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7 February 2011

To: All Members of the Council
Chief Executive and other appropriate officers
Press and Public

Dear Member

Council Meeting: Tuesday, 15th February, 2011

You are invited to attend a meeting of the **Council**, to be held on **Tuesday, 15th February, 2011** at **6.30 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

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

Yours sincerely

Tom Dunne
Democratic Services Manager (Council and Member Services)
for Chief Executive

Please note the following arrangements for pre-group meetings:

Conservative	Brunswick Room, Ground Floor
Liberal Democrat	Kaposvar Room, Floor 1
Labour	Small Meeting Room, Floor 2
Independent	Performance and Improvement Team Office, Floor 1

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 Tom Dunne who is available by telephoning Bath 394360 or by calling at the Guildhall, Bath (during normal office hours).
- 2. Details of Decisions taken at this meeting can** be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting as above. Papers are available for inspection as follows:-

Public Access points - Guildhall - Bath, Riverside - Keynsham, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

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

- 3. Spokespersons:** The Political Group Spokespersons for the Council are the Group Leaders who are Councillors Francine Haerberling (Conservative Group), Paul Crossley (Liberal Democrat Group), John Bull (Labour Group) and Chris Cray (Independent Group).
- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. They may also ask a question to which a written answer will be given. If an answer cannot be prepared in time for the meeting it will normally be sent out within five working days afterwards. **Advance notice of all public submissions is required not less than two full working days before the meeting. This means that for meetings held on Tuesdays notice must be received in Democratic Services by 5.00pm the previous Thursday.** Further details of the scheme can be obtained by contacting Tom Dunne as above.

- 6. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 7. Emergency Evacuation Procedure**

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

Arrangements are in place for the safe evacuation of disabled people

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

COUNCIL MEETING: TUESDAY, 15TH FEBRUARY, 2011 AT 6.30 PM IN THE COUNCIL CHAMBER - GUILDHALL, BATH

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. MINUTES (Pages 7 - 48)

Minutes of previous meetings:

1. Special Meeting Tuesday 16th November 2010
2. Ordinary Meeting Tuesday 16th November 2010
3. Special Meeting Thursday 2nd December 2010
4. Special Meeting Thursday 20th January 2011

4. DECLARATIONS OF INTEREST

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

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **personal and prejudicial or personal**.

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

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

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

6. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

If there is any urgent business arising since the formal agenda was published, the

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

Note: Agendas for Council meetings are structured so as to identify those matters on which the Council may make a decision and those where its powers are limited to comment or recommendation to the Cabinet or other bodies.

The order of agenda business is prescribed in the Council's Constitution. The Chairman or the meeting may vary this.

Explanation: A member of the public who has given prior notice may make his/her views known at a Council meeting by making a statement, presenting a petition or a deputation on behalf of a group or asking a question (see note 5 above).

PUBLIC QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS

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.

POLICY AND BUDGET FRAMEWORK AND CABINET ITEMS FOR COUNCIL DECISION

Explanation: the Policy and Budget Framework comprises a list of Plans and Strategies which, under the Council's Constitution, are to be decided by the Council itself. For some of these Plans and Strategies the law prescribes that they should form part of the Framework and therefore full Council only shall determine them. Others have been added to the list by Council. The Policy and Budget Framework (which includes the Council Budget) sets the overall framework within which the Cabinet must operate and matters which go beyond that must be decided by the full Council.

Policy and Budget Framework and Cabinet items for decision by Council are normally presented as a recommendation from the Cabinet or the responsible Cabinet Member.

8. **MEDIUM TERM SERVICE AND RESOURCE PLANNING 2011/12 TO 2013/14, AND BUDGET AND COUNCIL TAX 2011/12** (Pages 49 - 132)

This report presents the Cabinet's draft Medium Term Financial Plan, and Revenue and Capital Budgets for the 2011/12 financial year, together with a proposal for a Council Tax level for 2011/12.

9. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2011/12** (Pages 133 - 156)

This is a report on the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, set out in the Treasury Management Strategy and the Annual Investment Strategy.

10. **QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS**

Explanation: A Member of the Council who has given prior notice may under this item make his/her views known at a Council meeting by making a statement, presenting a petition or a deputation on behalf of a group or asking a question.

COUNCILLOR QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS

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.

This Agenda and all accompanying reports are printed on recycled paper

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.

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BATH AND NORTH EAST SOMERSET

MINUTES OF SPECIAL COUNCIL MEETING

Tuesday, 16th November, 2010

Present:- **Councillors** Simon Allen, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, Gabriel Batt, Cherry Beath, David Bellotti, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke, Victor Clarke, Nicholas Coombes, Chris Cray, Paul Crossley, Gerry Curran, Colin Darracott, Sally Davis, Douglas Deacon, Ian Dewey, David Dixon, Armand Edwards, Peter Edwards, Andrew Furse, Terry Gazzard, Charles Gerrish, Ian Gilchrist, Francine Haerberling, Alan Hale, Malcolm Hanney, Nathan Hartley, David Hawkins, Adrian Inker, Eleanor Jackson, Les Kew, Malcolm Lees, Marie Longstaff, Barry Macrae, Shaun McGall, Marian McNeir MBE, Bryan Organ, Carol Paradise, Vic Pritchard, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Brian Simmons, David Speirs, Shirley Steel, Roger Symonds, Martin Veal, Tim Warren, Chris Watt, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood

Apologies for absence: Councillors Loraine Brinkhurst MBE, Lynda Hedges, Steve Hedges and Richard Maybury

31 EMERGENCY EVACUATION PROCEDURE

The Chairman welcomed everyone to the meeting including the members of the public seated in the overflow facility in the Banqueting Room and drew attention to the emergency evacuation procedure on the agenda which was read out.

The Chairman asked the Council's consent to allow the BBC to film for a short period at the beginning of the meeting. The Council agreed.

The Chairman explained that this special meeting of the Council was required by law to consider the agenda item on the Future Executive Leadership Model and that it would be followed by the ordinary meeting. She asked members of the public waiting for items later on that agenda to be patient whilst the earlier business was conducted.

32 DECLARATIONS OF INTEREST

There were no declarations of interest made at this special meeting.

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

The Chairman:

1. Invited the Council to join her in congratulating Prince William and Miss Kate Middleton on the announcement of their engagement to be married which had been made today and indicated that she would write to them conveying the Council's good wishes.

2. Informed Council of the recent death of Tony Morgan, father of Councillor Loraine Morgan-Brinkhurst. She paid tribute to his service as Chairman`s Consort to Councillor Morgan-Brinkhurst in 2006/07 and asked the Council to place on record condolences to Councillor Morgan-Brinkhurst and her family.

3. Informed Council that the pledge she had made when taking office in May for official recognition to be given to North East Somerset Towns, Parishes and Communities through a display at the Guildhall had now been fulfilled. The display was now on view at the Guildhall and material from the remaining parishes yet to contribute would be added as it was received.

4. Asked everyone to turn off their mobile phone or switch it to silent to avoid disrupting the meeting and because of the possibility that if they remained switched on they might interfere with the sound system.

5. Referred to the agenda item timings on the briefing sheets for this meeting and the ordinary meeting which had been agreed with the Group Leaders and, in view of the large number of members of the public speaking at the ordinary meeting, asked Councillors to keep contributions to debate brief and relevant and not to repeat what had already been said by colleagues.

6. Indicated that for both meetings she proposed to waive Council Rule 37 so as not to permit Councillors seconding motions or amendments being able to reserve their right to speak until later in the debate, but to require all seconders if they wished to speak to do so when they second the motion or amendment. The Council indicated its agreement.

7. Reminded Councillors that the next Full Council Meeting would be held on Thursday 2nd December.

8. Indicated that she would announce a comfort break during the ordinary meeting at an appropriate point after 8pm.

34 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business for this meeting.

35 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

There were no statements or questions from members of the public about the business of this special meeting.

36 FUTURE EXECUTIVE LEADERSHIP MODEL OF THE COUNCIL

The Council considered a report on the outcome of the consultation in relation to the Executive arrangements of the Council in accordance with the requirements of the Local Government and Public Involvement in Health Act 2007.

