired.

**New Customer Payment and Library Kiosks for Provisional Approval of £145K**

We require new Customer Payments Kiosks to replace ones which due to their age have limited functionality, do not accept all payment types, and require regular manual intervention from Front Office staff. New Kiosks will fully integrate with the Councils Income Management System which would allow full automation for all types of payments transactions. In addition, new Library Kiosks will replace currently leased Library Kiosks and include core customer payments along with other enhanced functionality. It is estimated that enhanced income streams will provide for additional borrowing costs.

## **Financial System Upgrades for Provisional Approval of £203K**

It is imperative that the Council's Financial System is on the latest software release in order to effectively manage the risks arising from rationalisation of business systems enabling reductions in back office staff. The upgrade to the Agresso Financial System will include enhanced functionality to reporting, budget monitoring and forecasting which is critical with the financial constraints facing the Council. The Income System also needs development to interface with the Corporate CRM (Customer Relationship Management System) allowing customers, to see payment history, account balances, instalments amounts, as well as a 'recurring card payments' module to allowing regular payments via credit card and debit cards. This is a provisional item subject to a further Business Case and we are seeking to provide necessary savings to meet financial targets and borrowing costs.

## **IT Asset Refresh for Full Approval of £283K**

The Council has always had and continues to need an annual refresh budget to cover the replacement of key infrastructure assets at their end of life (e.g. servers, network switches).

Without this refresh programme, PSN compliance lapses (e.g. the ability to process benefits, revenues, safeguarding and other data), IT security will be breached and IT devices and systems used by services will become unsupported, obsolete and will fail. The programme is managed as a 5 year commitment.

This request is to fund Year 2 of the present 5 year refresh programme. Technology is constantly changing and so forecasts are reviewed again annually before being made firm. Capital costs can be met from service supported borrowing funded through savings created in IT budgets.

We seek to extend the use of IT so that services can redesign what they do to deliver previously unidentified savings. This will also improve service levels, increase efficiency in operation and lower error rates.

## **Emerging Capital Schemes**

The following schemes are not yet fully developed and outline business cases have not been produced at this stage so it is not possible to identify an appropriate provision for them within the proposed Capital Programme.

These schemes may require significant capital expenditure some or all of which may be met through external sources or the related service provider. As the specific business cases are more developed and the capital requirements are more fully understood these schemes will come forward for Council consideration and decision at that point.

The business cases will need to identify suitable capital and, if necessary, revenue funding provision at this time.

### Bath Primary School Provision

There is considerable forecast demand for additional primary school places in the city of Bath over the next 5 years and beyond. This results from increases within the existing population (rising birth rate) as well as new housing developments attracting additional families to the area, including at Bath Western Riverside and the former MOD sites.

Section 106 and Community Infrastructure Levy will be used to secure developer contributions in land and capital in respect of the impact of significant new developments. Capital Allocations from the Department for Education for Basic Need will help to address the places required to cater for inherent population growth and this will be combined with developer funding where appropriate to provide the overall places required. However, there may also be a requirement for Local Authority capital funding and/or land to be identified to contribute to a programme that in total is likely to require the building of at least 5 new schools by 2025 as well as further localised expansions of existing schools.

The latest 2 year allocation of Basic Need grant has recently been notified and more detailed proposals for the broader schools capital programme are being developed and will be brought forward for consideration in due course.

### Leisure Facilities

Proposals for the future provision of the Council's Leisure Centres will be sought from leisure operators through a contract procurement process commencing in February 2014. This will include development options including, where appropriate, design, build, finance and operate.

The business case is anticipated to be brought forward for consideration and approval in the summer 2014 once proposals have been received from potential operators.

### City Deal – Economic Development Fund Schemes

The Council has identified priority projects in the West of England Economic Development Fund (EDF). The principle focus for these projects is the delivery of Innovation Quay which lies at the heart of the Bath City Riverside Enterprise Area. Innovation Quay has the potential to provide expanded Incubation and Innovation space, delivered in partnership with Bath University, significant modern commercial floor space as part of a new Central Business District for the city together with new city centre housing and an enhanced and better connected riverside environment.

Detailed master planning work is underway on the Enterprise Area and Innovation Quay which, together with the developing Transport Strategy for Bath, will provide the context for more detailed business planning to be undertaken later in 2014 as the next step towards securing funding under the EDF.

### Keynsham CPO

The Council has agreed to the implementation of a Compulsory Purchase Order to enable the acquisition of all property interests in the Riverside building at Keynsham for the purposes of carrying out a comprehensive residential led redevelopment.

Officers are in negotiations with the current long leaseholder of the building, and failing a negotiated settlement, the CPO process will commence during February, 2014

Provision has already been made for the likely costs of this process but, as with any CPO, it is difficult to estimate the costs with complete accuracy but in any case the Council does carry a capital contingency provision.

### Economic Development Schemes

#### Digital B&NES

Further investment will be needed in 2015 – 2018 to expand the wireless network and ultrafast broadband connectivity in B&NES, provide match funding for the roll out of Superfast Broadband to 100% of premises in B&NES by 2020 under the Connecting Devon & Somerset programme and enabling the Bath City Riverside Enterprise Area to be connected into the proposed West of England R&D Mesh, a closed ultra-fast broadband loop for the WofE which can be utilised by 'high-tech' and digitally based companies to innovate and commercialise new ideas with less risk.

#### Creative Workspace

There is a lack of flexible creative workspace in Bath which is a limiting factor for growing creative and digital companies and can lead to them relocating away from the city. The development of creative workspace would allow the retention of native, high value businesses within Bath and facilitate the development of a creative cluster in the city which would, in turn, generate new business investment. The creative workspace could be developed by the Council and an income stream generated through an operating contract with a specialist provider.

#### MSN High Street

The Council has recently secured a development partner for the redevelopment of South Road Car Park to provide a major food store in the town centre. A range of traffic management and public realm improvements will be required to fully link the scheme into the High Street and ensure that existing local traders are able to fully benefit from the scheme. Council resources could provide match funding for Section 106 / CIL developer contributions to ensure that a comprehensive package of supporting measures can be put in place.

Roman Baths – The Archway Centre

The Archway Centre will consist of a World Heritage Interpretation Centre for Bath and a state-of-the-art Learning Centre for the Roman Baths. It will deliver the learning facilities and environment expected of a nationally-important heritage attraction within a World Heritage Site and will provide opportunities for working with local partners in the voluntary, charitable and education sectors.

It will not provide a commercial return in the short term but will sustain visitor numbers and the income streams associated with them in the medium and longer term by generating repeat business from children and their families. It will strengthen community ties through partnership working with local groups.

The project will refurbish the Grade II Listed former City Laundry buildings adjacent to the Roman Baths in York Street and Swallow Street and convert them into:

- a) a World Heritage Interpretation Centre; and
- b) a Roman Baths Learning Centre.

The Interpretation Centre will meet the requirement made by UNESCO that the Council should do more to interpret the 'City of Bath' World Heritage Site. The Learning Centre's unique selling proposition is the underground tunnel that will deliver school groups into the heart of the Roman Baths. Out of core school hours it will be available for use by community groups and partner organisations to hire for other purposes as well as purposes associated with the World Heritage Site.

The project will achieve a number of other objectives including:

- c) extending public access into new areas of the Roman Baths;
- d) conserving in-situ Roman remains and monumental Roman masonry;
- e) creating a new 'activity zone' beneath York Street;
- f) interpreting the Victorian spa landmarks and buildings via a smartphone App;
- g) triggering improvements in the streetscape and public realm

It is estimated that the capital project will cost £4.5 to £5 Million. The Heritage Lottery Fund will expect the Council to demonstrate its support for the project by providing a significant direct contribution to the capital costs of the project. A Council contribution of c.15% of the capital cost of the project (£650-750k) should be sufficient to satisfy the HLF.



**Minimum Revenue Provision (MRP) 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 Policy in advance each year. The policy defines how the Council will make a prudent minimum revenue provision for all new unsupported borrowing. The Council is recommended to approve the statement in Annex 4 which includes an update from last year to cover treatment of any potential loans made to third parties that are required to be treated as capital expenditure.

**Prudential Indicators**

The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. The Capital Prudential Indicators are shown in Table 6 below.



Table 6: Capital Prudential Indicators.

PRUDENTIAL INDICATOR	2012/13 Actual	2013/14 Probable Outturn	2014/15	2015/16	2016/17
<b>Estimate of Capital Expenditure (£'000s)</b>					
Actual/estimates of capital expenditure	44,371	64,219	101,682	34,550	22,564
<b>Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)</b>					
The implied estimate of incremental impact of the new capital investment decisions on the council tax			£2.22	£11.34	£7.80
Cumulative totals:			£2.22	£13.56	£21.36
<b>Capital Financing as % of Net Revenue Stream</b>					
Actual/estimates of the ratio of financing costs to net revenue stream			9.24%	12.29%	13.93%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			3.57%	4.59%	5.10%
<b>Borrowing Limits (£m)</b>					
Operational boundary – borrowing			£177m	£181m	£176m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
<b>Operational boundary - total</b>			<b>£179m</b>	<b>£183m</b>	<b>£178m</b>
Authorised limit - borrowing			£215m	£215m	£210m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
<b>Authorised limit - total</b>			<b>£217m</b>	<b>£217m</b>	<b>£212m</b>
<b>Capital Financing Requirement (£'000s) (as at 31 March)</b>					
Actual/estimate of capital financing requirement	141,783	171,486	214,856	215,224	210,330

#### Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

After reviewing the capital programme and borrowing proposals, the Section 151 officer reports that the Council will continue to meet the demands of this indicator.

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

### Significant Earmarked Reserves

In developing the proposed Budget for 2014/2015 all the Council's earmarked reserves have been routinely reviewed and the related potential liabilities assessed to establish the future requirements for each of the reserves.

Based on the most recent review, the majority of the Council's reserves remain committed to the specific purposes for which they were established. There are a small number of reserves where it is proposed for them to be reallocated or re-designated. The proposals for significant earmarked reserves will therefore be as follows:-

The Revenue Budget Contingency – the reserve has been utilised during 2013/14 to meet a range of in-year pressures and priorities. This reserve will increase following the reallocation of a number of smaller contingency reserves and will continue to be made available to meet in-year revenue budget pressures. It is anticipated that this reserve will stand at £1.387M for 2014/15. The balance of the Revenue Budget Contingency will be available for allocation to meet new and emerging priorities of the Council during the financial year.

Financial Planning Reserve – this reserve supports the future medium term financial planning of the Council. The reserve will generally be allocated as part of the Budget process each year to support the specific medium term financial proposals and priorities of the Council.

The Transformation Investment Reserve – (previously known as the Medium Term Financial Challenge Reserve) will support the development and progression of a significant transformation programme to redesign and reshape a range of services to recognise the future shape of the Council. A number of the specific changes are also progressing to respond to the initiatives imposed by the Government including a service review, shared service opportunities and changes in health and social care.

Subject to the overall limits of the reserve, it may also be utilised to provide one-off resources in support of the delivery of the specific savings plans set out in the MTSRP's subject to an overall business case and project plan.

This reserve will meet the costs associated with these changes and is likely to be fully committed over the next three to four years.

The Restructuring and Severance Reserve – the significant financial challenge facing the Council has and will continue to lead to job losses as savings and efficiencies are delivered. The MTSRP indicated that around 300 posts would be lost over the period to 30 March 2015 including through redundancy. This is likely to continue for several years beyond this period and the associated severance costs may be significant. This reserve will be available to meet these costs, 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 Affordable Housing Reserve – this reserve is currently committed to fund the Council's contribution to affordable housing including within the Bath Western Riverside development although this position will be reviewed as part of the 2015/2016 budget process.

All service based Earmarked Reserves are anticipated to be fully committed.

**Table 7** below, sets out the projected level of the significant earmarked reserves taking account of anticipated commitments over the next 3 years to 2016/2017.

Table 7: Projected Significant Earmarked Reserves

	Revenue Budget Contingency	Transformation Investment Reserve	Restructuring & Severance Reserve	Affordable Housing Reserve	Financial Planning Reserve
	£'000	£'000	£'000	£'000	£'000
<b>Estimated Available Reserves</b>	711	3,604	3,676	3,000	2,754
<b>Transfers between Reserves</b>	676				
<b>Estimated Reserves @ 1st April 2014</b>	1,387	3,604	3,676	3,000	2,754
Allocation in 2014/2015	0	-1,000	-1,372	-1,778	+1,561
<b>Balance C/F</b>	1,387	2,604	2,304	1,222	4,315
Allocation in 2015/2016	0	-1,000	-2,130	-819	TBC
<b>Balance C/F</b>	1,387	1,604	174	403	TBC
Allocation in 2016/2017	0	-1,000	-174	-85	TBC
<b>Balance C/F</b>	1,387	604	Nil	318	Nil (est)

### 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 – Business Support are an integral part of our budget recommendations. This sets an unearmarked reserves target of £10.5 million based on a financial risk assessment and in the context of the "one-off" funding proposals contained within this Budget proposal.

Table 8 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 £3.2m over the period to 31 March 2016 with repayment of the reserves commencing in 2016/17 from the on-going revenue savings of around 10%.

This actual level of unearmarked reserves will also depend on the Outturn position for 2013/2014 and on future decisions by the Cabinet about any overspends. The figures are therefore only an estimate at this stage and are without prejudice to future Cabinet decisions.

### 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 8 below.

**Table 8: Projected Non-Earmarked Revenue Reserves**

	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Estimated Reserves @ 1st April each year</b>	<b>9,278</b>	<b>7,762</b>	<b>7,264</b>
2013/2014 Projected Outturn Underspending			
Projected Invest to Save Movements	-1,516	-498	84
<b>Estimated Reserves @ 31st March each year</b>	<b>7,762</b>	<b>7,264</b>	<b>7,348</b>

Based on anticipated invest to save commitments mainly associated with the Workplaces project, the Non-Earmarked Reserves will begin to be repaid in 2016/17 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.

### **Capital Risk Contingency**

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

Firstly individual major projects within the capital programme hold their own contingency in accordance with good project management practise to meet unavoidable and unforeseen costs;

Secondly, the capital programme includes a funded corporate risk contingency currently forecast to be £2.430m. The level of this contingency will be reviewed regularly.

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.

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

### **Governance**

The Council is requested to confirm the specific arrangements for the governance and release of Council 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 2014/2015.