On a motion from Councillor Francine Haeberling seconded by Councillor Paul Crossley it was **RESOLVED** that the Leader and Cabinet model of governance be adopted as outlined in Option 2 in the report pending the forthcoming publication of the Localism Parliamentary Bill.

37 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

There were no statements or questions from Members of the Council about the business of this special meeting.

The meeting ended at 6.45 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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BATH AND NORTH EAST SOMERSET

MINUTES OF ORDINARY COUNCIL MEETING

Tuesday, 16th November, 2010

Present:- **Councillors** Simon Allen, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, Gabriel Batt, Cherry Beath, David Bellotti, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke, Victor Clarke, Nicholas Coombes, Chris Cray, Paul Crossley, Gerry Curran, Colin Darracott, Sally Davis, Douglas Deacon, Ian Dewey, David Dixon, Armand Edwards, Peter Edwards, Andrew Furse, Terry Gazzard, Charles Gerrish, Ian Gilchrist, Francine Haerberling, Alan Hale, Malcolm Hanney, Nathan Hartley, David Hawkins, Adrian Inker, Eleanor Jackson, Les Kew, Malcolm Lees, Marie Longstaff, Barry Macrae, Shaun McGall, Marian McNeir MBE, Bryan Organ, Carol Paradise, Vic Pritchard, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Brian Simmons, Shirley Steel, Roger Symonds, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood

Apologies for absence: Councillors Loraine Brinkhurst MBE, Lynda Hedges, Steve Hedges and Richard Maybury

38 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure which had been read out at the start of the special meeting immediately preceding this meeting.

39 MINUTES

RESOLVED that the minutes of the previous ordinary meeting of the Council held on 9th September 2010 be approved as a correct record and be signed by the Chairman subject to the insertion of 29th July (in place of 22nd July) as the date of the Radstock Ward by-election referred to in minute 22.

40 DECLARATIONS OF INTEREST

Declarations of Interest were made as follows:

Councillor Malcolm Hanney declared a personal non-prejudicial interest in the report on the Future Provision of Community Health and Social Care Services (agenda item 9) as Chair of NHS Bath and North East Somerset Primary Care Trust.

Councillor Nigel Roberts declared a personal non-prejudicial interest in the report on the Future Provision of Community Health and Social Care Services (agenda item 9) as an employee of the Royal United Hospital, Bath.

Councillor Caroline Roberts declared a personal non-prejudicial interest in the report on the Future Provision of Community Health and Social Care Services (agenda item 9) as the spouse of an employee of the Royal United Hospital, Bath.

Councillor Cherry Beath declared a personal non-prejudicial interest in the report on the Future Provision of Community Health and Social Care Services (agenda item 9) as the spouse of an employee of the AWP Health Care Trust.

Councillor Ian Dewey declared a personal non-prejudicial interest in the agenda motion on Homes in Multiple Occupation (agenda item 15) as the owner of a property in multiple occupation.

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

The Chairman informed the Council that she had agreed to vary the order of business to take the agenda motions on items 12 (Schools Reorganisation) and 13 (Bath Transportation Package) after the public statements at item 7 on the agenda.

42 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business for this meeting.

43 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

There were six statements from members of the public as indicated below and one written question. Copies of the statements provided by the speakers and the written question and answer which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

(A) Mr Charles Grimsdale, a member of the Save Woolley Valley Action Group, made a statement about unauthorised development of agricultural land in Woolley Valley, Swainswick and urged the Council to take action to uphold the Enforcement Notice. In response to a question from Councillor Paul Crossley, Mr Grimsdale said that he had not received a response to the concerns that he had expressed to Planning Services about non-compliance with the Stop and Enforcement Notice. In response to a question from Councillor John Bull, Mr Grimsdale said that he believed that the Stop Notice had been ignored by the owner.

Mr Grimsdale was thanked for his statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

(B) Mr Alastair MacKichan, Chairman of Charlcombe Parish Council, made a statement expressing the serious concerns of the Charlcombe and Swainswick Parish Councils about the lack of enforcement action on the unauthorised development of agricultural land in Woolley Valley, Swainswick and urged the Council to take action swiftly to uphold the Enforcement Notice.

Mr MacKichan was thanked for his statement. In response to a question from Councillor Eleanor Jackson, the Chief Executive indicated that a report would be submitted to the Development Control Committee at its next meeting to enable it to review the position as a matter of urgency.

- (C) Mr David Redgewell made a statement on behalf of South West Transport Network about the future of bus and rail services in the Greater Bristol and West Wiltshire area and urged the Council to work with neighbouring authorities and through the West of England Partnership to enable the improvements to the public transport infrastructure necessary for effective urban regeneration. In response to a question from Councillor Eleanor Jackson, Mr Redgewell said that the single most important contribution the Council could make to resolving these issues was to ensure effective cross-boundary working by local authorities to regulate and improve bus services and take control of the public transport network as was already happening in other parts of the country. In response to a question from Councillor Chris Cray, Mr Redgewell said that there was pressure to improve the frequency of daytime bus services from Radstock to Bath from 20 to 15 minute intervals.

Mr Redgewell was thanked for his statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (D) Ms Kelly Bull made a statement in support of a petition with 650 signatures which she presented asking for a pedestrian crossing to be installed outside St Michael's Junior School on Newton Road, Twerton, Bath. She said that five children had been knocked down by vehicles in the last four years and that the road was very busy with shop deliveries and a bus stop near the School and that when there was a traffic accident on Pennyquick Hill all the main road traffic would be diverted past the School. In response to a question from Councillor Charles Gerrish, Ms Bull said that she was aware of the proposal being investigated to have a school crossing patrol attendant but she believed that one patrol attendant would not be sufficient to secure the safety of the 300 children at the school and that a crossing was still necessary. In response to a question from Councillor Tim Ball, Ms Bull said that there were a number of risks to the safety of the children because the School had two entrances and people park very close. In response to a question from Councillor John Bull, Ms Bull said that she was not aware if the School had a green travel plan or if the proposed crossing was part of that route and suggested that the School should be asked to respond on that aspect.

Ms Bull was thanked for her statement and the petition which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (E) Mr Stefan DiFinizio, Member of the Youth Parliament for Bath and North East Somerset in 2010, made a statement urging the Council to provide young people in Bath and North East Somerset with a properly funded Youth Service and to support the motion at agenda item 14 to provide additional funding for the youth centres in Radstock and Keynsham and the Off the Record youth counselling service. In response to a question from Councillor Eleanor Jackson, Mr DiFinizio said that youth centres offered young people not only opportunities for socialising but also valuable support from youth workers on developing life skills that were sometimes not available to them at home. In response to a question from Councillor Chris Cray, Mr DiFinizio said that wherever young people live in Bath and North East Somerset they need more opportunities for participating in a safe

and accessible environment such as a youth centre as this avoids young people being stereotyped for anti-social activities.

Mr DiFinizio was thanked for his statement which it was decided would be taken into account during consideration of agenda item 14.

- (F) Ms Nadine Geary made a statement on behalf of Response2Route urging the Council to withdraw its objection to the applications made for village green status to be granted to two areas of land in Newbridge, Bath. In response to a question from Councillor Andrew Furse, Ms Geary said that the land is used regularly for recreational purposes such as dog training and walking; local keep fit classes held outdoors in good weather; observing nature; barbecues in summer and bonfires in autumn; treehouses and dens and for children to play. In response to a question from Councillor Eleanor Jackson, Ms Geary said that in respect of the nature trail the area had rare species of bats and slow worms and there were also badgers and foxes and all kinds of trees and plants which had been observed and recorded by local people.

Ms Geary was thanked for her statement which it was decided would be taken into account during consideration of agenda item 13.