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 2014/2015. **Table 9** explains the calculation of this figure:

**Table 9: Council Tax 2014/15 for Bath & North East Somerset Council Services**

Description	Amount	Comments
Recommended Net Revenue Budget	£119,926k	See Annex 1
Less grant, retained business rates, reserves and estimate of Collection Fund surplus	£47,294k	See Annex 1 Sources of Funding
<b>To be funded by Council Tax</b>	<b>£72,632k</b>	
Tax base (Band D properties equivalent)	60,433.33	Approved by the Section 151 Officer in December 2013
<b>Recommended Council Tax at Band D for 2014/15</b>	<b>£1,201.85</b>	
2013/14 Council Tax Band D	£1,201.85	
<b>Recommended Increase</b>	<b>£0.00</b>	<b>0% increase</b>

***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 Police & Crime Commissioner provided an updated draft of the Medium Term Financial Plan to the Avon & Somerset Police and Crime Panel on 11<sup>th</sup> December 2013. This update included the proposal to increase Council Tax by 2% for 2014/15. The Final budget and precept proposal will be presented to the Police and Crime Panel at their meeting on 5<sup>th</sup> February 2014.

The Avon Fire Authority at its meeting on 13<sup>th</sup> December 2013 agreed to consult on the following two budget options:

- Option 1 – a 2% increase in Council Tax
- Option 2 – a Council Tax freeze

The Fire Authority will meet on 7<sup>th</sup> February 2014 to finalise its budget and set its Council Tax and precepts for 2014/2015.

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 and decision dates highlighted above.



Table 10 sets out the composite Council Tax likely to be charged:

**Table 10: Potential Total Council Tax 2014/15 (Band D)**

<b>Council Tax charges (Band D) made by</b>	<b>Charge made now 2013/14 £</b>	<b>Proposed Charge 2014/15 £</b>	<b>% Change</b>
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 5 <sup>th</sup> February 2014.
Avon Fire & Rescue	64.02	TBC	Final decision to be taken on 7 <sup>th</sup> February 2014
<b>Total excluding parishes</b>	<b>1,433.90</b>	<b>TBC</b>	
Parishes (average)	34.45	TBC	Not known at time of writing
<b>Total</b>	<b>1,468.35</b>	<b>TBC</b>	<b>The 2014/15 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils</b>

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 18th February 2014, and so the necessary updated information will be set out in the report.

### **Special Expenses**

As part of the 2013/2014 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 2014/2015 budget.

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Portfolio Cash Limits 2014/15 - Revenue Budgets

APPENDIX 1 ANNEX 1

CABINET PORTFOLIO	Service	Current 2013/14 Cash Limits £'000	Removal of One-offs (Including one-off variations in 2013/14) £'000	2014/15 Base Budget £'000	MTSRP Growth £'000	MTSRP Savings £'000	Total 2014/15 Budget Changes £'000	2014/15 Proposed Budget £'000
<b>Leader</b>	Policy & Partnerships	1,472	(35)	1,437	261	(20)	241	1,678
	Council's Retained ICT Budgets	4,663		4,663	244	(800)	(556)	4,107
	Council Solicitor & Democratic Services	1,606	(6)	1,600	29	(75)	(46)	1,554
	People Services	589		589				589
	Improvement & Performance	1,347	(25)	1,322	24	(73)	(49)	1,273
	<b>PORTFOLIO SUB TOTAL</b>	<b>9,576</b>	<b>(66)</b>	<b>9,610</b>	<b>558</b>	<b>(968)</b>	<b>(410)</b>	<b>9,200</b>
	Finance	1,648		1,648	31	(27)	4	1,652
	Support Services Change Programme	(4)		(4)				(4)
	Customer Services	2,491		2,491	112	(6)	106	2,597
	Risk & Assurance Services	974	(110)	864	10	(75)	(65)	799
Property Services	512	(64)	448	36	(380)	(344)	104	
Corporate Estate Including R&M	5,431	352	5,784	57	(101)	(44)	5,740	
Commercial Estate	(12,443)	(178)	(12,621)		(250)	(250)	(12,871)	
Traded Services	(84)		(84)		(45)	(45)	(129)	
Strategic Director	6		6		(450)	(450)	(444)	
Corporate items (Tourism Levy, Trading Opps, Community Use of Assets & Corporate Travel Plan)	(500)		(500)		(700)	(700)	(1,200)	
Hsg / Council Tax Benefits Subsidy	305		305		(200)	(200)	105	
Capital Financing / Interest	4,078		4,078		(1,000)	(1,000)	3,078	
Unfunded Pensions	1,709		1,709		(30)	(30)	1,679	
Corporate Budgets incl. Capital, Audit & Bank Charges	1,604	91	1,695	2,831	(1,243)	1,588	3,283	
New Homes Bonus Grant	(1,977)		(1,977)		(688)	(688)	(2,665)	
Magistrates	17		17				17	
Coroners	305		305				305	
Environment Agency	205		205	8		8	212	
<b>PORTFOLIO SUB TOTAL</b>	<b>4,277</b>	<b>91</b>	<b>4,368</b>	<b>3,084</b>	<b>(5,195)</b>	<b>(2,111)</b>	<b>2,257</b>	
Adult Services	60,832	(5,459)	55,373	1,907	(1,492)	415	55,788	
Adult Substance Misuse (Drug Action Team)	546		546				546	
<b>PORTFOLIO SUB TOTAL</b>	<b>61,378</b>	<b>(5,459)</b>	<b>55,919</b>	<b>1,907</b>	<b>(1,492)</b>	<b>415</b>	<b>56,334</b>	
Children, Young People & Families	16,940		16,940	340	(55)	285	17,225	
Learning & Inclusion	17,257	(273)	16,984	45	127	172	17,156	
Health, Commissioning & Planning	(113,838)		(113,838)	11	(735)	(724)	(114,561)	
Schools Budget	107,283	(3,785)	103,498	396	(663)	(267)	103,498	
<b>PORTFOLIO SUB TOTAL</b>	<b>27,642</b>	<b>(4,058)</b>	<b>23,584</b>	<b>396</b>	<b>(663)</b>	<b>(267)</b>	<b>23,317</b>	
Planning Services	2,187	(66)	2,121	32	(47)	(16)	2,105	
Building Control & Land Charges	334	(110)	224	11	0	10	235	
Housing	2,024		2,024	13	(90)	(77)	1,947	
<b>PORTFOLIO SUB TOTAL</b>	<b>4,545</b>	<b>(176)</b>	<b>4,369</b>	<b>55</b>	<b>(137)</b>	<b>(82)</b>	<b>4,287</b>	

Portfolio Cash Limits 2014/15 - Revenue Budgets

APPENDIX 1 ANNEX 1

CABINET PORTFOLIO	Service	Current 2013/14 Cash Limits £'000	Removal of One-offs (including one-off viements in 2013/14) £'000	2014/15 Base Budget £'000	MTSRP Growth £'000	MTSRP Savings £'000	Total 2014/15 Budget Changes £'000	2014/15 Proposed Budget £'000
<b>Sustainable Development</b>	Arts	512		512	14	0	13	526
	Tourism & Destination Management	707		707	18	(401)	(382)	325
	Heritage including Archives	(4,054)		(4,054)		(509)	(509)	(4,563)
	Project Delivery	181		181	12		12	193
	Regeneration, Skills & Employment	1,021	(75)	946	157		157	1,103
	<b>PORTFOLIO SUB TOTAL</b>	<b>(1,632)</b>	<b>(75)</b>	<b>(1,707)</b>	<b>201</b>	<b>(910)</b>	<b>(709)</b>	<b>(2,417)</b>
<b>Neighbourhoods</b>	Service Delivery - Overheads	904		904	2	(300)	(297)	607
	Waste Services	11,021	(157)	10,864	307	(372)	(64)	10,800
	Public Protection	562		562	127	(1)	126	688
	Neighbourhood Services	5,133		5,133	217	(248)	(31)	5,102
	Libraries & Information	1,977	(25)	1,952	41	(300)	(259)	1,694
	Sports & Active Leisure	888	(46)	842	75	(46)	29	872
	Community Safety	120		120				120
	<b>PORTFOLIO SUB TOTAL</b>	<b>20,605</b>	<b>(227)</b>	<b>20,378</b>	<b>769</b>	<b>(1,266)</b>	<b>(497)</b>	<b>19,881</b>
<b>Transport</b>	Transport Design & Projects	881		881	7	(1)	6	887
	Transportation Planning (incl. Public Transport)	5,783	(45)	5,738	97	(85)	12	5,750
	Park & Ride	(682)		(682)	3	(70)	(67)	(749)
	Highways - Network Maintenance	7,471	(51)	7,420	207	(89)	117	7,537
	Transport Services	(140)		(140)	16	(2)	14	(126)
	Parking Services	(6,288)		(6,288)	56	0	55	(6,233)
	<b>PORTFOLIO SUB TOTAL</b>	<b>7,025</b>	<b>(96)</b>	<b>6,930</b>	<b>385</b>	<b>(248)</b>	<b>137</b>	<b>7,067</b>
	<b>NET BUDGET</b>	<b>133,516</b>	<b>(10,066)</b>	<b>123,450</b>	<b>7,355</b>	<b>(10,879)</b>	<b>(3,524)</b>	<b>119,926</b>

Sources of Funding

Council Tax	71,342						1,290	72,632
Revenue Support Grant*	31,106						(4,638)	26,469
Retained Business Rates	20,262						692	20,954
Collection Fund Deficit (-) or Surplus (+)	168	(168)					1,011	1,011
Council Tax Freeze Grant	740						60	800
Balances	9,899	(9,899)					(1,939)	(1,939)
<b>Total</b>	<b>133,516</b>	<b>(10,067)</b>		<b>123,450</b>			<b>(3,524)</b>	<b>119,926</b>

Council Tax - Calculation

Council Tax Debit £'000	71,342							72,632
Taxbase (No. of Band D equivalent properties)	59360.17							60433.33
Band D Charge £	£1,201.85							£1,201.85
%age Increase	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 Chief Finance officer and Divisional Director – Business Support:**

I have examined the budget proposals contained in this report, and believe that whilst the spending, income and service delivery proposals contained remain challenging, they are achievable in terms of the requirement to set a balanced budget for 2014/2015.

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 is the reserve planned to fall below the risk assessed minimum level.
- This Budget recognises the challenges over the medium term financial planning period and makes some provisions for this.
- Sound financial planning processes are in place, and there is member scrutiny at appropriate stages
- Revenue spend is closely monitored on a risk assessed basis and integrated finance and performance management reports are produced monthly.

- Challenging inflation targets continue to be set which will require the focus on commissioning and procurement to be maintained to help ensure they are fully delivered.
- The new and additional income targets assumed within the Budget proposals will increase the overall risk to the budget should they not be fully achieved.
- The retained local business rates have been budgeted at prudent levels allowing for anticipated appeals risk.
- Capital schemes are managed through an 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.

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 financial management and monitoring processes of the Council.

The significant commitment in the capital programme for 2014/2015 will require sound monitoring, review and programming of schemes for projects to meet delivery and funding expectations. Where projects form part of partnership arrangements, satisfactory partnership governance processes 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 Council is maintaining its unearmarked reserves at the appropriate risk assessed level. The 2014/15 recurring budget contains no reliance on the use of unearmarked reserves although 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 to at least the minimum level 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 2014/2015 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 minimum 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 is 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 due consideration to the prevailing market conditions and the need to optimise value over the medium term.
- The Cabinet Members, Strategic Directors and budget holders achieve their cash limits for 2013/14.

### 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 are in place, including:

- Specific guidance to Directorates on developing their budgets.
- A 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 develop over the MTSRP period to reflect the challenging financial position of the public sector. This will include the on-going implementation of risk assessed budget monitoring and enhancements to processes for monitoring implementation and delivery of savings.

### **Robustness of Estimates**

The 2014/15 Budget and the supporting MTSRP continues to link financial resources to corporate priorities and risks. There are complex and difficult choices for the Council:

- To realise ongoing efficiencies
- To allocate appropriate 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 reducing Government Grant funding
- Changes to government funding



- The on-going impact of welfare and benefits reforms including Local Council Tax Support
- 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
- Realising and maximising capital receipts
- Need for capital investment in priority schemes

The assumptions used for the 2014/15 Budget and MTSRP period will require the forecasts for future years to be reviewed in light of actual circumstances. This will be undertaken 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 2014/15 to be sufficiently robust, and the reserves adequate, to be recommended for approval by the Council.

The medium term remains extremely challenging although the detailed MTSRP’s agreed as part of the Budget in February 2013 continues to place the Council in a relatively good position over this period.

It remains likely that further service improvement and reasonable Council Tax levels, will only be achievable in the medium term through continued development of 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 Capital Strategy 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.

### **The WoE City Region Deal**

The City Deal as agreed between the Government, the WoE Councils and the WoE Local Enterprise Partnership will provide significant potential for investment in infrastructure projects through the creation of an Economic Development Fund.

The underlying legal framework seeks to ensure no individual Council is worse off from the arrangements and the pooling of related business rates will seek to meet associated risks relating to qualifying appeals and bad debts. The Budget estimates reflect this position.

The Capital Programme does not currently include any projects for the Economic Development Fund and the Council will need to consider the specific risks and underwriting requirements attached to these projects on an individual basis, as the business cases come forward for approval.

The City Deal is a 25 year agreement and appropriate clauses are included to deal with withdrawal from, or cessation of, the arrangements. The implications associated with either of these events would be potentially significant and beyond the scope of current budgeting or reserve provisions. Any such future decision in this regard will need to be considered in light of such information.

### **Estimated Available Revenue Reserves**

#### *Earmarked Revenue Reserves*

The Council's earmarked revenue reserves have been reviewed as part of the 2014/2015 Budget proposal and are generally committed either directly or as a contingency provision over the medium term 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 proposal as set out in Appendix 1.

**Table: Projected Non-Earmarked Revenue Reserves**

	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Estimated Reserves @ 1st April each year</b>	<b>9,278</b>	<b>7,762</b>	<b>7,264</b>
2013/2014 Projected Outturn Underspending			
Projected Invest to Save Movements	-1,516	-498	84
<b>Estimated Reserves @ 31st March each year</b>	<b>7,762</b>	<b>7,264</b>	<b>7,348</b>

**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 medium term financial planning. Clearly, as circumstances change, the currently recommended level of reserves can be expected to change.

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 should restore reserves to at least their minimum level within a period of 3 years in the event they are used to meet any risks that crystallise.**

Project Title	PY Spend pre 2013/2014	Forecast Outturn 2013/2014	Actual / Projected Spend pre 2014/2015	Projected Re-phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description
					Required 2014/2015	Total 2014/2015	2015/2016	2016/2017	2017/2018		2018/2019	Total Cost 5 Years	Borrowing / Capital Receipts	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Planning &amp; Transport</b>														
<b>Full Approval</b>														
BTP - Main Scheme	3,973	5,150	9,123	5,638	1,449								2,713	
BTP - Pre Construction	7,468	77	7,545	87									0	
BTP - Property	1,430	116	1,546	651									0	
Rossliter Road	278	140	418	255									1,417	
SWIEP E-Phase	140	6	146	567									0	
Local Sustainable Transport Fund	239	666	325	40									0	
Metropolitan Bridge	216	654	870	40									0	
NetworkEast - the Greater Bristol Metro Project	0	67	67	57									0	
Transport Improvement Programme				105									0	
Cycle City Ambition				1,429									0	
				1,216									0	
<b>Provisional Approval</b>														
Transport Improvement Programme				218									0	
Park and Ride East of Bath				100									0	
				100									0	
<b>Sub Total - Planning &amp; Transport</b>	<b>13,764</b>	<b>6,876</b>	<b>20,640</b>	<b>6,833</b>	<b>3,272</b>	<b>6,723</b>	<b>40</b>	<b>40</b>	<b>50</b>	<b>325</b>	<b>0</b>	<b>16,072</b>	<b>10,006</b>	<b>0</b>
<b>Environmental Services</b>														
<b>Full Approval</b>														
20mph Schemes	117	349	466	34									70	
Victoria Bridge	1,069	930	2,019	993									0	
Neighbourhood Services - Vehicles incl Tracking / Cleansing Equipment	0	258	258	578									0	
Allocments	15	17	32	93									0	
Beechen Cliff Woodland & Other Open Spaces Improvements	16	4	20	170									0	
Highways Maintenance - Vehicles				325									0	
<b>Provisional Approval</b>														
Highways Maintenance Block				3,435									10,035	
Highways Maintenance Block - Additional Funding				353									0	
Waste Services - Vehicles				0									278	
Neighbourhood Services - Vehicles				0									0	
Parking - Traffic Replacement Programme				15									0	
Parking - Traffic Replacement Programme				0									0	
Parking - Play & Display Replacement Programme				0									0	
Parking - Enforcement Hand Held Computer Terminal Replacement				0									0	
Bus Lane Camera Replacement				0									0	
Neighbourhoods - Raycombs Cemetery Floral/Cafe				100									0	
Neighbourhoods - Bin and Bench Replacement				50									0	
Synley Gardens - Bench Replacement				250									0	
Styngedale - Walking Schemes				250									0	
Royal Victoria Park Skate Park				250									0	
Royal Victoria Park Open Space Improvement				50									0	
Queen Square Improvements				100									0	
East of Bath Skate Park				100									0	
Improvements at the Sandpits				40									0	
Grit Bins and Snow Warden Equipment				50									0	
Litter Bins				20									0	
Play Equipment				325									0	
Great Dail Walkway				25									0	
Public WC Conversions				1,000									0	
Highway Surfacing				1,000									0	
Highway Structures				1,000									0	
Footway Improvements in Highways				200									0	
Flood Protection in Chew Magna				200									0	
Western Flood Alleviation Scheme				2,000									0	
<b>Sub Total - Environmental Services</b>	<b>1,237</b>	<b>1,558</b>	<b>2,785</b>	<b>2,000</b>	<b>6,280</b>	<b>4,120</b>	<b>1,361</b>	<b>96</b>	<b>12,420</b>	<b>27,673</b>	<b>12,420</b>	<b>2,000</b>	<b>12,468</b>	<b>0</b>
<b>Tourism, Leisure &amp; Culture</b>														
<b>Full Approval</b>														
Odd Down Playing Fields Development	6	218	224	1,349									1,155	
Beau Street Can Hoard	50	0	50	90									0	
Visitor & Till Management System	0	100	100	100									0	
Temple Prencint	65	886	951	100									0	
Heritage Infrastructure Development	0	0	0	0									0	
<b>Provisional Approval</b>														
Heritage Infrastructure Development				0									0	
Beau Street Can Hoard				196									0	
Leisure Centre Capital Maintenance				0									0	
Roman Baths Development Phase 2				500									0	
<b>Sub Total - Tourism, Leisure &amp; Culture</b>	<b>121</b>	<b>1,204</b>	<b>1,325</b>	<b>1,609</b>	<b>600</b>	<b>700</b>	<b>100</b>	<b>0</b>	<b>1,894</b>	<b>4,662</b>	<b>1,894</b>	<b>0</b>	<b>1,443</b>	<b>0</b>

Project Title	PY Spend pre 2013/2014	Forecast Outturn 2013/2014	Actual / Projected Spend pre 2014/2015	Projected Re-Phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description
					Budget Required 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018	Budget 2018/2019		Total Cost 5 Years	Borrowing / Capital Receipts	Grants / External Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>BWR &amp; Regeneration</b>														
<b>Full Approval</b>														
BWR - Council Project Team	948	444	1,392	108	342	154				1,888	108	388		Fully approved - continuation of Phase 1 of project
BWR - Affordable Housing	3,070	1,343	4,413	37	1,037	1,000	450			6,900	778	1,709		Fully approved - continuation of Phase 1 of project
BWR - Infrastructure	3,366	950	4,316	1,384	3,184	600	90			7,500	287	2,887		Fully approved by Cabinet in January 2012
BDOUK	0	0	0	600	0					690	690	0		Fully approved - continuation of project
Public Realm High Street	983	507	1,490	40	40					1,530	40	0		Fully approved - continuation of project
NFR Infrastructure	284	277	561	1,014	1,014					1,575	668	346		Fully approved February 2013
London Road Regeneration	17	534	551	449	449					1,000	449	0		Fully approved April 2013
Strategic Flooding Solution / BEA Flood Mitigation	0	350	350	-100	4,850	4,750	1,000			5,100	0	0		Fully approved April 2013
BWR - Relocation of Gas Holders	0	1,690	1,690	-190	2,600	2,410				4,100	0	0		Fully approved April 2013
BWR - Replacement of Destructor Bridge	0	1,646	1,646	154	154					1,800	0	0		Fully approved April 2013
<b>Provisional Approval</b>														
Bath Quays Footbridge Construction		0	0	250	2,500					2,500	340	0		Detailed project plan required
River Corridor Fund		0	0	340	340					340	340	0		Detailed project plan required
Digital B&NES		0	0	350	350					350	50	0		Detailed project plan required
Midsomer Norton Business Centre		0	0	125	1,200					1,325	875	450		Detailed project plan required
<b>Sub Total - Regeneration SMTs &amp; Major Projects</b>	<b>8,668</b>	<b>7,741</b>	<b>16,408</b>	<b>3,746</b>	<b>16,695</b>	<b>2,984</b>	<b>540</b>	<b>0</b>	<b>0</b>	<b>20,169</b>	<b>4,295</b>	<b>6,080</b>	<b>9,814</b>	
<b>Total PLACE</b>	<b>23,790</b>	<b>-17,379</b>	<b>41,168</b>	<b>14,188</b>	<b>47,736</b>	<b>13,106</b>	<b>12,083</b>	<b>1,461</b>	<b>96</b>	<b>74,462</b>	<b>34,681</b>	<b>29,987</b>	<b>9,814</b>	
<b>PEOPLE &amp; COMMUNITIES</b>														
<b>Children's Services</b>														
<b>Full Approval</b>														
St Gregs, St Marks 6th Form	1,000	1,304	2,304	72	72					2,376	72	0		Fully approved 2011/2012
Schools Capital Maintenance Programme	0	0	0	1,000	1,000					1,000	0	1,000		Proposed for full approval
Schools Devolved Capital	0	0	0	355	355					355	0	355		Proposed for full approval
Weston All Saints Primary - Basic Need	36	485	521	724	680	1,404				1,925	0	1,404		Fully approved 2012/2013
Castle Primary - Basic Need	6	123	129	176	651	20				800	0	671		Fully approved 2012/2013
Paulton Infant - Basic Need	19	546	565	330	20	350				915	0	350		Fully approved 2012/2013
St Saviour's Junior - Basic Need	11	331	342	895	1,488					1,830	0	1,488		Fully approved June 2013
Short Breaks for Disabled Children	20	53	73	72	72					145	0	72		Proposed for full approval
School Energy Invest to Save Fund		0	0	375	375	415				790	500	290		Fully approved December 2013
Early Years 2yr Olds Funding / S106		34	34	203	203					237	0	203		Fully approved December 2013
<b>Provisional Approval</b>														
Schools Capital Maintenance Programme		0	0	795	795					795	0	795		Detailed project plan required
Schools Capital Maintenance Programme		0	0	978	978	1,000				1,978	0	1,978		Detailed project plan required
Schools Best Need Schemes		0	0	250	6,375	6,694				13,218	0	13,218		Detailed project plan required
Paulton Infant - Basic Need		0	0	65	150		65			400	0	150		Detailed project plan required
Paulton Infant - Basic Need		0	0	65	715					1,300	0	1,300		Detailed project plan required
Universal Infant Free School Meals		0	0	353	353					353	0	353		Detailed project plan required
<b>Sub Total - Children's Services</b>	<b>1,092</b>	<b>2,875</b>	<b>3,967</b>	<b>2,680</b>	<b>8,560</b>	<b>8,675</b>	<b>7,149</b>	<b>65</b>	<b>0</b>	<b>24,449</b>	<b>572</b>	<b>23,877</b>	<b>0</b>	
<b>Adult Social Care &amp; Housing</b>														
<b>Full Approval</b>														
PSS Grant Unallocated	0	0	0	385	385					385	0	385		Fully approved 2011/2012
Gypsy & Traveller Sites	0	80	80	0	0					80	0	0		Proposed for full approval
Disabled Facilities Grant		0	0	1,000	1,000					1,000	0	1,000		
<b>Provisional Approval</b>														
Disabled Facilities Grant		0	0	465	1,015	1,000				3,000	0	3,000		Detailed project plan required
Affordable Housing		85	85	550	2,470					1,100	1,015	0		Detailed project plan required
Gypsy & Traveller Sites		165	165	1,775	2,470					2,470	1,720	750		Detailed project plan required
<b>Sub Total - Adult Social Care &amp; Housing</b>	<b>0</b>	<b>165</b>	<b>165</b>	<b>1,545</b>	<b>4,870</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>7,870</b>	<b>2,735</b>	<b>5,135</b>	<b>0</b>	
<b>Total PEOPLE &amp; COMMUNITIES</b>	<b>1,092</b>	<b>3,040</b>	<b>4,132</b>	<b>4,235</b>	<b>13,430</b>	<b>9,675</b>	<b>8,149</b>	<b>1,065</b>	<b>0</b>	<b>32,319</b>	<b>3,307</b>	<b>29,012</b>	<b>0</b>	

Project Title	PY Spend pre 2013/2014	Forecast Outturn 2013/2014	Actual / Projected Spend pre 2014/2015	Projected Re-phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description	
					Budget Required 2014/2015	Budget Total 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018		Budget 2018/2019	Total Cost 5 Years	Borrowing / Capital Receipts		Grants / External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Property Services</b>															
<b>Full Approval</b>															
Workplaces Programme Delivery	3,453	458	3,911	106	3,220	4									Fully approved
Keysham Regeneration & New Build	4,703	16,855	21,558	7,316	12,816										Fully approved
Lewis House (Inc Comms Hub & OSS)	5,313	7	5,320	237	237										Fully approved
The Hollies	1,782	1	1,783	45	45										Fully approved
Corporate Estate Planned Maintenance	556	704	1,260	131	1,036										Proposed for full approval
Dispose Programme (Minor)	356	285	641	53	53										Fully approved 2013/2014
Key Disposal Programme	0	122	122	128	128										Proposed for full approval
Commercial Estate Investment Fund	0	50	50	150	350										Fully approved 2012/2013
Saw Close Development	22	48	70	210	210										Fully approved February 2013
South Road Car Park, MSN	0	135	135	20	20										Fully approved May 2013
Grand Parade & Undercroft	0	439	439	-9	4,835										Proposed for full approval
Equality Act Works				552	552										Proposed for full approval
Engliscombe Lane				20	20										Proposed for full approval
Callenmarket/Commarket				35	35										Proposed for full approval
Roseberry Place				25	25										Proposed for full approval
1 - 3 James Street West				135	135										Proposed for full approval
7 - 9 Lower Borough Walls				55	55										Proposed for full approval
<b>Provisional Approval</b>															
Corporate Estate Planned Maintenance				0	905										Detailed project plan required
Equality Act Works				0	552										Detailed project plan required
Dispose Programme (Minor)				50	200										Business case and detailed project plan required
Acquisitions - Future Revenue Generation				10,000	10,000										Business case and detailed project plan required
Bath Quays				1,000	1,000										Business case and detailed project plan required
Grand Parade and Undercroft - Phase 2				1,000	1,000										Business case and detailed project plan required
Grand Parade and Undercroft - Phase 3				0	3,700										Business case and detailed project plan required
<b>Sub Total - Property Services</b>	<b>16,185</b>	<b>19,105</b>	<b>35,290</b>	<b>8,387</b>	<b>35,613</b>	<b>10,471</b>	<b>1,682</b>	<b>1,657</b>	<b>0</b>	<b>49,423</b>	<b>49,273</b>	<b>150</b>	<b>0</b>		
<b>Support Services</b>															
<b>Full Approval</b>															
Desktop & Service - VDI Technology	0	853	853	582	222										Fully approved February 2013
Customer Services System	114	499	613	462	462										Fully approved February 2012
IT Asset Refresh (Servers and Network)		33	33	139	283										Proposed for full approval
<b>Provisional Approval</b>															
ICT Strategic				350	350										Business case and detailed project plan required
People & Communities - IT System Replacement				250	250										Business case and detailed project plan required
Biomass Energy Efficiency Fund				500	500										Business case and detailed project plan required
Green Investment & Job Opportunities Fund				1,000	1,000										Business case and detailed project plan required
New Customer Payments & Library Kiosks				145	145										Business case and detailed project plan required
Agresso System Development & 5.6 Upgrade				143	143										Business case and detailed project plan required
IT Asset Refresh (Servers and Network)				60	60										Business case and detailed project plan required
Civica Income Management System Developments				0	347										Business case and detailed project plan required
<b>Sub Total - Support Services</b>	<b>114</b>	<b>1,385</b>	<b>1,499</b>	<b>1,383</b>	<b>3,554</b>	<b>1,297</b>	<b>650</b>	<b>190</b>	<b>135</b>	<b>5,826</b>	<b>5,826</b>	<b>0</b>	<b>0</b>		
<b>Strategy &amp; Performance</b>															
<b>Full Approval</b>															
LAA Performance Reward Grant	171	89	260	149	149										Fully approved September 2011
<b>Provisional Approval</b>															
Community Partnership Grants				0	1,000										Detailed project plan required
Cleveland Pools				0	200										Detailed project plan required
<b>Sub Total - Strategy &amp; Performance</b>	<b>171</b>	<b>89</b>	<b>260</b>	<b>149</b>	<b>1,349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,349</b>	<b>1,200</b>	<b>149</b>	<b>0</b>		
<b>Total RESOURCES &amp; SUPPORT SERVICES</b>	<b>16,470</b>	<b>20,579</b>	<b>37,049</b>	<b>9,819</b>	<b>40,516</b>	<b>11,768</b>	<b>2,332</b>	<b>1,847</b>	<b>135</b>	<b>56,598</b>	<b>56,299</b>	<b>299</b>	<b>0</b>		
Capital Contingency		2,430	2,430		0					0	0	0	0		
<b>Grand Total</b>	<b>41,352</b>	<b>43,428</b>	<b>84,780</b>	<b>28,342</b>	<b>73,940</b>	<b>34,550</b>	<b>22,564</b>	<b>4,373</b>	<b>231</b>	<b>163,399</b>	<b>94,287</b>	<b>59,298</b>	<b>9,814</b>		