44 SECONDARY SCHOOLS REVIEW

There were statements from the following six members of the public urging the Council to reconsider the proposal as part of the Secondary School Reorganisation programme to close Culverhay School, Bath - Sqdr Ldr Brian Higgins (Retd), Mr Sean Wyartt, Mr Chris Shire, Mrs Sarah Wall, Mrs Sarah Moore and Mrs Mary Anne Allen. Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

In response to a question from Councillor John Bull, Sqdr Ldr Higgins said that in his role as the Chair of Southdown PACT he did not believe that the closure of the school would have an adverse effect on the behaviour of young people in the area.

The speakers were thanked for their statements which it was decided would be taken into account during consideration of agenda item 12.

On a motion from Councillor Chris Watt seconded by Councillor Malcolm Hanney it was **RESOLVED** that the Council:

1. Notes and welcomes the decision of Cabinet to retain two schools in Keynsham; to support the application of Oldfield School to become a co-educational Academy; and to support the federation of St Marks and St Gregory's Schools.
2. Notes that consultation on the proposed closure of Culverhay School has ended.
3. Notes that Officers are finalising a report to Cabinet for its meeting on 25th November which will include a collation of responses including from parents, residents, other schools and other parties (much of which information including from other schools is not yet public) together with an analysis of the two

alternative proposals submitted by Culverhay School and the 'Friends of Culverhay' group.

4. Resolves to ask Cabinet to consider all responses carefully in making an informed decision on 25th November 2010.
5. Resolves to request that this decision meet with the objectives of the Bath Secondary School Review, as agreed unanimously by Council in March 2008, including; improving standards and outcomes in our schools, meeting parental demand for an increased number of co-educational places in Bath Secondary Schools, and addressing the high number of expensive surplus places in Bath Secondary Schools.

(Notes: 1. The above resolution was carried by a majority of 32 votes to 28 with 1 Councillor abstaining from voting. A recorded vote was requested under Council Rule 45 and taken as follows:

For the resolution: Councillors : Colin Barrett, Gabriel Batt, Marie Longstaff, Bryan Chalker, Anthony Clarke, Victor Clarke, Chris Cray, Sally Davis, Douglas Deacon, Ian Dewey, Peter Edwards, Terry Gazzard, Charles Gerrish, Francine Haeberling, Alan Hale, Malcolm Hanney, David Hawkins, Les Kew, Malcolm Lees, Barry Macrae, Bryan Organ, Vic Pritchard, Brian Simmons, Shirley Steel, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood (32)

Against the resolution: Councillors : Simon Allen, Rob Appleyard, Sharon Ball, Tim Ball, Cherry Beath, David Bellotti, Sarah Bevan, John Bull, Neil Butters, Nicholas Coombes, Paul Crossley, Gerry Curran, Colin Darracott, David Dixon, Armand Edwards, Andrew Furse, Ian Gilchrist, Nathan Hartley, Adrian Inker, Eleanor Jackson, Shaun McGall, Marian McNeir, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, David Speirs and Roger Symonds (28)

Abstained from voting: Councillor Carol Paradise (1)

Absent: Councillors Loraine Morgan-Brinkhurst, Lynda Hedges, Steve Hedges and Richard Maybury (4).

2. The wording of the above resolution was carried on an amendment to the motion printed with the agenda papers which was moved by Councillor Dine Romero and seconded by Councillor Gerry Curran. The effect of that motion, had it been successful, would have been to ask Council to recommend the Cabinet to support the retention of two secondary schools in Keynsham; the transformation of Oldfield School, Bath to a co-educational school; the proposed federation of St Mark`s and St Gregory`s Schools, Bath; and the retention and transformation of Culverhay into a community co-educational school.)

45 BATH TRANSPORTATION PACKAGE

There were statements from the following five members of the public urging the Council to reconsider aspects of the Bath Transportation Package and submit a revised proposal for Central Government funding – Ms Jo McCarron, Ms Ishbel

Tovey, Dr David Dunlop, Mr Steve Mackerness and Mr John Weston. Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The speakers were thanked for their statements which it was decided would be taken into account during consideration of agenda item 13.

On a motion from Councillor Charles Gerrish seconded by Councillor Malcolm Hanney it was **RESOLVED** that the Council welcomes the inclusion of the Bath Transportation Package (BTP) in the 'Development Pool' for Department for Transport (DfT) capital funding and the associated opportunity to bid along with the 21 other projects in the pool for available funds of £600m.

Council acknowledges that Development Pool status has largely been achieved because of the following factors:

- BTP has already been given Programme Entry status by the DfT;
- Planning permissions for the 'package' are in place;
- The scheme is a critical enabler of the future sustainable economic growth of the area, without which development of key sites and sustainable access to the city centre will be jeopardised;
- Widespread public engagement has been undertaken. In this respect it is perhaps appropriate to note that it was at Council in 2006 that Council approved the provisional Joint Local Transport Plan including initial plans for BTP.
- The scheme has a wide range of supporters including Federation of Bath Residents Associations (FOBRA), the business community including Bath Chamber of Commerce, CIVITAS, the Campaign for Better Transport and the Urban Regeneration Panel;
- The scheme is ranked as the number one priority for the sub-region by the West of England Partnership;
- The benefit to cost ratio of the existing scheme is very high. Council is committed to identifying opportunities to improve the benefit to cost ratio of the scheme and considering an element of additional Council funding to improve the prospects of final approval of the scheme by the DfT.

Council recognises that any material changes to the scheme carry significant risks of the project losing Development Pool status either by invalidating existing planning permissions or significantly impairing the benefit to cost ratio. Starting from scratch with consultations on new proposals is highly likely to result in the elimination of the BTP from the Development Pool and present the opportunity for other schemes within the Development Pool, including from the West of England, to argue more strongly for preference over any funding for Bath transportation whether in terms of the West of England's priorities or more generally. If the Council loses this opportunity to secure DfT capital funding, it has been made clear there will be no

consideration of new proposals before 2015/16 and that this would have serious implications for the area's regeneration and sustainable growth.

Council believes the best way forward is to seek to maximise the chances of a successful bid by increasing the amount of funding sourced through local initiatives and sensible pruning of elements of the scheme that will not impair the scheme's benefit to cost ratio.

Council recognises the critical importance of transportation in terms of the future of Bath (and Bath & North East Somerset) and the need to ensure that there is appropriate integration / co-ordination of relevant transport initiatives with future development plans. This point has been made very strongly to the Council by various parties including most recently by FOBRA as part of their submission in relation to the Joint Local Transport Plan.

The Council therefore agrees that there is merit in setting up an Independent Commission to review and advise on the overall transport strategy for the City in the context of enabling sustainable economic growth, reducing congestion and improving sustainable access. The Commission, which will be chaired by an independent person of international standing, would draw its membership from experienced professionals of similar standing, Council Members on a cross party basis (numbers to be agreed), and other representatives including from the business community and FOBRA.

The remit of the Commission would include advice to the Council on transport policy and specific major transport schemes including but not limited to securing government support/funding for BTP; cross district HGV movements; parking strategy; and public transport and having regard to air quality issues and the Council's Public Realm and Movement Strategy and related investment. It is believed that the establishment of such a Commission as a standing body will provide additional assurance to DfT with regard to the final BTP bid that the Council recognises that transport issues are both critical and dynamic.

(Notes: 1. The above resolution was carried by a majority of 32 votes to 29. A recorded vote was requested under Council Rule 45 and taken as follows:

For the resolution: Councillors : Colin Barrett, Gabriel Batt, Marie Longstaff, Bryan Chalker, Anthony Clarke, Victor Clarke, Chris Cray, Sally Davis, Douglas Deacon, Ian Dewey, Peter Edwards, Terry Gazzard, Charles Gerrish, Francine Haeberling, Alan Hale, Malcolm Hanney, David Hawkins, Les Kew, Malcolm Lees, Barry Macrae, Bryan Organ, Vic Pritchard, Brian Simmons, Shirley Steel, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood (32)

Against the resolution: Councillors : Simon Allen, Rob Appleyard, Sharon Ball, Tim Ball, Cherry Beath, David Bellotti, Sarah Bevan, John Bull, Neil Butters, Nicholas Coombes, Paul Crossley, Gerry Curran, Colin Darracott, David Dixon, Armand Edwards, Andrew Furse, Ian Gilchrist, Nathan Hartley, Adrian Inker, Eleanor Jackson, Shaun McGall, Marian McNeir, Carol Paradise, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, David Speirs and Roger Symonds (29)

Absent: Councillors Loraine Morgan-Brinkhurst, Lynda Hedges, Steve Hedges and Richard Maybury (4).