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## Appendix 1 Annex 3i

<b>Schools Capital Planned Maintenance Budget 2014/15</b>
-----------------------------------------------------------

School	Project	Value
Westfield Primary School	Resurface playground	£101,342
Chew Valley School	Renew north-facing low-level windows to classrooms	£58,900
Chew Valley School	Replace & repair spalling concrete Phase 1	£14,500
Moorlands Junior School	Renew hot water circulation pipework	£17,400
Chew Valley School	(Re-)surface tarmacadam roads - Phase 1	£38,000
Southdown Infant School	Replacement of remaining original windows, window walling and timber cladding to toilet area	£102,400
Newbridge Primary School	Renew flat roof covering Phase 1 - north of main corridor and Phase 2 - single storey main corridor, entrance area, dining area, old Kitchen area	£85,000
St Martins Garden Primary School	Replace all water stained damaged internal ceilings with new suspended ceiling	£40,450
Marksbury CofE Primary School	Replace damaged roof support walls and treat woodworm. Re-roof slate pitched roof	£53,600
Pensford Primary School	Refelt and batten pitched roof - replace damaged lead flashings fascia/soffit	£73,700
St Martins Garden Primary School	Repair boundary wall as various areas have deteriorated over the last 2 years	£20,000
Moorlands Junior School	Replace aluminium framed windows and doors - Phase 2	£88,200
Whitchurch Primary School	Replace defective roof covering to pitched roofs Phase 1	£80,000
Bathampton	Resurface Playground	£16,800
	Fees	£120,000
	Contingency	£89,708
<b>Total</b>		<b>£1,000,000</b>

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## Appendix 1 Annex 3ii

<b>Corporate Estate Planned Maintenance Budget 2014/15</b>		
<b>Business Unit</b>	<b>Project</b>	<b>Value</b>
Royal Victoria Park	Dismantle and rebuild access steps to tennis courts	£6,500
Guildhall Offices & Public Rooms	General Fire Precaution Works	£37,000
Radstock Road Depot	Defective interceptors & Gullies as per EA inspection report	£3,500
Guildhall Offices & Public Rooms	Guildhall Roof	£293,000
Broad Street Car Park	Resurface parking area	£166,000
14 Broad Street - Car Park Space at rear	Resurfacing works to be included within works for main car party - Broad Street CP07	
Haycombe Cemetery	Replace rotten doors and frames and corroded windows	£10,000
Peasedown YC	Redundant Main Panel Board	£38,000
Haycombe Crematorium	Delapidated toilet block in need of refurbishment/alteration & upgrading to current legislation	£71,000
Radstock Children's Centre	Replace roof finish to flat roof and extension	£34,000
Braysdown depot outbuilding	Electrical installation close to end of life	£17,500
Church St Radstock-Car Park	Replace broken down sections of chain link fencing	£7,500
Church St Radstock-Car Park	Resurface tarmac parking area	£62,000
Labbott The Keynsham - Car Park	Tarmac resurfacing and bay painting to southern car park 02	£17,000
Charlotte Street Car Park	Resurface main parking areas in phases in order of priority	£33,000
	Fees	£109,000
<b>Total</b>		<b>£905,000</b>

<b>Equalities Act Works 2014/15</b>		
<b>Business Unit</b>	<b>Project</b>	<b>Value</b>
12 Charlotte Street	Equalities Works	£4,500
Clutton Depot	Equalities Works	£45,900
Guildhall	Equalities Works	£100,800
Haycombe Crematorium	Equalities Works	£66,600
Lewis House	Equalities Works	£38,700
Old Welton Recycling	Equalities Works	£32,400
Pixash Lane	Equalities Works	£34,200
Radstock Road Depot	Equalities Works	£47,700
The Hollies	Equalities Works	£66,600
Bath Central Library	Equalities Works	£22,500
Midsomer Norton Library	Equalities Works	£6,300
Moorland Road Library	Equalities Works	£2,700
Radstock Library	Equalities Works	£4,500
Saltford Library	Equalities Works	£1,800
Weston Library	Equalities Works	£6,300
	Fees	£58,500
	Contingency	£12,000
<b>Total</b>		<b>£552,000</b>

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## Appendix 1 Annex 3iii

### Transport Improvement Programme Draft for Consultation 2014/15

FUNDING AVAILABLE		£'000
	LTP - Integrated Transport Block Grant	1,723
plus	Plus S106 Contributions	44
less	<u>Contributions to Schemes with Full Approvals</u>	
	20mph Speed Limits	-70
	Cycle Ambition Fund	-50
less	<u>Contributions held for schemes to be separately approved</u>	
	MetroWest - the Greater Bristol Metro Project	-188
	Rossiter Rd Traffic Management (Contra Flow Cycle Facility)	-30
	<b>TOTAL FUNDING AVAILABLE</b>	<b>1,429</b>

PROPOSALS		£'000
Ward	Project	Value
<b>Local Safety Schemes</b>		
Various	Anti-Skid Surfacing	10
Various	AIP Scheme Investigation & design only	10
Bathavon West	Tunley Fork	85
	Local Safety Schemes Sub-total	105
<b>Pinch Point Schemes</b>		
Bathavon West	A367 Odd Down Improvements (P&R access)	300
Keynsham North	A4 Hicks Gate Junction improvement (Feasibility)	10
	Pinch Point schemes Sub-total	310
<b>Local Sustainable Transport Projects</b>		
Various	Transitions schools project	35
Various	Bike Loan scheme	10
	LSTF schemes Sub-total	45
<b>Managing Congestion</b>		
Abbey/Kingsmead	Residents' Parking schemes	50
Various	Parking schemes	45
	Managing Congestion Sub-total	95
<b>Safer Routes to Schools</b>		
High Littleton	A39 Wells Rd Footway Provision Ph 2 High Littleton	60
Twerton	Twerton Traffic Calming	35
Clutton	Station Road/Rogers Close Clutton (Feasibility)	5
	Safer Routes to School Sub Total	100

**Appendix 1 Annex 3iii**

		(cont)
<b>PROPOSALS</b>		<b>£'000</b>
<b>Ward</b>	<b>Project</b>	<b>Value</b>
<b>Cycle Schemes</b>		
Various	Copseland/Oakley Junction Toucan (design)	20
Various	Cycle Parking	5
Bathwick/Abbey	Darlington St incorporate cycle crossing into signals	35
Widcombe	Rainbow Woods to Ralph Allen Drive Cycle Lane (feasibility)	5
	Cycle Schemes Sub-total	65
<b>Pedestrian Schemes</b>		
Various	Aids to Mobility eg Dropped Kerbs & ped improvements	40
Various	Public Rights of Way	90
Bathavon West	Turnley - Overdale Footway	75
Oldfield	Moorland Road/Herbert Rd Raised Table	20
Lansdown	Lansdown Rd Zebra Crossing at Guinea Lane	50
Weston	Lansdown Lane Footpath	17
Kingsmead/Widcombe	Bath Quays Foot/Cyclebridge Study	10
Kingsmead East	Keynsham Bath Road Zebra	15
	Pedestrian Schemes Sub-total	317
<b>Traffic Management Schemes</b>		
Various	Minor Improvements (incl legacy projects)	95
Bathavon North	Toll Bridge Road Batheaston mini R/A	20
Bathavon West	Redhill/Meadgate Camerton mini R/A	45
Clutton	Trident Industrial Estate feasibility	10
Bathwick	Oakley/Claverton Down Rd Junction Improvements Study	6
Lambridge	Gloucester Road Traffic Management Study	5
Paulton	Paulton Traffic Management (S106)	44
Combe Down	Ralph Allen Drive Junction Improvement (feasibility)	10
	Traffic Management Schemes Sub-total	235
<b>Miscellaneous</b>		
	JLTP Development and monitoring	80
	WoE Contribution	15
	Decluttering Programme	14
	Capital Programme Management	48
	Miscellaneous Sub-total	157
	<b>TRANSPORT IMPROVEMENTS TOTAL</b>	<b>1,429</b>
<b>Contingency Scheme</b>		
Saltford	Saltford Toucan Crossing Upgrade	90

### Council MRP Policy

Bath and North East Somerset will make a prudent minimum revenue provision for all new unsupported borrowing from 1<sup>st</sup> 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 1<sup>st</sup> 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.

g) In respect of loans to third parties supported by borrowing, where these are treated as capital expenditure, and contractual terms are in place to secure repayment over a period not exceeding the life of the asset, the Council will not charge MRP on the related expenditure.

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**COUNCIL TAX LEVELS 2013/2014**  
**All of England Unitary Councils**

<b>Authority</b>	<b>2013/14 £ Band D</b>
Windsor & Maidenhead	946
Isles of Scilly	1,030
Bracknell Forest	1,094
Kingston-upon-Hull	1,118
Thurrock	1,125
Peterborough	1,128
Southend-on-Sea	1,137
Milton Keynes	1,138
Medway	1,141
York	1,144
Derby City	1,145
Swindon	1,146
Telford & Wrekin	1,147
Warrington	1,159
Halton	1,160
Shropshire	1,165
North Somerset	1,165
Portsmouth	1,172
Slough	1,173
Stoke-on-Trent	1,183
<b>Bath &amp; North East Somerset</b>	<b>1,202</b>
Luton	1,207
Poole	1,210
Darlington	1,215
East Riding of Yorkshire	1,216
Cheshire East	1,216
Wiltshire	1,222
Wokingham	1,223
<b>Average - Unitaries</b>	<b>1,228</b>
Herefordshire	1,228
Cornwall	1,244
South Gloucestershire	1,245
North East Lincolnshire	1,248
Bournemouth	1,250
Leicester City	1,252
Torbay	1,261
Southampton	1,263
West Berkshire	1,263
Blackburn with Darwen	1,267
Plymouth	1,270
Cheshire West and Chester	1,275
Durham	1,283
North Lincolnshire	1,284
Brighton & Hove	1,287
Stockton-on-Tees	1,288
Isle of Wight	1,290
Bedford	1,305
Blackpool	1,306
Central Bedfordshire	1,308
Reading	1,313
Middlesbrough	1,331
Redcar & Cleveland	1,363
Bristol	1,365
Northumberland	1,373
City of Nottingham	1,404
Hartlepool	1,419
Rutland	1,431

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<b>PROPOSED VARIATIONS TO 2014/2015 BUDGET</b>		
	<b>2014/15</b>	<b>2015/16</b>
	<b>£M's</b>	<b>£M's</b>
Opening Budget Gap as per 2013/2014 Budget	<b>1.06</b>	<b>2.95</b>
<b>Medium Term Plan Variations</b>		
- Changes to Financial Planning Assumptions	0.76	0.87
- Trading Opportunities	0.50	0.25
- Community Assets / Asset Consolidation	0.50	
- Adjustments to MTSRP Growth	-0.45	-0.15
- Additional Capital Proposals (Revenue Costs)	1.00	0.40
<b>Revised Estimated Budget Gap</b>	<b>3.37</b>	<b>4.32</b>
<b>Settlement and Tax Base Changes</b>		
- Net change from provisional financial settlement	<b>-0.45</b>	<b>-0.14</b>
- Net change from approved council tax base	<b>-1.10</b>	
<b>Total Estimated Budget Gap</b>	<b>1.82</b>	<b>4.18</b>

<b>Further Savings Proposals for 2014/2015</b>		<b>Sub Total</b>	<b>2014/15</b>	<b>2015/16</b>
		<b>£M's</b>	<b>£M's</b>	<b>£M's</b>
<b>Corporate</b>				
Ongoing additional debt interest savings arising from debt restructuring in 2013/2014		1.00		
Increase in the assumed Council Tax Collection Rate from 98.25% to 98.75%		0.40		
Reductions in External Audit Fees following changes to Audit Commission and new contracting arrangements		0.05		
Reduction in cost of historic unfunded pensions relating to previous Avon Council		0.03		
Miscellaneous - review of other retained corporate budgets		0.05		
			<b>1.53</b>	
<b>Place</b>				
Waste Related Budgets - reducing tonnages of waste (including landfill)		0.25		
Heritage - additional increased income target		0.25		
Transport - demand for concessionary fares		0.07		
Park & Ride - increased income		0.07		
			<b>0.64</b>	
<b>People &amp; Communities</b>				
Adult Social Care - more efficient home care contract arrangements.		0.50		
			<b>0.50</b>	
<b>Resources</b>				
Housing Benefits - technical subsidy adjustment		0.20		
Procurement and Efficiency savings		0.20		
Property Budgets and Improvement & Performance - Efficiency Savings linked to review of Regeneration and Skills*		0.15		
			<b>0.55</b>	
<b>Total Further Savings Identified</b>			<b>3.22</b>	

<b>FINAL PROPOSED BUDGET</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£M's</b>	<b>£M's</b>
Total Budget Gap / (Budget Surplus)	1.82	4.18
Less further savings identified	-3.22	
<b>Revised Total Budget Gap / (Budget Surplus)</b>	<b>-1.40</b>	<b>4.18</b>
<b>On-Going Resource Allocation Proposals for 2014/2015</b>		
Reduced the overall saving requirement for Early Years and Childrens Centres	0.50	
Reduced the overall saving requirement for Public Protection	0.10	
Allocation to Financial Planning Reserve and utilise for reduction of 2015/2016 budget gap	0.80	-0.80
<b>FINAL PROPOSED BUDGET GAP / (BUDGET SURPLUS)</b>	<b>0.00</b>	<b>3.38</b>

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**BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER**

**PROCESS**

1. It is important to be clear on the process to be followed in setting the 2014/15 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 18th February 2014. 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 27th February 2014.
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 2014/15. That budget will include within it the overall proposed Council cash limits for 2014/15 including the provision for inflation, the proposed use of balances in the 2014/15 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 2014/15 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 (27th 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 27th 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: Pay Policy Statement 2014 -15

## Purpose and scope

- 1.1 The purpose of the statement is to provide a clear and transparent policy to the public, which demonstrates accountability and value for money for the financial year 2014-15.
- 1.2 The policy statement meets the Council's obligations under the Localism Act 2011 [Section 38 (1)] and the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013) together with the Code of Recommended Practice for Local Authorities on Data Transparency (September 2011) from the Department for Communities and Local Government
- 1.3 It articulates the Council's policies towards a range of issues relating to the pay (including severance pay) of its direct workforce, in particular its Chief Officers, as defined by the Local Government and Housing Act 1989 and lowest paid employees. Details of 'Chief Officers' employed by the Council can be found on the Council's public website.
- 1.4 The Council's pay arrangements reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability on the public purse. The policy recognises flexibility which is essential in delivering a diverse range of services and is underpinned by principles of fairness and equality.
- 1.5 The pay policy statement applies to both the lowest and the highest paid. In accordance with provisions of the Localism Act, it does not extend to schools and this statement does not, therefore, include school based employees.
- 1.6 The statement is approved by Full Council, i.e. not delegated as an executive or committee function, in advance of the financial year to which it relates and must be reviewed at least annually. Any amendments will be approved by Full Council.
- 1.7 The statement is published on the Council's public website.