2. *The wording of the above resolution was carried on an amendment to the motion printed with the agenda papers which was moved by Councillor Caroline Roberts and seconded by Councillor Andrew Furse. The effect of that motion, had it been successful, would have been to welcome the opportunity to reconsider the current proposals in the Bath Transportation package and ask Council to recommend the Cabinet to work with the leadership of all the political groups and, where appropriate, neighbouring local authorities, to develop cross-party proposals which would make the best case for funding to the DfT.)*

46 THE FUTURE COUNCIL

Ms Rowena Hayward, GMB Trade Union South West Region Organiser made a statement expressing concern about aspects of the proposals in this report because of the potential impact on service users as well as on the workforce and the local economy. A copy of the statement provided by the speaker which was circulated at the meeting is held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The speaker was thanked for her statement which it was decided would be taken into account during consideration of agenda item 8.

The Council considered a report which set out proposals for a future organisational model for the Council that focused on a strategic leadership role and the structure to deliver it.

On a motion proposed by Councillor Francine Haeberling and seconded by Councillor Malcolm Hanney it was **RESOLVED** that the Council:

1. Approves the principles and general approach being adopted with regard to the proposed Organisational Model for the Council as set out in paragraph 5.4.1 and Appendix 5 of this report.
2. Notes the position and general approach being adopted with regard to Children's Service and Academies as set out in paragraph 5.4.2 and Appendix 5 (ii) of this report.
3. Notes the overall position and direction of travel for the Health, Adult Social Care and Housing services as set out in paragraph 5.4.3 and Appendix 5(iii) of this report and also that a separate report is presented on this meeting's agenda concerning the future of the associated Health and Adult Social Care "provider" functions.
4. Notes the work being carried out in order to explore the feasibility of establishing Property Asset Delivery Vehicles for the Council's commercial estate (paragraph 5.4.4).
5. Approves the principles for the proposed senior management of the Council as set out in paragraph 5.4.5 of this report.

6. Notes the principles of the project management structure set out in paragraph 5.5 of this report.
7. Approves the establishment of an Implementation Committee as set out in paragraph 5.5.3 with the terms of reference set out in Appendix 6A and the consequent amendment of the Employment Committee's terms of reference at Appendix 6B of this report but with a membership of 7 in proportionality; 3 Conservative, 2 Liberal Democrat, 1 Labour and 1 Independent, with the additional clarification that, reflecting the proportionality of the Committee, the Chair and Vice Chairs be from the largest and second largest groups respectively.
8. Notes that the Implementation Committee will report back in due course on any matters requiring the views of or a decision by Council in respect of the approval of appointment and the designation of Statutory Officers as required.
9. Notes the proposed transfer of the Public Health function from NHS Bath and North East Somerset (PCT) to the Council as detailed in paragraph 5.4.3 and delegates the provision of appropriate management arrangements for this to the Chief Executive in consultation with the Implementation Committee in the event of legislation being enacted.
10. Notes that a further report will be brought back to Council to include proposals for future political Leadership in the light of options in the anticipated Localism Bill.
11. Notes the financial implications set out in this report and in particular the availability of resources already established as part of the 2010/11 budget and requests Overview and Scrutiny Panels to review change programme business cases as they develop. Agrees that, in addition to the terms of reference as set out in Appendix 9A and the proposed O&S scrutiny of business cases, that consultation on the use of any funding from the Financial Challenge Reserve should include the Chair and Vice Chair of the Implementation Committee if the proposed expenditure is within the remit of this Committee.
12. Agrees to recommend to Cabinet that any proposals for delivery of Council services that have a significant impact on staffing arrangements or numbers should be the subject of early discussion and consultation with Council.

(Notes: 1. The above resolution was carried by a majority of 46 Councillors voting in favour, 11 Councillors voting against and 4 Councillors abstaining from voting. 2. The wording underlined in paragraphs 7 and 11 above was added on an amendment from Councillor David Dixon which was accepted by the mover and seconder of the motion. 3. The wording underlined in paragraph 12 above was added on an amendment from Councillor John Bull which was accepted by the mover and seconder of the motion.)

47 TRANSFORMING COMMUNITY HEALTH AND SOCIAL CARE

(A) Mr Chris Howe, UNISON Trade Union South West Regional Organiser made a statement urging the Council to reconsider the proposed social enterprise model for delivering adult social care and to develop an alternative that would enable the service to be retained within the local authority. Mr Howe referred to the written joint submission from the B&NES Trade Unions which had been circulated to all Councillors.

(B) Ms Rowena Hayward, GMB Trade Union South West Region Organiser made a statement expressing concern about the proposals in this report because of the high risks involved in taking on the commissioned work from General Practitioners and urged the Council to extend the consultation process to enable the options to be more fully explored.

(C) Mrs Diana Hall Hall, Chair of B&NES Link made a statement expressing concern about the proposals in this report because of the high risks of the social enterprise model compared with using alternative statutory health and social care providers and urged the Council to extend the consultation and decision-making process to enable the options to be more fully considered.

Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The speakers were thanked for their statements which it was decided would be taken into account during consideration of agenda item 9.

The Council considered a report which set out proposals for a future organisational model for the Council that focused on a strategic leadership role and the structure to deliver it. An update report was circulated to all Members and the public at the meeting on two textual corrections to the main report and the latest projections on which the financial information was based.

During the debate on this item Councillor Will Sandry read a statement which summarised the position of the Liberal Democrat Group's working party on this issue in the discussions they had held prior to the Council Meeting and requested that a copy be retained on the minute book and published on the Council's website with the draft minutes.

On a motion proposed by Councillor Vic Pritchard and seconded by Councillor Francine Haeberling it was **RESOLVED** that the Council:

1. Indicates its commitment to a direction of travel that aims to transfer integrated community health and social care services into a potential social enterprise subject to the approval of the NHS Bath and North East Somerset Board at its meeting on 18th November 2010.
2. Recognises the key role of General Practitioner representatives as future Commissioners in developing the proposal.

3. Notes that the initial high level Integrated Business Plan will be developed further over the next two months to test the viability of the social enterprise.
4. Delegates authority to the Chief Executive with the agreement of the Leader of the Council and the Leader of the Liberal Democrat Group, in consultation with the Labour and Independent Group Leaders, the Cabinet Member for Adult Social Care and Housing, the Chair of the Healthier Communities and Older People Overview and Scrutiny Panel, a further member of the Liberal Democrat group, the Monitoring Officer, and the Council's Section 151 Officer, to:
 - a. Take all steps necessary or incidental to work with NHS Bath and North East Somerset and General Practitioner Commissioning representatives to develop the potential social enterprise option.
 - b. Implement the option including the organisational form of the potential social enterprise and the development and award of the contracts relevant to Council services, subject to the detailed Integrated Business Plan demonstrating to his satisfaction the viability of the new social enterprise within budget provision and support for the option being agreed with the General Practitioner Commissioning representatives and the Strategic Health Authority.
5. Instructs the Chief Executive to produce a further report to Council should, in his opinion after taking relevant advice, he conclude that the financial challenges as expressed in the Financial Implications to this report cannot be met or if sufficient agreement with General Practitioner Commissioning representatives and the Strategic Health Authority is not achieved.
6. Agrees that the proposed option is subject to proportionate due diligence prior to any transfer of services.
7. Notes that the Integrated Business Plan shall be submitted formally to the NHS South West, the Strategic Health Authority, following the meeting of the NHS Bath and North East Somerset Board, and will be subject to further development over the next two months.
8. Notes the project's governance arrangements, next steps, costs, timetable and the high-level outline terms of the pooled project budget between the Council and NHS Bath and North East Somerset.

(Notes: 1. The above resolution was carried by a majority of 46 Councillors voting in favour, 9 Councillors voting against and 6 Councillors abstaining from voting. 2. The wording underlined in paragraphs 4 and 5 above was added by Councillor Pritchard when moving the motion to the recommendations printed in the report. 3. During the debate on this item a motion under Council Rule 48 was moved and seconded and resolved to extend the duration of the Council Meeting until 11pm to enable the remaining business to be considered. 4. During the debate on this item a procedural motion was moved and seconded and resolved to vary the order of business to take agenda items 14 and 15 before the other remaining items because members of the public were present to make statements on both those items.)

48 ALLOCATION OF TOP-UP TRANSITORY FUNDS FOR YOUTH SERVICE PROJECTS

Ms Jocelyne Tagg, Director of Off the Record Bath and North East Somerset made a statement about the impact of the proposed ending of the counselling contract with Off the Record on 31st March 2011 and urging the Council to support this agenda motion as it would give a more realistic opportunity to identify potential alternative sources of funding. Ms Becky Proctor, a former client of the Off the Record service, outlined the benefits of the counselling which the service provided for young people. In response to a question from Councillor David Speirs, Ms Proctor said that through the assistance she had received her confidence had significantly improved and this enabled her to deal successfully with new challenges in her life.

Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The speakers were thanked for their statements which it was decided would be taken into account during consideration of agenda item 14.

On a motion from Councillor David Speirs seconded by Councillor Rob Appleyard it was **RESOLVED** that:

This Council Notes:

- 1) The current proposals to reduce funding for the Youth Service.
- 2) That Parish and Town Councils are being encouraged to work alongside the Council to help provide youth facilities.
- 3) That two priorities of the Council are a commitment to: "Improving the life chances of disadvantaged children and young people" and "Building communities where people feel safe and secure"¹
- 4) That the B&NES Sustainable Community Strategy 2009-2026 states that by 2012-15 "Young People's Centres [will] have been rolled to more areas where there are highest levels of deprivation"² and "Children and young people will have access to services within their community"³

¹ Bath and North East Somerset Council's '*Visions and Priorities*' accessed at: <http://www.bathnes.gov.uk/councilanddemocracy/VisionandPriorities/Pages/default.aspx>

² Bath and North East Somerset '*Sustainable Community Strategy 2009-2026*' at p.25 accessed from: <http://www.bathnes.gov.uk/SiteCollectionDocuments/Community%20and%20Living/Sustainable%20Community%20Strategy.pdf>

³ *ibid*, p.26

This Council Believes:

- 1) That youth centres continue to play an important role in the provision of services for young people, along with detached and mobile youth workers and third sector organisations.
- 2) That it is reasonable to ask parish and town councils to make a contribution to youth services or activities within their area.
- 3) That in order to ensure stability and consistency of youth service provision in areas such as Radstock and Keynsham one-off top-up transitory funding should be made available for 2011/12.
- 4) That a funding should be made available for a volunteer counselling service, to ensure the young people of Bath & North East Somerset have continued access to such a resource.

This Council Resolves:

- 1) To ask the Cabinet to allocate an additional £53,000 of top-up transitory funding as part of the 2011/12 Council budget to be divided between projects and/or services at Radstock Youth Centre, Keynsham Youth Centre (known as Time Out), and to provide bridging funding to support the 'Off The Record' Counselling Service.⁴
- 2) That the remaining £53,000 from the £80,000 identified in the 2010/11 budget to be spent at the discretion of the Council Leader and Deputy Council Leader, should be reallocated to the Youth Service for the purpose outlined above.
- 3) That decisions on how the top-up funding allocated to youth centres should be utilised will be taken after consulting with the relevant stakeholders, primarily the young people. Furthermore the funding should seek, as far as possible, to facilitate joint partnership working with other organisations in order to maximise its effectiveness.⁵
- 4) That the Authority should continue to encourage Parish and Town Councils to set aside funding within their budgets for youth work in their respective areas.
⁶

⁴ The one-off bridging funding will enable 'Off The Record' to continue their counselling service for another twelve months, during which time it will seek finances from other sources. This funding will be a grant, not a loan and it is recommended that approximately £23,000 should be allocated to this service from the £53,000.

⁵ For example this could include the Primary Care Trust (PCT), Town/Parish Council or a local charity.

⁶ This includes Keynsham Town Council and the successor councils to Norton-Radstock Town Council.

- 5) That the Authority should work with the Primary Care Trust to supply match funding for a volunteer Counselling Service for young people, as part of a new integrated Primary Mental Health Service.

(Note: The above resolution was carried by a majority of Councillors voting in favour with no Councillors voting against and no Councillors abstaining from voting.)

49 HOUSES IN MULTIPLE OCCUPATION

Mrs June Player made a statement about the impact of homes in multiple occupation where such lettings predominated in a particular locality rather than being shared equally throughout the area and urged the Council to support this agenda motion

A copy of the statement provided by the speakers which was circulated at the meeting is held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The speaker was thanked for her statement which it was decided would be taken into account during consideration of agenda item 15.

A briefing note on the legislative background prepared by the Strategic Director, Service Delivery and an explanatory note to assist consideration of the motion prepared by Councillor Will Sandry were circulated to all Members and the public at the meeting.

On a motion from Councillor Will Sandry seconded by Councillor Ian Gilchrist it was **RESOLVED** that:

1. Council has concerns over the level of Homes in Multiple Occupation (HMOs) in the City of Bath, particularly in the South and South West of the City.
2. Council notes that, whilst traditionally Article 4 Directions are used for previously defined areas such as a Conservation Area or an Area of Outstanding Natural Beauty, the "Direction" could mean that planning permission would be required for any further homes to be converted to Homes in Multiple Occupation in specified areas of the city. Council also notes that a City or Authority-wide Article 4 Direction would require the agreement of Secretary of State.
3. Council resolves to request that the Cabinet Member for Service Delivery investigate further the practicalities and budgetary implications of introducing an "Article 4 Direction", and if deemed practical and financially viable seek to implement such a Direction.
4. Council resolves to request that the Cabinet Member for Service Delivery include measures within the draft Core Strategy, to be presented to Council on 2nd December 2010, to address the further proliferation of HMO's within Bath and allow for an increased level of dedicated student accommodation on-campus.

(Notes: 1. The wording of the above resolution was approved following an amendment proposed by Councillor Charles Gerrish and accepted by the mover and

seconded of the motion. It replaced the wording of the motion printed with the agenda papers, the effect of which would have been to request the Cabinet Member to ensure that there were sufficient resources in the budget proposed by the Cabinet for 2011/2012 to enable Planning Services to investigate the practicalities of introducing an Article 4 Direction and to introduce such a Direction under the Local Development Scheme programme of work. 2. The above resolution was carried by a majority of Councillors voting in favour with no Councillors voting against and one Councillor abstaining from voting.)

50 REVIEW OF THE COUNCIL'S STATEMENT OF LICENSING POLICY

The Council considered a report on the outcome of the three year review of the Council's Statement of Licensing Policy.

On a motion from Councillor Tim Warren seconded by Councillor Tim Ball it was **RESOLVED** that the Council adopts the Policy set out in Annex B to this report, having had regard to the responses received following the consultation process which are set out in Annex A.

(Note: The above resolution was carried by a majority of Councillors voting in favour with two Councillors voting against and one Councillor abstaining from voting.)

51 DRAFT REPLACEMENT WORLD HERITAGE SITE MANAGEMENT PLAN

The Council considered a report on the draft replacement City of Bath World Heritage Site Management Plan which had been drawn up under the guidance of the World Heritage Site steering group and following public consultation and which was being submitted to the Council for endorsement prior to its approval by the Cabinet Member for Development and Major Projects.

On a motion from Councillor Terry Gazzard seconded by Councillor Francine Haeberling it was **RESOLVED** that the Council:

1. Endorses the draft replacement City of Bath World Heritage Site Management Plan, and recommends to the Cabinet Member for Development and Major Projects that it is approved for submission to UNESCO.
2. Notes that further minor editorial changes will be made to the document prior to final submission.