## Definitions

For the purposes of this Pay Policy Statement the following definitions apply:

- 2.1 '**Pay**' in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancement to pension entitlements and termination payments where applicable.
- 2.2 '**Chief Officers**' refers to the following roles in the Council:

Statutory Chief Officers are:

- Chief Executive, as 'Head of Paid Service'
- Strategic Director – People & Communities, as 'Director of Children's Services' and 'Director of Adult Social Services'
- Divisional Director – Legal & Democratic Services as 'Monitoring Officer'
- Divisional Director –Business Support, as Section 151 Officer ('Chief Financial Officer')

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Non- Statutory Chief Officers are:

- Strategic Director – Place
- Strategic Director – Resources
- Other Directors/Heads of Service are:  
senior managers who report direct to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.

2.3 **‘Lowest paid employee’** refers to those employees in substantive full time employment currently earning £12,435.00 gross per annum. In accordance with national agreements, this is now the lowest scale point in the Council’s pay structure. The Council has agreed to monitor and review pay at the lowest end of its pay scale but has resolved not to implement the Living Wage in view of financial constraints at this time.

## General principles & practice

3.1 All policy matters relating to the Council’s role as an employer including pay under section 112 of the Local Government Act, 1972 are delegated to the Employment Committee. The Restructuring Implementation Committee determine appointments to or dismissal from the posts of Strategic Director and other JNC Officers reporting to the Chief Executive, or Head of Paid Service, subject to there being no objection to the appointment/dismissal being lodged by the Leader of the Council and recommends to the Council the appointment or dismissal of the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

### Principles:

- 3.2 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 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 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 take account of affordability in the introduction and maintenance of any changes to pay structure
  - ❖ To be clear about the recognition and reward of 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,

## Appendix 4: Pay Policy Statement 2014 -15

respond to situations where market forces dictate the necessity to apply supplements to established salaries.

- ❖ To aim to retain a core set of benefits for all employees.

### Practice:

#### 3.3 Basic pay is determined through

- The job role and its 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.
- Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments including Chief Officers and their Deputies.
- 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 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.
- The outcome of reviews into the local pay and grading structures are determined within the terms of this policy and the Council's constitutional arrangements.

*Note: This excludes apprentices, interns and trainees, who are paid less to reflect the nature of the training and development role.*

#### 3.4 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 or there are other extenuating circumstances such as difficulties in attracting suitable applicants.

#### 3.5 Pay review dates

- Grade progression (i.e. movement from a lower to a higher salary scale point (scp) within a grade) takes place on 1<sup>st</sup> 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 pay bargaining framework, it will be implemented with effect from 1st April of the appropriate year. If the negotiations have not been concluded by 1<sup>st</sup> April, the increase will be paid at the earliest opportunity together with back pay from 1<sup>st</sup> April.

#### 3.6 Honoraria & other allowances

- 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. Assessment and payment will be based on non-discriminatory, objective criteria.

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- Allowances, for example standby, may be made to employees below senior manager level in connection with their role or pattern of hours they work in accordance with national or local collective agreements.

### 3.7 Re-employment of former local government employees

- The Council retains sufficient flexibility in its response to the re-employment of former local government employees to enable it to respond appropriately to the particular circumstances. It ensures that an open and fair selection process takes place before any appointment is confirmed. 'Merit' is the sole criteria for engagement.
- If the Council were to re-employ a previous local government employee who had received a redundancy or severance package on leaving, or who was in receipt of a pension covered by the Redundancy Payments (Continuity of Employment in Local Government Modification) Order 1999, known as the Modification Order) (with the same or another authority), then the Council's policy is to ensure that the rules of the Modification Order are applied.

### 3.8 Use of consultants, contractors and temporary 'agency' staff.

- Ordinarily staff will be engaged directly by the Council as employees but on an exceptional basis, where particular circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency basis'. When this situation arises, the Council will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements must be in accordance with the Council's code of practice.

## Equal pay

- 4.1 The Council is committed to the principle of equal pay for all posts of the same size and value and has implemented the national 'single status' agreement. In order to put its commitment to equal pay into practice, the Council:
- regularly reviews 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.

## Ensuring consistency

- 5.1 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.

## Appendix 4: Pay Policy Statement 2014 -15

- The Human Resources Service (in conjunction with senior managers, as appropriate) has an on-going responsibility to review pay levels across the Council and highlight any potential anomalies.

5.2 If there is an exceptional need to review pay outside of the normal pay review timetable, proposals will be considered and approved by the relevant Director and the Head of Human Resources.

### Pensions

- 6.1 Subject to the provisions of the relevant scheme, all directly employed staff who are the subject of this policy and are otherwise eligible are enrolled into a contributory statutory pension scheme. They may choose to opt out of membership. The Council has published a statement of policy in respect of discretionary provisions available within the relevant scheme in accordance with statutory requirements. This statement is available on the Avon Pension Fund Web site [www.avonpensionfund.org.uk/employers/discretionarypolicies](http://www.avonpensionfund.org.uk/employers/discretionarypolicies)
- 6.2 The Council has in place a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working shorter hours. 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.

### Senior pay

- 7.1 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. The pay structure for Chief Officers takes account of the clearly defined additional 'statutory responsibilities' (see section 2 above). Five pay bands will be available for the most senior officers as set out in the Annex 1.
- 7.2 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.
- 7.3 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 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.

## Appendix 4: Pay Policy Statement 2014 -15

- 7.4 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.
- 7.5 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.
- 7.6 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.
- 7.7 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.
- 7.8 Proposed severance packages in excess of £100,000 (this threshold includes [but not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) are referred to the Restructuring Implementation Committee for consideration.
- 7.9 The Council's threshold level for disclosure of senior staff salaries will be at the minimum point of the senior civil service pay scale and above as at 31 March.

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

- 8.1 The grading structure and pay line determine the salaries of the highest and lowest paid Council employees. The Council's highest paid employee is its Chief Executive (see Annex 1). The lowest salary offered for substantive, full time employment is currently £12,435 per annum (i.e. the lowest scale point (scp) within the grading structure).
- 8.2 The ratio between the highest paid salary and the median salary for the whole of the Council workforce (£21,067) is 1:7. It does not currently have a policy of maintaining or reaching a specific ratio of pay multiple between the Chief Executive and that of the median earner.

### **Publication**

- 9.1 The Council's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its public website as part of its requirements within the Accounts and Audit (England) Regulations 2011 and in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency. A copy of the Pay Policy Statement is published on the Council's website: [www.bathnes.gov.uk/services/jobs/](http://www.bathnes.gov.uk/services/jobs/)

### **Further information**

For further information on the Council's pay policy please contact the Council's Human Resource Service email [human\\_resources@bathnes.gov.uk](mailto:human_resources@bathnes.gov.uk). Tel: 01225 477203



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Annex 1

## SENIOR MANAGEMENT PAY & GRADING

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
<b>CHIEF EXECUTIVE &amp; HEAD OF PAID SERVICE</b>		
<b>Band 1</b>	Fixed/Spot	<ul style="list-style-type: none"> <li>- 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</li> <li>- No variable element within the remuneration package.</li> <li>- All other conditions in accordance with overall Council pay policy.</li> </ul>
<b>STRATEGIC DIRECTORS</b>		
<b>Band 2</b>	Fixed/Spot	<ul style="list-style-type: none"> <li>• People &amp; Communities [statutory roles for Children's &amp; Adult Services] (PC)</li> <li>• Place (P)</li> <li>• Resources (R)</li> <li>- A fixed salary within the range £115,000 to £130,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy</li> <li>- No variable element within the remuneration package.</li> <li>- All other conditions in accordance with overall Council pay policy.</li> </ul>

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
<b>DIVISIONAL DIRECTORS/Heads of Service</b>		
<b>Band 4</b>	Minimum	£91,869
	Middle	£94,572
	Maximum	£97,275
		<ul style="list-style-type: none"> <li>• CYP Strategy and Commissioning (PC)</li> <li>• Adult Care and Health Strategy Commissioning (PC)</li> <li>• Business Support (R) [S151 Officer]</li> <li>• Property &amp; Facilities [Chief Property Officer] (R)</li> <li>• Legal &amp; Democratic [Monitoring Officer]</li> <li>• Environmental Services (P)</li> </ul>
<b>NHS</b>	Fixed	£90,263
		- Director of Public Health Part of the transfer of Public Health Services to Local Government & paid in accordance with NHS senior consultant rates with other statutory related protections
<b>Band 5</b>	Minimum	£81,003
	Middle	£83,763
	Maximum	£86,469
		<ul style="list-style-type: none"> <li>• CYP Specialist Services (PC)</li> <li>• Strategy and Performance (R)</li> <li>• Project Management (R)</li> <li>• Programme Director-Organisational Development (R)</li> <li>• Development (P)</li> <li>• Community Regeneration (P)</li> <li>• Customer Services (R)</li> </ul>
<b>Band 6</b>	Minimum	£70,254
	Middle	£72,957
	Maximum	£75,657
		<ul style="list-style-type: none"> <li>• Risk &amp; Assurance (R)</li> <li>• ICT(R)</li> <li>• Human Resources (R)</li> </ul>

### Notes:

- Details at 31 March 2014
- 'Band 3' is not currently in use
- 'NHS' relates only to the Public Health statutory transfer provisions
- There has been no annual pay award to this staff group since April 2008; for other staff pay was increased by 1% in line with the national pay settlement from 1 April 2013

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## COMMUNITY ASSETS TRANSFER PROGRAMME UPDATE

### BACKGROUND

The Council agreed a programme of potential Community Asset Transfers in 2013/2014 to help communities tackle the local issues of importance to them and achieve some or all of the following benefits:

- i. **Better community outcomes-** by releasing an organisation from its liabilities to the Council it can grow its work in the community. The Quirk Review noted that the crucial driver for asset transfer is not the disposal of assets per se but the empowerment of communities; any approach to community assets must therefore be seen in the context of the Council's aim to be an open and engaging Council that empowers communities and works in partnership with a range of public, private and voluntary organisations.
- ii. **Better Value for Money** – cutting costs through new, localised ways of working and involvement of volunteers as well as drawing in more resources, for example from parish councils.
- iii. **Greater support for our voluntary and community sector-** with opportunities for long-term planning by the community organisation involved in the building, including the ability to draw down external investment as well as greater freedom to tailor services to need. This support for local community organisations is urgent in the current climate and can make a real difference to long-run viability.

### UPDATE ON PROGRAMME DELIVERY

Detailed work has been undertaken to assess the issues relating to each of the proposed Community Asset Transfers and ensure appropriate clauses are in place that are appropriate to protect the use of the land or building for the relevant community purpose. The update position in respect of the programme of transfers proposed for 2013/14 is as follows:

#### Completed

- Beacon Hall - transferred to Peasedown Parish Council

#### Subject to Final Approval

- Land North of Kelston Road – transfer to Bath Scouting Association
- WHISTY Hall, Radstock – transfer to WHISTY Community Association
- Former Midsomer Norton Railway Station, Silver Street, Midsomer Norton – transfer to Somerset and Dorset Trackbed Trust
- Percy Community Centre, Bath – transfer to Percy Community Association

- Midsomer Norton Town Hall and Other Land – transfer to Midsomer Norton Town Council/Town Trust

### Subject to On-going Discussion and Consideration

- Chapel Arts Centre, St James Memorial Hall, Bath
- Fairfield House, Bath
- YMCA Broad St, Bath
- Genesis Trust, James St West, Bath

### **FURTHER POTENTIAL COMMUNITY ASSET TRANSFERS**

It is proposed that following additional areas are considered for the Community Asset Transfer programme during 2014/2015 subject to the process now established to safeguard appropriate use of the land or building for the relevant community purpose:-

- Alexandra Park Bowling Club, Bath
- Bath Canoe Club
- Mencap
- South Wansdyke Leisure Centre

### **RECOMMENDATION**

The programme for this work will continue in accordance with the agreed approach for 2013/2014 and the Council is asked to note this position.

## Bath and North East Somerset Council Financial Plan 2014/15 – equality analysis

### 1. Introduction

- a. This document provides a mechanism to understand the broader community impacts of proposals made as part of the 2014/15 financial planning process.
- b. The Council three year financial plan was agreed in 2013. Full equality analysis was carried out and the cumulative impact report for the three year financial plan was considered by Resources Policy Development and Scrutiny Panel (11<sup>th</sup> February 2013) (see below).
- c. During 2013-14 Council service areas followed their Medium Term Service Resource Plans. To date, as a result of carrying out these plans, no further or additional adverse effects requiring mitigation have been identified.
- d. Detail on the nature and makeup of our population against key equality groups are continually updated and are provided through links to our Joint Strategic Needs Assessment: [JSNA](#).
- e. During period 2013-14 we have not experienced changes in service demand or population change that will affect the three year financial plan proposals. However we are continually reviewing intelligence and data which is reflected in individual equality analysis/impact assessment documents.
- f. This document solely addresses variations to the agreed 2013/14 -15/16 financial plan (*excluding* debt interest savings, procurement and efficiency savings where consideration is that these are savings in the ways we deliver services in-house which do not impact on our front line services and therefore there is no direct impact on any specific groups of people with protected characteristics).

### 2. Capital investment proposals:

- a. It is considered that there are no specific adverse impacts on individuals or groups of people with protected characteristics within these project proposals which include:
  - Highway surface improvements;
  - Green investment & job opportunities fund ;
  - Improved outdoor facilities for children and young people;
  - Cycling and walking schemes;
  - Regeneration supporting new homes and jobs;
  - Midsomer Norton Business Centre rejuvenation.

### 3. Revenue proposals:

- a. It is considered that the additional spend proposals (reduction in some savings targets agreed in financial planning discussions 2013-14) are a positive demonstration of how we are committed to protecting front line services and how these savings reductions may go towards mitigating some of the wider effects of our financial decisions.

- b. Further equality analysis is currently being carried out on each proposal; this will illustrate how the reduction in savings targets will be used to mitigate any adverse effects on vulnerable people.
- c. The revenue proposals include:
  - Additional £500,000 to the early years budget, reducing the savings target.
  - Additional £107,000 each year for two years for the provision of advice services for the most vulnerable people in society;
  - Additional £220,000 to delay the reduction in numbers of public conveniences and to support the upgrade of selected public conveniences across the area;
  - Additional £100,000 to the Public Protection, reducing savings target.