(Note: The above resolution was carried by a majority of Councillors voting in favour with one Councillor voting against and one Councillor abstaining from voting.)

52 2010/11 HALF-YEARLY TREASURY MANAGEMENT PERFORMANCE REPORT

The Council considered a report on the outturn performance for the six months to 30th September 2010 measured against the Treasury Management Strategy and Annual Investment Plan 2010/11.

On a motion from Councillor Malcolm Hanney seconded by Councillor Francine Haeberling it was **RESOLVED** that the Council notes:

1. The Treasury Management to 30th September 2010 prepared in accordance with the CIPFA Treasury Code of Practice.
2. The Treasury Management indicators to 30th September 2010.

(Note: The above resolution was carried by a majority of Councillors voting in favour with no Councillor voting against and two Councillors abstaining from voting.)

53 POLITICAL PROPORTIONALITY

The Council considered an agenda note on the reasons why a review of political proportionality was required to reassign the number of seats on various Council Committees and their allocation to political groups.

On a motion from Councillor Francine Haeberling seconded by Councillor Paul Crossley it was **RESOLVED** that:

1. The allocation of seats on all relevant Committees be amended from 34 (Conservative): 28 (Liberal Democrat): 5 (Labour): 2 (Independent) with one Unaligned seat to 35 (C): 28 (LD): 5(L): 2(Ind).
2. The membership of the Safer and Stronger Communities Overview and Scrutiny Panel be set at 4 (C):3 (LD) rather than as previously 3 (C): 3 (LD):1 (Unaligned).

(Note: The above resolution was carried by a majority of Councillors voting in favour with no Councillor voting against and no Councillors abstaining from voting.)

54 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

There were three questions from Members of the Council as listed in the Appendix to these minutes. The questions asked and the answers given in writing as circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

The meeting ended at 11.00 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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**QUESTION ASKED BY A MEMBER OF THE PUBLIC AT COUNCIL MEETING
16 NOVEMBER 2010**

NUMBER	QUESTION FROM COUNCILLOR(S)	QUESTION TO COUNCILLOR(S)	SUBJECT
1	Mr Ian Barclay	Malcolm Hanney	Firs Field, Combe Down, Bath

**QUESTIONS ASKED BY COUNCILLORS AT COUNCIL MEETING
16 NOVEMBER 2010**

NUMBER	QUESTION FROM COUNCILLOR(S)	QUESTION TO COUNCILLOR(S)	SUBJECT
1	Nigel Roberts	Charles Gerrish	Missing Litter Bins in Odd Down and Missing Bench at Rush Hill, Bath
2	Brian Webber	Charles Gerrish	Bath Central Parking Zone
3	Neil Butters	Francine Haeberling	Notification of Change of Name of South Stoke Parish and Procedure for Community Governance Review of Parish Boundaries

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BATH AND NORTH EAST SOMERSET

MINUTES OF SPECIAL MEETING OF THE COUNCIL

Thursday, 2nd December, 2010

Present:- **Councillors** Simon Allen, Rob Appleyard, Sharon Ball, Tim Ball, Colin Barrett, Gabriel Batt, Cherry Beath, David Bellotti, Loraine Brinkhurst MBE, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke, Victor Clarke, Nicholas Coombes, Chris Cray, Paul Crossley, Gerry Curran, Colin Darracott, Sally Davis, Douglas Deacon, Ian Dewey, David Dixon, Peter Edwards, Andrew Furse, Terry Gazzard, Charles Gerrish, Ian Gilchrist, Francine Haerberling, Alan Hale, Malcolm Hanney, Nathan Hartley, David Hawkins, Lynda Hedges, Steve Hedges, Adrian Inker, Eleanor Jackson, Les Kew, Malcolm Lees, Marie Longstaff, Barry Macrae, Shaun McGall, Bryan Organ, Carol Paradise, Vic Pritchard, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Brian Simmons, David Speirs, Roger Symonds, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock and Stephen Willcox

Apologies for absence: Councillors Armand Edwards, Richard Maybury, Marian McNeir MBE, Shirley Steel and Gordon Wood

55 EMERGENCY EVACUATION PROCEDURE

The Chairman welcomed everyone to the meeting including members of the public seated in the overflow facility in the Alkmaar Room and drew attention to the emergency evacuation procedure which was read out.

56 DECLARATIONS OF INTEREST

Declarations of Interest were made as follows:

Councillor Malcolm Hanney declared a personal non-prejudicial interest in the agenda motion Every Disabled Child Matters (agenda item 8) as Chair of NHS Bath and North East Somerset Primary Care Trust.

Councillor Charles Gerrish declared a personal non-prejudicial interest in the agenda motion Every Disabled Child Matters (agenda item 8) as the parent of a child with disabilities.

Councillor Gerry Curran declared a personal non-prejudicial interest in the agenda motion Every Disabled Child Matters (agenda item 8) as a foster parent caring for a young person with disabilities and he and his partner were in receipt of monies for carer responsibilities and also because his employer received such funding.

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

The Chairman:

1. Asked everyone present to turn off their mobile phone or switch it to silent to avoid disrupting the meeting and because there was the possibility that if they remained switched on they might interfere with the sound system or the videolink to the Alkmaar Room.
2. Referred to the agenda item timings on the briefing sheet for this meeting which had been agreed with the Group Leaders and asked Councillors to keep contributions to debate brief and relevant and not repeat what had already been said by colleagues.
3. Indicated that she proposed to waive Council Rule 37 so as not to permit Councillors seconding motions or amendments being able to reserve their right to speak until later in the debate, but to require all seconders if they wished to speak to do so when they second the motion or amendment. The Council indicated its agreement.
4. Informed Council that she had agreed to alter the order of business to take agenda item 9, Statements from Councillors, before agenda item 7 because the one statement submitted related to that item.
5. Reminded Councillors that the next Full Council Meeting would be held on Thursday 20th January 2011.
6. Indicated that she did not propose to announce a comfort break unless the meeting continued beyond 9pm.

58 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business for this meeting.

59 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC ABOUT THE BUSINESS OF THE SPECIAL MEETING

There were ten statements from members of the public as indicated below. Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

(A) Mrs Jane Giddins made a statement on behalf of Newton St Loe Parish Council thanking Bath and North East Somerset Council for listening to local opinion by not including in the draft Core Strategy the proposal for an Urban Extension to the south and west of Bath, which had been included in the Regional Spatial Strategy prepared by the Government Office for the South West. She also asked that the Council should express support for the bid by Newton St Loe, Englishcombe and Combe Hay parishes to be included in the Cotswold Area of Outstanding Natural Beauty.

(B) Mr Leslie Redwood made a statement on behalf of BIGHA (Bath Independent Guesthouses Association) asking that the results of the Council's Visitor Accommodation Study be adopted into the Core Spatial Strategy and the Local Development Framework, to remove the policy of car-free

developments in relation to hotels and to defer any large hotel planning applications until this had been done. In response to a question from Councillor Eleanor Jackson, Mr Redwood said that the reliable surveys indicated 75% occupancy rates in bed and breakfast accommodation in Bath, with much higher occupancy on Friday and Saturday nights than the rest of the week; BIGHA did not consider that Bath needed more bed and breakfast accommodation.

- (C) Mr Ashley Baker made a statement on behalf of BIGHA urging the Council in the Core Strategy to - ensure that new hotel developments will have adequate car parking provision; acknowledge the importance of independent guesthouses and small hotels to the local economy; and in making decisions on the future development of key sites to maximise the potential for innovative buildings to deliver long term economic and cultural benefits. In response to a question from Councillor John Bull, Mr Baker said that the Southgate development demonstrated well how underground car parking could be used to meet the requirements of visitors staying at hotels in the city.
- (D) Ms Deborah Porter made a statement urging the Council to develop as part of the Core Strategy document a strategy for the enhancement of biodiversity and the conservation of the wildlife resource throughout Bath and North East Somerset, particularly with reference to post-industrial land on “brown field” sites.
- (E) Norton Radstock Town Councillor Gary Dando made a statement about the need for the Core Strategy to include proposals to improve the road infrastructure in the Somer Valley and reduce congestion and pollution in Radstock and suggested that restoring the rail link between Radstock and Frome would achieve this and contribute to greater inward economic and tourism investment. In response to a question from Councillor Eleanor Jackson, Councillor Dando said that a rail link would open up better access for visitors to the market towns and countryside in the whole of the Somer Valley. 3,000 people had signed a petition calling for the restoration of the rail link and the Member of Parliament for North East Somerset had expressed his support. In response to a question from Councillor Chris Cray, Councillor Dando said that whilst a certain amount of car parking would be needed to support the rail link he did not agree that it would have to be so vast as to compromise the biodiversity of the local area.
- (F) Mr George Bailey made a statement on behalf of Radstock Action Group urging the Council to include in the Core Strategy support for the reinstatement of the rail link between Radstock and Frome. In response to a question from Councillor Chris Cray, Mr Bailey said that it was important to include it now in the Core Strategy so that it was embedded in the vision for the future of the area though he accepted that the issue of funding the capital investment needed required further work with central government and other agencies.
- (G) Ms Amanda Leon read statement submitted by Ms Heather Chipperfield on behalf of Radstock Action Group which urged the Council to address the

solution of the traffic and environmental problems as part of the commitment to the sustainable development of affordable housing in Radstock.

- (H) Ms Amanda Leon made a statement on behalf of Radstock Action Group which, while welcoming the positive portrait of Radstock in the draft Core Strategy, sought reassurance on the Council's commitment to the protection of Radstock's built environment, its cultural heritage and biodiversity, and its future as a successful business and tourism centre.
- (I) Mr Robert Sawyer, Sawyer Associates made a statement urging that Clutton and Temple Cloud be recognised as 'Focus Settlements' under Policy RA1 in the draft Core Strategy to allow the small scale housing and commercial development necessary to enable these villages to meet the needs of local communities and avoid decline. In response to a question from Councillor John Bull, Mr Sawyer said that the draft Core Strategy did not explain how community support for such developments was assessed which had led to these two villages being omitted from the Policy. In response to a question from Councillor Chris Cray, Mr Sawyer said that he agreed that a steady trickle of housing developments sympathetic to the local environment was needed to allow basic amenities such as small shops, schools and recreation areas to survive in rural villages.
- (J) Mr David Redgewell on behalf of South West Transport Network made a statement urging the Council to strengthen the draft Core Strategy in a number of areas relating to bus and rail transport, cycling and walking in co-operation with neighbouring local authorities to support a more sustainable lifestyle for the people of Bath and North East Somerset and surrounding areas.

The speakers were thanked for their statements which it was decided would be taken into account during consideration of agenda item 7.

60 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS ABOUT THE BUSINESS OF THE SPECIAL MEETING

Councillor Roger Symonds, referring to the section on rail links in the Core Strategy, made a statement about decisions currently under consideration on the electrification of the Great Western Railway and the significant consequences of this for the future of the area. He urged the Cabinet Members to join the local authorities in Bristol, Cardiff and Swindon and seek the support of local Members of Parliament to secure a commitment from the Government to the upgrade of the Swindon to Bristol section of the line running through Bath and Keynsham.

A copy of the statement provided by the speaker which was circulated at the meeting is held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

61 BATH AND NORTH EAST SOMERSET DRAFT CORE STRATEGY - PRE-SUBMISSION DOCUMENT

The Council considered a report on the proposed arrangements for the publication of the draft Core Strategy which was a key spatial strategy document within the Local Development Framework and in the delivery of the Sustainable Community Strategy for Bath and North East Somerset.

During the debate on the amendment about the Radstock to Frome railway line, Councillor Simon Allen asked for it to be recorded that whilst he supported the reinstatement of the line he would not vote for the amendment because he did not agree that an area needed to be reserved for car parking in the Core Strategy. Councillor Neil Butters said that he supported the concept of preserving rail corridors where practicable but not raising unrealistic expectations given the high capital cost of reinstating the Radstock to Frome link and he considered that discussions should be held with the Association of Train Operating Companies (ATOC) before any change is considered to the wording of the Core Strategy. Councillor Roger Symonds agreed with this view. Councillor Chris Cray said that he had always believed that this rail link would be too expensive to restore and would not help the people of Radstock or Westfield. Councillor Chris Watt said that the widespread support for the principle of preserving the rail corridor should be acknowledged so that at a suitable future time it could be addressed but there was the need to make a viable assessment over a realistic timescale and so he would not support any change to the Core Strategy.

During the debate on the Core Strategy, Councillors Alan Hale and Adrian Inker welcomed the clarification on the vehicular accesses to the K2 site in Keynsham which had been circulated with a number of other textual and diagrammatic amendments identified since the draft document was circulated to Councillors. Councillor Inker also referred to the challenges of the regeneration of Keynsham town centre, the future of the Somerdale site and traffic management for the town. Councillor Brian Webber invited all members of the public to contribute to the debate on the future use of the Recreation Ground in Bath and also referred to the need for improvements to the London Road, Walcot shopping area. Councillor Victor Clarke supported the building of social housing in rural areas to meet genuine local need as long as Green Belt or agricultural land was not developed. Councillor Malcolm Hanney said that he was confident that in the villages in his Ward there had been adequate consultation on assessing the local community support for development. Councillor Stephen Willcox supported the need for a steady trickle of development in rural areas to provide affordable housing and stop villages from decline. Councillor Barry Macrae said that he and his Ward colleague Councillor Shirley Steel welcomed the positive consultation carried out by officers with a variety of local groups in Midsomer Norton during the preparation of the draft Core Strategy.

Councillor Chris Cray expressed concern that too much housing development was being concentrated in the south of the area and it needed to be more widely shared; he also believed that the Council should press more proactively for Government funding to tackle the carbon footprint.

Councillor John Bull appealed for a cross-party consensus to be developed to address the urgent problem of making more affordable housing for families and young people throughout the area. On behalf of the Labour Group he requested a

report on how the £3M set aside for affordable housing in the last budget is being used.

Councillor Paul Crossley said that the Liberal Democrat Group had reservations about aspects of the document which they would highlight in the debate so they would be abstaining on the vote but wished to make it clear that they supported the publication of the Core Strategy for consultation as recommended. Liberal Democrat Councillors highlighted issues for further examination as follows:

Councillor Paul Crossley – stronger links needed with external partners and neighbouring local authorities (e.g. Wiltshire Council on reopening of Corsham Station).

Councillor Nigel Roberts – impact on local traffic management and parking of proposed new supermarket at Odd Down.

Councillor David Bellotti – Need for infrastructure improvements to be costed on Early Years, Primary and Secondary Education and Play Areas in new housing developments; Policy CP11 to be amended to remove the constraint imposed on identifying a travellers site by requiring a residential use to be incorporated.

Councillor Will Sandry – lack of ambition on regulating university numbers; requirement to cater for demand for homes in multiple occupation required by students, young professionals and migrant workers; need to link Oldfield Park railway station to future Western Riverside development in Section F.

Councillor Shaun McGall - the need to plan carefully for the future requirements of all higher education providers in the area (not only the universities) and to scrutinise that accommodation provision for students is not sacrificed to protecting teaching space; the importance of the Moorland Road shopping area and the impact of potential retail developments at Western Riverside and former Bath Press site; the need to retain green spaces whilst accommodating significant new developments in Bath.

Councillor Loraine Morgan-Brinkhurst – concerns of Ward Councillors and local residents about proposals in B1 for rapid transit link in Newbridge and Kingsmead and extension of Newbridge park and ride; more consultation and information needed on proposals for development of the riverside in the Twerton and Newbridge areas.

Councillor Cherry Beath – importance of “brown field” sites for biodiversity; careful consideration to be given to impact on local traders of supermarket growth.

Councillor Roger Symonds – requests that Local Development Framework Member Working Group reviews responses to the consultation; requests rewording of section 6.93 on the highway network.

Councillor Andrew Furse – Draws attention to need for provision for sports to be more clearly addressed and not so site specific in some cases; reminder that any redevelopment of Bath Quays / Avon Street is obliged to make provision for car

parking for users of multiplex complex in James Street West; concerned about reference to possible redevelopment in Rosewell Court area.