## **Resources PDSP paper, presented 11<sup>th</sup> February 2013:**

### **Equality Issues – 2013/14 Budget & Medium Term Plans**

#### **1 Background**

- a) The Equality Act 2010 makes it unlawful to discriminate against an individual because of certain personal characteristics.
- b) The Council's HR policies already ensure there is proper consultation and consideration of staffing matters and that employment-related equality issues are fully taken into account.
- c) Equality issues are considered as part of decision-making and where reductions or closures are proposed; proportionate equality analysis is carried out and published.
- d) The majority of budget savings will be achieved by internal efficiencies and additional income generation activity rather than through service cuts or disproportionate increases in charges.

#### **2 Actions taken so far**

- a) Equality issues were addressed at Policy Development and Scrutiny meetings in their consideration of medium term plans. Headline issues were identified and, where service cuts were proposed, the impact upon different groups has been assessed. This shows the impact of service changes (particularly on vulnerable people) and the staffing implications of the proposals. Where services cuts are deemed necessary, interventions are being made to minimise the effects.
- b) In implementing service cuts, consideration was given to any substantial negative impact on vulnerable people and avoided wherever possible including, for example, ensuring that cuts in voluntary sector funding (when commissioned) are kept to a minimum; that there is investment in supporting communities to gain better access to services; and that the (reduced) cuts in community safety will not affect our most vulnerable communities.
- c) Disabled people and those with mental ill health are the most frequently identified people as experiencing a detrimental impact from the budget proposals, followed by people experiencing socio-economic inequality and young people. These impacts are experienced across all services. Significant impacts have been identified against complex families and people being affected by welfare reform. Reductions in funding to voluntary, community and social enterprise organisations increase over the period of the budget.

#### **3 Mitigations; positive actions, projects and interventions**

- a) The Council is committed to delivering services that meet the needs of our diverse community, and in celebrating the differences within our community. Some recent examples include:
- b) The new One Stop Shop at Lewis House has been designed to ensure customers have improved and often instant access to public services and to information. Closer working with external partners has greatly improved the way we identify and provide appropriate services for our communities.
- c) Stronger links have been forged with the local black minority ethnic community. For example -in August 2012, the Council hosted a celebration to mark Jamaican Independence Day. Over 150 members of the local Jamaican and Caribbean community and their guests attended the vibrant event at the Guildhall.
- d) The Sport & Active Leisure team were successful in their bid to host the Paralympic flame. A carnival procession carrying the Paralympic lantern made its way through Bath city to start an evening of entertainment showcasing our local Paralympian athletes just before the start of the Paralympic Games. Bath University will host the prestigious Special Olympic Games during 2013. We know this will require a large amount of assistance and energy from the local population who so enthusiastically supported the Paralympic athletes based in Bath.
- e) The Council is aware that Government welfare reform programme will have an impact on many people including those who are most vulnerable in our community (for example some people may be on low income, of pensionable age or in receipt of specific benefits). To mitigate adverse effects we have committed to protecting the most vulnerable people by exempting them from council tax support reductions and in accepting the delegated social fund (crisis loans) as part of our responsibility, enabling services who are dealing with people in crisis to work collaboratively.
- f) Through working with partners in our One Stop Shop we aim to provide the right intervention at the right time to help those at risk or to stop people falling more into risk. (Our key partners including Housing, Social Services, Family Information Services, Curo, CAB, Learning Partnership West and Bristol Credit Union.)
- g) We are one of 12 Councils participating in the LA led Universal Credit Pilot, assisting and advising customers who contact us seeking support resulting from of a change (life event) in their circumstances which may affect any one of the future component parts of Universal Credit. (Job Seekers Allowance; Child Tax Credits; Family Tax Credits; Employment Support Allowance; and Housing Benefits).
- DWP staff are working with us to identify the type of help that is needed through a range of case studies of different customer profiles helping us to create service packages that best meet their needs especially to the most vulnerable members of our community.

- With better joined up services and partnership working we hope to be able to influence the design and delivery of Welfare Reforms ;( including mitigating risks around the digital by default agenda; the plan to make payments monthly in arrears direct to claimants; and a growing need for financial and budget support).

h) The Council is addressing the difficulties faced by families and households through the 'connecting families' project. This project will focus its efforts on over 200 households with at least one young person with education absence of greater than 15% recorded as living at the address; those involved in housing related anti-social behaviour, and young offenders. Research shows there are over 300 households meeting one or more of these criteria.

i) In order to deliver good services that meet people's needs, we use the Joint Strategic Needs Assessment (JSNA) to work closely with our partners in providing good services that in turn help us to address inequality. The JSNA was instrumental in assisting the Council to make difficult decisions about its budget and spending priorities.

#### **4 Government agenda for equality**

a) Brandon Lewis MP wrote to all Leaders and Chief Executives with helpful guidance for the reduction of statutory burdens; he stated: "*...equality impact assessments can be resource intensive and take staff away from planning and delivering important public services.*"

b) *Councils should be able to pay due regard to equality without resorting to time consuming bureaucratic tick box exercises at the end of the decision making process. The key is to take a proportionate timely approach to assessing equality and that this is properly considered from the outset with a simple audit trail."*

#### **5 Bath & North East Somerset Council's approach to equality & diversity**

a) Since the Equality Act was introduced, B&NES has taken a pragmatic approach to equality; we recommend a proportionate approach where service leads complete, when necessary, a simple template in order to demonstrate that they have met their duty to "pay due regard". As well as avoiding claims and litigation, this approach helps to ensure that services are tailored to the needs of all service users in particular vulnerable people. B&NES was commended and used as an exemplar authority for our proportionate approach to equality by the LGID.

b) Training in equality issues is provided largely in-house by the Equality Team (comprising 1.8 staff) through the corporate training standard programmes alongside bespoke customised training, briefings and updates.

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Council</b>
MEETING DATE:	<b>18<sup>th</sup> February 2014</b>
TITLE:	<b>Treasury Management Strategy Statement and Annual Investment Strategy 2014/15</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b>  Appendix 1 - Treasury Management Strategy 2014/15  Appendix 2 - Annual Investment Strategy 2014/15  Appendix 3 - Authorised Lending List</p>	

## **1 THE ISSUE**

- 1.1 In February 2012, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, 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 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.
- 1.3 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.
- 1.4 This report was scrutinised by the Corporate Audit Committee at the 4<sup>th</sup> February 2014 meeting.

## **2 RECOMMENDATION**

The Council agrees that:

- 2.1 the actions proposed within the Treasury Management Strategy Statement (Appendix 1) are 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 are approved.

**3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

3.1 The resource implications are included in the report and appendices.

**4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

4.1 These are detailed in paragraphs 1.1 – 1.3 above.

**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 2014/15 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 the impact on the revenue budget 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 2011 Edition, adopted by Council in February 2012, 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 4<sup>th</sup> February 2014 meeting.

### **2014/15 Treasury Management & Annual Investment Strategy**

- 5.6 The Strategy Statement for 2013/14 set Prudential Indicators for 2013/14 – 2015/16, which included a total borrowing requirement at the end of 2013/14 of £141.8 million. At the end of December 2013, external borrowing was at £70 million, with no further borrowing planned in the 2013/14 financial year. External borrowing has reduced by £50 million during 2013/14 following completion of the debt repayment programme.
- 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 appropriate provision for the revenue costs of the capital programme in accordance with this Treasury Management Strategy.
- 5.10 Appendix 1 also details the Council's current portfolio position as at 31<sup>st</sup> December 2013, which shows after the netting off of the £37.5 million investments, the Council's net debt position was £32.5 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, and the 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 31<sup>st</sup> December 2013 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 RATIONALE**

6.1 This report is a statutory requirement.

**7 OTHER OPTIONS CONSIDERED**

7.1 None.

**8 CONSULTATION**

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

8.2 Consultation was carried out via e-mail.

**9 RISK MANAGEMENT**

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 The Council's lending & borrowing list is regularly reviewed during the financial 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 consultants Arlingclose.

9.3 The 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Corporate Audit Committee carry out this scrutiny.

9.4 In addition, the Council maintain a risk register for Treasury Management activities, which is regularly reviewed and updated where applicable during the year.

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<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

## **APPENDIX 1**

### **TREASURY MANAGEMENT STRATEGY – 2014/2015**

#### **Introduction**

In February 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice Fully Revised 2011 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

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.

The Authority has substantial amounts of borrowing and lending, and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

#### **Treasury Borrowing Limits for 2014/15 to 2016/17**

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 2014/15 – 2016/17**

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

#### 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.

	<b>2014/15</b>
Minimum Portfolio average credit rating	A

#### Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	<b>2014/15</b>
Total cash available within 3 months	£15m

#### 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:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Upper limit on fixed interest rate exposures	£177m	£181m	£176m
Upper limit on variable interest rate exposures	£127m	£131m	£126m

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:

	<b>Upper</b>	<b>Lower</b>
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within five years	75%	0%
Five years and within 10 years	100%	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:

	2014/15	2015/16	2016/17
Limit on proportion of principal invested beyond year end	£50m	£50m	£50m

### 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 cash-flow and future capital receipts as the preferred financing method for the capital programme.

	2014/15	2015/16	2016/17
Operational boundary – borrowing	£177m	£181m	£176m
Operational boundary – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Operational boundary – TOTAL	£179m	£183m	£178m
Authorised limit – borrowing	£215m	£215m	£210m
Authorised limit – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Authorised limit – TOTAL	£217m	£217m	£212m

### **Current Portfolio Position**

The Council's treasury portfolio position at 31<sup>st</sup> December 2013 comprised:

	<b>Principal</b>	<b>Ave. rate</b>
	£m	%
<b>External Borrowing</b>		
Total Fixed rate funding – PWLB	50	4.79
Variable rate funding – LOBOs	20	4.50*
Other long term liabilities	Nil	N/A
<b>TOTAL GROSS EXTERNAL DEBT</b>	<b>70</b>	<b>4.71</b>
<b>Investments</b>		
Short Term Investments	<b>37.5</b>	<b>0.51</b>
Long Term Investments	Nil	N/A
<b>TOTAL INVESTMENTS**</b>	<b>37.5</b>	<b>0.51</b>
<b>NET DEBT</b>	<b>32.5</b>	

\* 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.

### **External Context & Prospects for Interest Rates (Arlingclose Ltd)**

The Council has appointed Arlingclose 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 background:** The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.7% in August 2013, but is not forecast to fall below the threshold until 2016, due to the UK's flexible workforce.

The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.7% in September 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.

Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.

In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Fed did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.

**Credit outlook:** The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. This is already manifest in relation to holders of subordinated debt issued by the Co-op



which will suffer a haircut on its conversion bail-in to alternative securities and/or equity. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

**Interest rate forecast:** Arlingclose's forecast is for the Bank Rate to remain flat until late 2016, the risk to the upside (i.e. rates being higher) are weighted more heavily towards the end of the forecast horizon, as the table below shows. Gilt yields are expected to rise over the forecast period with medium- and long-dated gilts expected to rise by between 0.7% and 1.1%.

Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.

Arlingclose continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the soft fundamental global outlook and risks surrounding the Eurozone, China and US.

### Arlingclose Interest Rate Forecasts

*Arlingclose central interest rate forecast – December 2013*

	Bank Rate	3 month LIBID	12 month LIBID	20-year gilt yield*
Q1 2014	0.50	0.45	0.95	3.30
Q2 2014	0.50	0.50	0.95	3.35
Q3 2014	0.50	0.55	0.95	3.40
Q4 2014	0.50	0.55	1.00	3.45
H1 2015	0.50	0.55	1.10	3.55
H2 2015	0.50	0.65	1.20	3.75
H1 2016	0.50	0.80	1.30	4.05
H2 2016	0.50	0.80	1.40	4.15

\* The Council can currently borrow from the PWLB at 0.80% above gilt yields

The Council has budgeted for interest rates to remain constant at 0.35% for 2014/15 & beyond.

### **Borrowing Strategy**

The Council currently holds £70 million of long-term loans (a decrease of £50m on the previous year) as part of its strategy for funding previous years' capital expenditure, 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 31<sup>st</sup> March 2014 is expected to be £171 million, and is forecast to rise to £215 million by March 2015 as capital expenditure is incurred. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The maximum expected long-term borrowing requirement for 2014/15 is:

	£m
Not borrowed in previous years	101
Forecast increase in CFR	44
Loans maturing in 2015/16	0
<b>TOTAL</b>	<b>145</b>

The Authorities borrowing strategy will continue to recognise the implications of low short term interest rates. It is therefore likely to remain more cost effective to utilise internal resources where available and borrow short-term as the need arises.

This strategy will help to minimise borrowing costs and reduce treasury risk. The Authority will continue to regularly review the benefits of this strategy in the light of market conditions and wider changes in the economy. Arlingclose will continue to assist the Authority in this respect.

#### 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 approved by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds (except the Avon Pension Fund)
- Public or Private Bond Placement
- Special purpose companies created to enable joint Local Authority bond issues.

The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

The Authority holds £20m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these

LOBOS have options during 2014/15, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term and variable rate loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

### Debt Rescheduling

The PWLB 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. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

### 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 and callable deposits).

The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

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.

### Derivative counterparties

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

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## **APPENDIX 2**

### **ANNUAL INVESTMENT STRATEGY**

#### **Investment Policy**

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

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 recent 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. The regulations requires 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 are set annually by the Avon Pension Fund Committee. These limits are in addition to the Council's limits for counterparties as set out in Appendix 3.

#### **West of England Revolving Investment Fund (RIF)**

Bath and North East Somerset Council is the Accountable Body for the West of England Revolving Investment Fund, and acts as an agent holding Government grants until they are ready to be distributed to Local Authorities for infrastructure works over the coming years.

These funds are kept separate from those of the Council, and therefore do not form part of the Council's counterparty limit restrictions. The funds are invested primarily to protect the capital, and in order to achieve this high level of capital security, investments are made solely with UK Central Government and UK Local Authorities. Any interest earned on these investments is reinvested into the fund.

### Approved Investment Counterparties

The Council may invest its surplus funds with any of the counterparties in the flowing table, subject to the cash and time limits shown:

Counterparty		Cash limit	Time limit
UK Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£15m each	10 years
	AA+		5 years
	AA		
	AA-	£10m each	2 years
	A+		
	A		
Foreign Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£7.5m each	5 years
	AA+		3 years
	AA		2 years
	AA-		18 months
	A+	1 Year	
	A	£2.5m each	6 months
The Council's current bank account (NatWest) if below the criteria above.		£10m	next day
UK Central Government Including Debt Management Agency Deposit Facility (irrespective of credit ratings)		unlimited	30 years
UK Local Authorities (irrespective of credit rating)		£10m each	30 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is [A-] or higher		£5m each	5 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is [BBB-] or higher and those without credit ratings		£2m each	2 years
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.		£2m each	3 months
Money market funds and other pooled funds	Average monthly fund size £2bn or above	£10m each	n/a
	Average monthly fund size between £1bn-£2bn	£5m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser		£5m each	1 year

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

The majority of the Council's investments will be made for relatively short periods and in highly credit rated investments, giving priority to security and liquidity ahead of yield. However, where the Council has identified a core cash balance that is not required for any cash outflows in the short term, these funds will be considered suitable for a wider range of investments, with a greater focus on achieving a level of investment income that can support Council services. These may include long-term investments with registered providers of social housing, small businesses or corporate bond funds where an enhanced return is paid to cover the additional risks presented. Standard risk mitigation techniques, such as wide diversification and external credit assessments, will be employed, and no such investment will be made without a specific recommendation from the Council's treasury management adviser.

In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.

#### Current account bank

Following a competitive tender exercise held in 2007, the Council's current accounts are held with National Westminster Bank plc, (NatWest), which is close to the bottom of the above credit rating criteria. The Council will treat NatWest as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day, subject to the bank maintaining a credit rating no lower than BBB-. Following the recent withdrawal of the Co-Operative Bank from the local authority market, the Council will be reviewing the market before any re-tender of its current banking contract.

#### Registered Providers

Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

#### Building 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. The Council will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging



banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

However, no investments will be made with building societies that have an asset size of lower than £4 billion, or, where they do hold a long-term credit rating, this rating is not lower than BBB or equivalent, due to the increased likelihood of default implied by this rating.

#### Money market funds

These funds are pooled investment vehicles consisting of money market deposits and similar instruments. 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 Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

#### Other Pooled Funds

The Council may consider using pooled bond, equity and property funds that offer enhanced returns over the longer term, but are potentially more volatile in the shorter term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

#### Other Organisations

The Council may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Council's treasury management adviser.

### **Risk Assessments & 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, unless an investment-specific rating is available.

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 an A- rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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 Chief Financial Officer.

### **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, irrespective of the sovereign credit rating.

Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) and Clydesdale Bank plc (a subsidiary of National Australia Bank) will be classed as UK banks due to their substantial UK franchises and the arms-length nature of the parent-subsidary relationships.

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).

## 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 “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

## 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 denominated in foreign currencies, 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, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown below.

	£m
Total long-term investments	50
Total investments without credit ratings or rated below A-	10
Total investments in foreign countries rated below AA+	0
<b>TOTAL</b>	<b>60</b>

The time limit for long-term investments in UK Local Authorities & Local Government will be 30 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.

## **Investment instruments**

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term loans & deposits
- callable deposits where the Council can demand repayment at any time (with or without notice)
- callable loans where the borrower may demand early repayment at any time,
- collared deposits
- certificates of deposit
- bonds, notes, bills, commercial paper and other marketable instruments, and
- Shares in money market funds and other pooled 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, subject to the limits on interest rate exposure.

## **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 2014/15**

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 approved credit ratings.

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. A wider range of instruments, including structured deposits, certificates of deposit, gilts and corporate bonds may be used to diversify the portfolio. The use of external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments may be considered.

The Council has already reduced its cash position to repay fixed interest debt held at higher rates. The continuing low level of short-term interest rates will mean the on-going use of internal cash resources to minimise the new borrowing. This approach will be regularly reviewed in light of market conditions and the wider economic outlook.

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

#### Treasury management advisers

The Council's has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues,, although 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 Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

### 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 2014/15 authorised borrowing limit of £215 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  
2014/15

CRITERIA									
Duration	Council Limit (£m)	FITCH RATINGS			Moody's Ratings		S&P Ratings		
		S/Term	L/Term	Support	S/Term	L/Term	S/Term	L/Term	
<b>UK Banks</b>									
	<b>Sovereign Rating</b>			<b>AA+</b>		<b>Aa1</b>		<b>AAA</b>	
Barclays Bank plc	2 Years	10	F1	A	1	P-1	A2	A-1	A
HSBC Bank plc	5 Years	15	F1+	AA-	1	P-1	Aa3	A-1+	AA-
<i>Lloyds Banking Group</i>									
Lloyds Bank plc	2 Years	10	F1	A	1	P-1	A2	A-1	A
Bank of Scotland plc	2 Years	10	F1	A	1	P-1	A2	A-1	A
<i>Royal Bank of Scotland Group</i>									
National Westminster Bank plc	18 Months	5	F1	A	1	P-2	A3	A-2	A-
Royal Bank of Scotland plc	18 Months	5	F1	A	1	P-2	A3	A-2	A-
Santander UK plc (domiciled in UK)	6 Months	5	F1	A	1	P-1	A2	A-1	A
Standard Chartered Bank	2 Years	15	F1+	AA-	1	P-1	A1	A-1+	AA-
<b>UK Building Societies</b>									
Nationwide	2 Years	10	F1	A	1	P-1	A2	A-1	A+
Yorkshire	3 Months	2	F2	BBB+	5	P-2	Baa2	-	-
Coventry	18 Months	5	F1	A	5	P-2	A3	-	-
Leeds	18 Months	5	F2	A-	5	P-2	A3	-	-
<b>Foreign Banks</b>									
<b>Australia</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Australia & New Zealand Banking Group	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
Commonwealth Bank of Australia	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
<i>National Australia Bank Group</i>									
National Australia Bank	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
Westpac Banking Corporation	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
<b>Canada</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Bank of Montreal	1 Year	7.5	F1+	AA-	1	P-1	Aa3	A-1	A+
Bank of Nova Scotia	1 Year	7.5	F1+	AA-	1	P-1	Aa2	A-1	A+
Canadian Imperial Bank of Commerce	1 Year	7.5	F1+	AA-	1	P-1	Aa3	A-1	A+
Royal Bank of Canada	18 Months	7.5	F1+	AA	1	P-1	Aa3	A-1+	AA-
Toronto-Dominion Bank	18 Months	7.5	F1+	AA-	1	P-1	Aa1	A-1+	AA-
<b>Finland</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Pohjola Bank plc	1 Year	7.5	F1	A+	1	P-1	Aa3	A-1+	AA-
<b>Germany</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Deutsche Bank	6 Months	5	F1+	A+	1	P-1	A2	A-1	A
DZ Bank	1 Year	7.5	F1+	A+	1	P-1	A1	A-1+	AA-
KfW Bankengruppe	5 Years	7.5	F1+	AAA	1	P-1	Aaa	A-1+	AAA
Landesbank Berlin AG	1 Year	7.5	F1+	A+	1	P-1	A1	-	-
Landesbank Hessen-Thuringen	6 Months	5	F1+	A+	1	P-1	A2	A-1	A
<b>Netherlands</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Bank Nederlandse Gemeenten	3 Years	7.5	F1+	AAA	1	P-1	Aaa	A-1+	AA+
ING Bank NV	6 Months	5	F1+	A+	1	P-1	A2	A-1	A
Rabobank Nederland NV	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
<b>Norway</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
DNB Bank	1 Year	7.5	F1	A+	1	P-1	A1	A-1	A+
<b>Singapore</b>									
	<b>Sovereign Rating</b>			<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>	
Development Bank of Singapore	18 Months	7.5	F1+	AA-	1	P-1	Aa1	A-1+	AA-
Oversea-Chinese Banking Corp	18 Months	7.5	F1+	AA-	1	P-1	Aa1	A-1+	AA-
United Overseas Bank	18 Months	7.5	F1+	AA-	1	P-1	Aa1	A-1+	AA-

**Proposed Counterparty List  
2014/15**

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)								
<b>Sweden</b>			<b>Sovereign Rating</b>	<b>AAA</b>			<b>Aaa</b>		<b>AAA</b>	
Nordea Group										
	Nordea Bank AB	18 Months	7.5	F1+	AA-	1	P-1	Aa3	A-1+	AA-
	Nordea Bank Finland plc	18 Months	7.5	F1+	AA-	1	P-1	Aa3	A-1+	AA-
	Skandinaviska Enskilda Banken (SEB)	1 Year	7.5	F1	A+	1	P-1	A1	A-1	A+
	Svenska Handelsbanken	18 Months	7.5	F1+	AA-	1	P-1	Aa3	A-1+	AA-
	Swedbank AB	1 Year	7.5	F1	A+	1	P-1	A1	A-1	A+
<b>Switzerland</b>			<b>Sovereign Rating</b>	<b>AAA</b>			<b>Aaa</b>		<b>AAA</b>	
	Credit Suisse	6 Months	5	F1	A	1	P-1	A1	A-1	A
	UBS AG	6 Months	5	F1	A	1	P-1	A2	A-1	A
<b>USA</b>			<b>Sovereign Rating</b>	<b>AAA</b>			<b>Aaa</b>		<b>AA+</b>	
	Bank of New York Mellon	18 Months	7.5	F1+	AA-	1	P-1	Aa2	A-1+	AA-
	J P Morgan Chase Bank NA	1 Year	7.5	F1	A+	1	P-1	Aa3	A-1	A+
	Wells Fargo Bank NA	18 Months	7.5	F1+	AA-	1	P-1	Aa3	A-1+	AA-
<b>Supernational</b>										
	Council of Europe Development Bank	3 Years	10	F1+	AA+	-	P-1	Aaa	A-1+	AA+
	European Bank for Reconstruction & Dev	10 Years	25	F1+	AAA	-	P-1	Aaa	A-1+	AAA
	European Investment Bank	5 Years	10	F1+	AAA	-	P-1	Aaa	A-1+	AAA
	Inter-American Development Bank	5 Years	10	F1+	AAA	-	P-1	Aaa	A-1+	AAA
	IBRD (World Bank)	5 Years	10	F1+	AAA	-	P-1	Aaa	A-1+	AAA
	Nordic Investment Bank	5 Years	10	-	-	-	P-1	Aaa	A-1+	AAA

**Summary Guide to Credit Ratings**

Rating Details	
AAA	Highest credit quality – lowest expectation of default, which is unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality - expectation of very low default risk, which is not likely to be significantly vulnerable to foreseeable events.
A	High credit quality - expectations of low default risk which may be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality - expectations of default risk are currently low but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative - indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative - indicates that material default risk is present, but a limited margin of safety remains. Capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	Substantial credit risk - default is a real possibility.
CC	Very high levels of credit risk - default of some kind appears probable.
C	Exceptionally high levels of credit risk - default is imminent or inevitable.
RD	Restricted default - indicates an issuer that has experienced payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating.
D	Default - indicate an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.



<b>Bath &amp; North East Somerset Council</b>	
<b>MEETING</b>	<b>Council</b>
<b>MEETING DATE</b>	<b>18<sup>th</sup> February 2014</b>
<b>TITLE:</b>	<b>London Road Regeneration plans – petition for debate</b>
<b>WARD:</b>	All wards
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b>	
Factual briefing note plus appendices A & B	

## **1 THE ISSUE**

1.1 An electronic petition has been received regarding London road regeneration and the effect on cyclists. According to the Council’s petition scheme, if a petition with over 1000 signatures of people who live, work and study in Bath & North East Somerset is received and meets the criteria, it triggers a debate at Council.

## **2 RECOMMENDATION**

2.1 That a debate takes place.

## **3 THE REPORT**

3.1 The text of the petition reads as follows; “The plans to regenerate London Road Bath between Morrisons and Cleveland Place should be suspended and changed to ensure the safety of cyclists. We want London Road businesses to thrive but disagree that increased car parking space is the way to make this happen. The Council's regeneration plans must include a safe passage for cyclists all the way from Morrisons up to and over the Cleveland Place junction”.

3.2 There are 1077 signatures on the petition.

3.3 A briefing note setting out relevant issues is attached for information.

3.4 Council, if it wishes, can make recommendations to Cabinet but cannot amend executive policy. Decisions on the amount of money to be allocated to particular uses or proposals are matters for full Council to decide. How any money allocated is spent is a matter for Cabinet, not full Council, to decide.

3.5 The lead petitioner will address Council at the start of the item.

#### 4 FINANCIAL IMPLICATIONS

4.1 Covered within the attached briefing paper.

<b>Contact person</b>	<i>Jo Morrison, Democratic Services Manager (ext 4358)</i>
<b>Background papers</b>	<i>Set out in the attached briefing paper.</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

# London Road Briefing Notes

3<sup>rd</sup> February 2014

## Background

The overall objective of the London Road Regeneration scheme was defined in a report presented to Cabinet on the 13<sup>th</sup> June 2012. This paper set out a project framework and Governance structure to identify and implement a series of projects. The mandate of the project was to arrest the environmental decline of a major gateway in Bath through initiatives to improve the street scene, encourage property regeneration, improve air quality and attract private sector investment. The outcome will be an improved environment that changes perceptions and facilitates confidence in the area as an area to invest, live and work. The consequential impact will be a positive entry point into Bath further enhancing the City's' reputation as a world class visitor attraction.

The scope of the project included in the Cabinet report was as follows:

*The project will identify a series of physical regeneration projects to improve the environment of the area within the red line boundary.*

*Projects will be proposed by a community group created specifically to generate project ideas that will then be assessed by the Council against a set of agreed criteria. Likely projects (based on previous community consultation) include public realm improvements, bringing empty properties back into use, highways improvements and match funded grant schemes to improve buildings.*

A copy of the full Cabinet paper is included as appendix A to this briefing paper.

The Cabinet paper was debated in the 13<sup>th</sup> June 2012 Cabinet and the motion was resolved unanimously to:

- (1) To APPROVE the project framework and the Governance structure; and*
- (2) To AUTHORISE the Strategic Director of Place in consultation with the Cabinet Member for Sustainable Development to approve individual allocations of the budget.*

An extract of the minutes of the 13<sup>th</sup> June 2012 is included as appendix B to this briefing note.

## **Gateway Group Engagement**

Having secured funding, Ward Councillors and Officers held a public meeting to determine local residents' views on spending priorities. This meeting was advertised locally (Chronicle, Posters & Social Media) and attended by over 70 people, including Transition Larkhall. During the meeting, and in the workshop afterwards, many residents highlighted reducing the dominance of traffic, addressing empty shops and making the area greener.

Local residents were asked to apply to join the community led London Road regeneration project steering group. Having had approximately 70 applications, a diverse group of local residents were selected to represent the community.

A socially and economically diverse group were selected, as well as people to represent the interests of the elderly, people with disabilities and young children. The members of the Gateway Group are set out below.

### **Gateway group Members:**

Francesca Thompson	Resident / Chair of Gateway Group
Alex Schlesinger	Business owner LR&SNP + WWECT Director
Domenica Oatley	
Murray Jones	Business owner & resident
Ian Parsons	Resident
Katy Mallia	Young mum, Gateway Group rep re Cycle
Mary Dooley	Business/property owner
Robbie Hirst	Young persons' rep
Ron Best	Elderly rep
Sean Haresnape	Disability rep
Simon Gregory	Resident
Susan Traill	WWECT
Veronica Ward	BME rep
Ben Stevens	Cabinet member
Lisa Brett	Ward Cllr
Paul Fox	Ward Cllr

### **Developing the Scheme**

This Community Steering Group recommended to the Cabinet member for Sustainable Development that the main focus of the London Road Regeneration Project should be to improve the public realm of the area.

The Community Steering group also requested a Grants Programme for the regeneration of neglected properties be made available to local property

owners. Improvements to eight 'target' properties were selected as being of particular importance to the overall success of the project.

A landscape architect was appointed by the Council to work with the Gateway Group to interpret the vision developed during the public meeting and design a scheme for implementation.

The Gateway Group identified that the priorities for the scheme, would be:

- Trees and greening streets
- Realignment of pavement edges
- Parking provision (no net loss)
- Arts and banners

The landscape architects were also instructed to attempt to reduce the dominance of traffic, promote local shops and improve the environment for pedestrians and not to worsen the parking provision.

The Gateway Group appointed a cycle champion, the mother of a young family of keen cyclists, who subsequently made herself known to the Cycle Forum.

In June, the community group, supported by Council officers held a two-day exhibition of proposals for the London Road. As a result of feedback from this exhibition, several small amendments to the scheme were made.

### **Consultation Events**

Below is a list of consultation events and meetings with various group undertaken by the project team and the Gateway Group:

#### **Gateway Group meetings:**

##### **2012:**

- 16<sup>th</sup> April
- 01<sup>st</sup> May
- 14<sup>th</sup> May
- 11<sup>th</sup> June
- 09<sup>th</sup> July
- 05<sup>th</sup> September
- 08<sup>th</sup> October

##### **2013:**

- 14<sup>th</sup> January
- 21<sup>st</sup> January
- 25<sup>th</sup> February
- 22<sup>nd</sup> April
- 24<sup>th</sup> June
- 29<sup>th</sup> July
- 7<sup>th</sup> October
- 16<sup>th</sup> December

#### **London Road Public Exhibition:**

Held at the Gateway Centre, Snow Hill

- Friday 26<sup>th</sup> July 2013                      12 noon – 7pm

- Saturday 27<sup>th</sup> July 2013 10am – 4pm

#### **Cycle Liaison Forum:**

- 25<sup>th</sup> September 2012 –attended by Adrian Clarke & Katy Mallia
- 13<sup>th</sup> November 2013 –attended by Adrian Clarke & Katy Mallia
- 14<sup>th</sup> January 2014 – attended by Paul Mackie & Katy Mallia

#### **Meeting with Sustrans, Bath Cycling Club and Bath Cycle Campaign:**

- 17<sup>th</sup> October 2013

#### **Meeting with Cycle group –Transition Larkhall**

- Tuesday 14<sup>th</sup> January 2014

#### **Highways Authority Requirements**

The project team have in addition to the consultation with the various community groups met with the B&NES Highways team to understand the technical constraints of any proposed changes to the highway in the locality of the London Road project area.

Any scheme that is developed by the project team will be tested against the following Highways Authority criteria:

- Westbound carriageway 6.75m for operational maintenance purposes to allow for contraflow working when undertaking maintenance on east bound carriageway and lane restrictions when undertaking maintenance on west bound carriageway. This avoids the need for shuttle working using traffic lights.
- East bound carriageway 5.5m to allow for parking and bus stops, but can be reduced to 4.6m at localised pinch points at each end of scheme to allow cycles and HGV's to pass alongside each other.
- 2.5m central reserve width for planting or pedestrian refuge
- 2m footway on north side
- In the event that a shared footway/cycleway is included on south side it should ideally be 4m wide
- Any segregated 2 way cycle way should be a minimum of 3m wide plus a 2m wide footway.

#### **Design Options**

The project team are now evaluating and testing 3 options prior to any final proposal being submitted to the Highway Authority for technical approval:

1. A scheme of public realm improvement with the provision of a 'advisory' cycle lane on both carriageways, as proposed by the Gateway Group
2. As option 1 but with removal of parking other than limited loading and unloading at Walcott Terrace
3. A scheme of public realm improvements plus the provision of a 2 way segregated cycle route on the south bound carriageway, as proposed by the Cycling Group
4. A scheme of public realm improvements with the provision of a combined footway and cycle way on the south bound carriage way

Each scheme will be tested for technical compliance with the requirements of the Highways Authority and with the Cabinet approved project remit, as developed by the Gateway Group in line with the approved project framework and governance.

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet Paper</b>	
MEETING DATE:	<b>13<sup>th</sup> June 2012</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 2434</b>
TITLE:	<b>London Road Regeneration Update</b>	
WARD:	Walcott	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1: Red line Boundary, Appendix 2: Governance Structure		

## **1 THE ISSUE**

1.1 The London Road Project has a provisional capital budget allocation of £750,000. The London Road Project Team working closely with the local community, Ward Councillors and Sponsoring Cabinet Member have now created a project framework capable of delivering the objectives of the London Road Scheme. Approval is sought from Cabinet on the project framework and budget to deliver projects within this framework.

## **2 RECOMMENDATION**

The Cabinet are recommended to:

- (1) Approve the project framework and the Governance structure in Appendix 2; and
- (2) Authorise the Strategic Director of Place in consultation with the Cabinet Member for Sustainable Development to approve individual allocations of the budget.

### 3 FINANCIAL IMPLICATIONS

- 3.1 £750,000 has been included in the 2012 / 13 capital programme for provisional approval subject to approval of a detailed project plan whilst some slippage might be anticipated, this should not extend beyond 31<sup>st</sup> March 2014
- 3.2 Appropriate revenue funding or the associated borrowing costs have been included within the approved revenue budget.
- 3.3 Where appropriate, the officer costs associated with management and delivery of this project will need to be met from within the £750K capital funding.
- 3.4 Each project element, when brought forward in detail will be reviewed by the Project Initiation Document (PID) Group and Capital Strategy Group (CSG) prior to approval; part of this process will be a robust review of potential revenue consequences of each project element to ensure there is no future commitment to council spend outside of this capital budget.

### 4 CORPORATE OBJECTIVES

- 4.1 The London Road Regeneration Project meets all three of the Councils objectives. The project puts people and communities first by putting them at the heart of the decision making process. This enables local people to become actively engaged in identifying projects that will make specific, measurable improvements to their environment and **create a neighbourhood in which they are proud to live**. The project will also help **build a stronger economy** through the improvement of physical environment. This will change the perception of, and promote confidence in the London Road area which will in turn attract private sector investment to help resolve a number of the areas longstanding issues which will help **promote independence and positive lives for everyone** in the local community.

### 5 THE REPORT

#### Background

- 5.1 The overall objective of the London Road Regeneration scheme was defined through consultation with the community and Ward Councillors. This is to arrest the environmental decline of a major gateway in Bath through initiatives to improve the street scene, encourage property regeneration, improve air quality and attract private sector investment. The outcome will be an improved environment that changes perceptions and facilitates confidence in the area as an area to invest, live and work. The consequential impact will be a positive entry point into Bath further enhancing the City's' reputation as a world class visitor attraction

#### Description

- 5.2 .The project will identify a series of physical regeneration projects to improve the environment of the area within the red line boundary shown in Appendix 1. Projects will be proposed by a community group created specifically to generate project ideas that will then be assessed by the Council against a set of agreed criteria. Likely projects (based on previous community consultation) include public realm improvements, bringing empty properties back into use, highways improvements and match funded grant schemes to improve buildings.

#### Project structure

- 5.3 The proposed Governance Structure for the project is illustrated in Appendix 2. This highlights that the new community Group specifically created for this project, 'The Gateway Group' will identify projects the community wish to implement to

improve the London Road area. The membership of the Gateway Group includes 12 members of the local community that represent a cross section of the community that includes business owners and residents. The group also includes the Ward Councillors and is supported by officers from Policy and Partnerships and Development and Major Projects.

- 5.4 The Gateway Group will escalate projects to the Officer Working Group, led by Development and Major Projects. The Officer Working Group will test the feasibility and cost of projects, working closely with officers from different directorates as and when required and dependant on the type of project being reviewed (e.g. Planning, Property services, highways etc.)

### **Project Assessment**

- 5.5 After the feasibility has been assessed and projects have been costed they will then be assessed against a set of criteria that will reflect the overall objectives of the London Road Regeneration Project. The overall objectives and criteria for assessment will be defined by the Gateway Group before being approved by the Sponsoring Cabinet Member in consultation with the Strategic Director of Place. Projects will be tested against these criteria by the Officer Working Group in conjunction with Ward Councillors. Those projects that successfully pass the testing process will then be escalated to the Sponsoring Cabinet Member for Sustainable Development / Strategic Director of Place & Cabinet Member for Resources for approval.
- 5.6 These projects will then be discussed at PID Group and CSG before the Strategic Director of Place in consultation with Cabinet approves individual allocations of the budget.
- 5.7 formally approve individual allocations of the budget
- 5.8 Projects will then be delivered by the lead officer in liaison with the relevant Council departments (dependant on type of project)

## **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 Directorate maintains a risk register, updated and reported regularly to Corporate standards, which captures and seeks to mitigate all project and operational risks

## **7 EQUALITIES**

- 7.1 An initial high level Equities Impact Assessment of the intended outcomes of the Project has been undertaken. This highlights no adverse impacts are generated by the scheme and in fact should result in positive impacts.

## **8 RATIONALE**

- 8.1 The project framework and Governance structure recommended to Cabinet ensures the community are at the heart of the decision making process through the Gateway Group and planned communication and consultation with the wider community through a variety of mediums including a dedicated project website. This will ensure the local community are actively involved in shaping their neighbourhood.

8.2 A clear, transparent process has been created in line with audit / procurement legislation to assess projects identified by the Gateway Group. The Corporate Procurement Team will be consulted as part of the wider project management of specific projects (when identified) to ensure due protocol is followed. .

**9 OTHER OPTIONS CONSIDERED**

9.1 An alternative strategy for London Road would be ‘ top down’ change with the Council identifying physical interventions and then consulting with the local community through the planning process. The chosen approach meets the Councils vision, values and objectives better than this option. Due to the history of the area, previous consultation and the need for continued engagement with the community the chosen option was preferred.

**10 CONSULTATION**

*Ward Councillor; Cabinet members; Staff; Other B&NES Services; Service Users; Local Residents; Community Interest Groups; Stakeholders/Partners; Other Public Sector Bodies;; Section 151 Finance Officer;; Monitoring Officer*

10.1 Significant consultation has been undertaken that led directly to the area being designated as a regeneration area. Over 600 residents have provide their views on the physical regeneration of the area working with RE:generate who were procured by the Council to engage with the community and produce a report on their findings. This work identified a variety of priority projects the community would like to see delivered in the area. The community continue to be at the centre of the London Road Project through a community group, the Gateway Group, on which Local Councillors and Council Officers also sit.

**11 ISSUES TO CONSIDER IN REACHING THE DECISION**

11.1 Social Inclusion; Customer Focus; Sustainability; Property; Corporate; Health & Safety; Impact on Staff; Other Legal Considerations

**12 ADVICE SOUGHT**

12.1 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.

<b>Contact person</b>	<i>Paul Ward 01225 47 7696</i>
<b>Sponsoring Cabinet Member</b>	<i>Councillor Cherry Beath</i>
<b>Background papers</b>	<i>N/A</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

**CABINET**

13<sup>th</sup> June 2012

**Present:**

Councillor Paul Crossley	Leader of the Council
Councillor Nathan Hartley	Deputy Leader of the Council and Cabinet Member for Early Years, Children and Youth
Councillor David Bellotti	Cabinet Member for Community Resources
Councillor Simon Allen	Cabinet Member for Wellbeing
Councillor Tim Ball	Cabinet Member for Homes and Planning
Councillor Cherry Beath	Cabinet Member for Sustainable Development
Councillor David Dixon	Cabinet Member for Neighbourhoods
Councillor Roger Symonds	Cabinet Member for Transport

**14 LONDON ROAD REGENERATION**

Lawrence Buabeng (Chair, Snow Hill Skills and Enterprise Initiative) in a statement [a copy of which is attached to the Minutes as Appendix 7 and on the Council's website] appealed to the Cabinet to focus on enhancing skills and fitness projects in Snow Hill as well as dealing with the built environment in London Road.

Murray Jones (Chair of the community arm of the Council's London Road Regeneration Project) in a statement observed that of the 12 members of the gateway group, 3 were from Snow Hill so he felt there had been very diverse representation from local communities. He acknowledged that funds would be limited to achieve what everyone had been hoping for. His group had been working with the Council and was pleased that progress was being made.

Councillor Lisa Brett in a statement said she felt the proposals would help to create new jobs and opportunities for local people. The top 3 concerns of people in the area were traffic, parking and the built environment and the proposals would make a huge contribution to these concerns.

Councillor Tim Warren made an *ad hoc* statement in which he emphasised the importance of regenerating this gateway into the city. He reminded Cabinet however that the problem of pollution on the London Road would remain to be dealt with.

Councillor Cherry Beath in proposing the item thanked the speakers for their contributions. She replied to Lawrence Buabeng by saying that she was aware of his tireless work to improve the skills and opportunities for people in Snow Hill. She said that the proposals being considered by Cabinet would only be a first step and that in this instance it was the built environment that was being tackled. Improving skills would be for a subsequent initiative. She offered to meet with Lawrence to discuss these issues.

Councillor Beath reminded Councillor Tim Warren that the Cabinet had been in power for only a year, but had at last made progress on some of the longstanding issues for the London Road area. She emphasised that the objectives had been defined by public consultation; they were to arrest the decline of the area by giving

attention to the street facades and to traffic flow. She moved proposals which were slightly amended from the published report.

Councillor David Dixon seconded the proposal. He welcomed the much needed investment and observed that 3 of the worst buildings were in fact owned by the Council, two of which had been brought back into use already. He emphasised that the London Road was a gateway to the city and was the first impression gained by many visitors. He hoped that the proposals would be one step in encouraging the local community.

Councillor Roger Symonds agreed. He emphasised that the proposals were not aimed at improving the transport problems, but said that Cabinet was actively considering the options for addressing this. He gave credit to his predecessor, Councillor Charles Gerrish, for addressing the HGV issues.

Councillor Tim Ball said that the dilapidated buildings had been depressing but he was delighted that they would now be dealt with.

On a motion from Councillor Cherry Beath, seconded by Councillor David Dixon, it was

**RESOLVED** (unanimously)

- (1) To APPROVE the project framework and the Governance structure; and
- (2) To AUTHORISE the Strategic Director of Place in consultation with the Cabinet Member for Sustainable Development to approve individual allocations of the budget.

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	COUNCIL
MEETING DATE:	18 <sup>th</sup> FEBRUARY 2014
TITLE:	ANNOUNCEMENT OF CHAIR(MAN) DESIGNATE FOR 2014/15
WARD:	ALL
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> 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 2014.
- 1.2 The Council, at its Annual Meeting on 8<sup>th</sup> May 2014, 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 2014/15 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 2014 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 2014 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.



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

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