Councillor Neil Butters – welcomes abandonment of the Urban Extension; signalling upgrade soon to be completed will enhance rail services to Keynsham and Bristol by September 2011; emphasises that Freshford Station is in Somerset not Wiltshire so boundary map needs correction.

On a motion from Councillor Charles Gerrish seconded by Councillor Francine Haeberling it was **RESOLVED** that the Council:

1. Approves the draft Core Strategy for public consultation as set out in Appendix 3 to this report and incorporating the textual and diagrammatic amendments listed in the briefing note circulated at the meeting.
2. Agrees that the consultation period should run from 16th December 2010 to 3rd February 2011.
3. Approves the approach to affordable housing site thresholds set out in Option 2 in Appendix 1 to the report.
4. Grants delegated authority to the Divisional Director for Planning and Transport, in consultation with the Cabinet Member for Service Delivery and the Group Leaders, and having sought advice from the Local Development Framework Steering Group, to:
 - a. Agree responses to the public comments received; and
 - b. Make changes which in his opinion are non-material to the Core Strategy.
5. Agrees that following the public consultation, if there are no material changes to the Core Strategy, it is submitted to the Secretary of State for examination.

(Notes: 1. The above resolution was approved by a majority with 36 Councillors voting in favour, 0 Councillors voting against and 22 Councillors abstaining from voting. 2. Councillor Eleanor Jackson proposed an amendment seconded by Councillor Rob Appleyard to amend the Core Strategy to preserve the former GWR Radstock to Frome railway line and encourage steps to re-open it; to facilitate a professional feasibility study for its re-opening as a commuter service; and to conserve the former GWR rail track and an appropriate area for a future railway station and car park near the Brunel Shed, Radstock. That amendment was not approved, 5 Councillors voting in favour, 31 Councillors voting against and 22 Councillors abstaining from voting.)

62 EVERY DISABLED CHILD MATTERS

During the debate on this motion Councillor Chris Watt indicated that, if it was approved, it would be also be subject to ratification by the NHS Bath and North East Somerset PCT Board but that no difficulty in that respect was anticipated. He undertook to ensure that a report was submitted to the Children and Young People's Overview and Scrutiny Panel before May 2011 on the extent to which the Council

and the PCT were able to deliver on the baseline achievements required by the Charter so that future progress could be measured.

On a motion from Councillor David Speirs seconded by Councillor Chris Watt it was **RESOLVED** that:

This Council Notes:

- 1) That Every Disabled Child Matters (EDCM) is a campaign run by four leading organisations that work with disabled children and their families.¹
- 2) That the campaign aims are to lobby both Westminster and Local Government to:
 - Give disabled children and their families new rights to the services and support they need to lead ordinary lives.
 - Invest in new resources to make sure these rights can become a reality. This will be achieved through funding to sustain, embed and build on Aiming High for Disabled Children.
 - Give disabled children and their families a new level of priority, and work with them to improve the services they receive.
- 3) That the campaign is asking Local Authorities and Primary Care Trust's (PCT's) to sign campaign charters. These charters include a set of commitments that local authorities and PCT's can choose to sign up to in order to demonstrate that disabled children are a priority.²
- 4) That ninety six local authorities have signed the EDCM Charter (as of 31st August 2010)

This Council Believes:

- 1) That supporting Disabled Children and their families is a priority for the Local Authority and should be a priority for the PCT.

This Council Resolves:

- 1) To ask the Cabinet Member for Children's Services to sign the EDCM Local Authority Charter and to ensure that the commitments contained therein are fulfilled within one year.
- 2) To work with the PCT in order to setup a Joint Charter, based on the example of Leicester City Council and Primary Care Trust, with the aim of joining up the services that the local authority and PCT supply.
- 3) That as a result of this joint charter a joint action plan should be drawn up to implement the joint commitments.³

(Note: The above resolution was approved by a majority of Councillors voting in favour with no Councillors voting against and no Councillors abstaining from voting.)

¹ Contact a Family, The Council for Disabled Children, Mencap and the Special Educational Consortium.

² See Appendix One and Two

³ http://www.ncb.org.uk/edcm/charters/joint_charters.aspx

The meeting ended at 8.52 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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BATH AND NORTH EAST SOMERSET

MINUTES OF COUNCIL MEETING

Thursday, 20th January, 2011

Present:- **Councillors** Simon Allen, Sharon Ball, Tim Ball, Colin Barrett, Gabriel Batt, Cherry Beath, David Bellotti, Loraine Brinkhurst MBE, John Bull, Neil Butters, Bryan Chalker, Anthony Clarke, Victor Clarke, Nicholas Coombes, Paul Crossley, Gerry Curran, Sally Davis, Douglas Deacon, Ian Dewey, David Dixon, Peter Edwards, Andrew Furse, Terry Gazzard, Charles Gerrish, Ian Gilchrist, Francine Haerberling, Alan Hale, Malcolm Hanney, Nathan Hartley, David Hawkins, Lynda Hedges, Steve Hedges, Adrian Inker, Eleanor Jackson, Les Kew, Malcolm Lees, Marie Longstaff, Barry Macrae, Shaun McGall, Bryan Organ, Vic Pritchard, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, Brian Simmons, David Speirs, Roger Symonds, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood

Apologies for absence: Councillors Rob Appleyard, Chris Cray, Colin Darracott, Armand Edwards, Marian McNeir MBE, Carol Paradise and Shirley Steel

63 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure set out on the agenda which was read out.

64 DECLARATIONS OF INTEREST

Councillor Alan Hale declared a personal non-prejudicial interest in the agenda item on the Joint Local Transport Plan (Report 7) because of his employment as Senior Road Safety Officer at South Gloucestershire Council.

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

The Chairman:

1. Informed Council of the deaths which had taken place since the last Council Meeting of former Councillor Richard Maybury, Lambridge Ward and Dick King-Smith, noted local author of children`s books. The Council placed on record its appreciation of their service to the community and its condolences to their families and stood in silence as a mark of respect in their memory.
2. Referred to International Holocaust Memorial Day taking place on Thursday 27th January and encouraged everyone to participate in the local commemorative events. The Chairman informed Councillors that she would be lighting a memorial candle in the Guildhall foyer at 9am to remain lit through the day until close of business.
3. Asked everyone to turn off their mobile phone or switch it to silent to avoid disrupting the meeting and because of the possibility that if they remained

switched on they might interfere with the sound system in the Chamber or the videolink to the Banqueting Room.

4. Referred to the agenda item timings on the briefing sheet for this meeting which had been agreed with the Group Leaders and asked Councillors to keep contributions to debate brief and relevant and not to repeat what had already been said by colleagues.
5. Indicated that she proposed to waive Council Rule 37 so as not to permit Councillors seconding motions or amendments being able to reserve their right to speak until later in the debate, but to require all seconders, if they wished to speak, to do so when they had seconded the motion or amendment. The Council indicated its agreement.
6. Indicated that she did not propose to announce a comfort break unless the meeting was likely to continue well beyond 9pm.

66 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There were no items of urgent business for this meeting.

67 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

There were three questions from members of the public as listed in the Appendix to these minutes. The questions asked and answers given in writing as circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

There were nine statements from members of the public as indicated below. Copies of the statements provided by the speakers which were circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

- (A) Mr David Redgewell on behalf of South West Transport Network made a statement urging the Council to support the Joint Local Transport Plan prepared in conjunction with neighbouring local authorities and to reinforce the efforts made by councils in the West of England to secure from Central Government support for more sustainable transport systems.

Mr Redgewell was thanked for his statement which it was decided would be taken into account during consideration of agenda item 7.

- (B) Mrs Agnes Melling made a statement urging that negotiations be opened with the bus companies as a matter of urgency to reinstate bus services over Pulteney Bridge, Bath. In response to a question from Councillor Caroline Roberts, Mrs Melling said that she had held meetings with the Cabinet Member in the autumn of 2010 and today and made him aware of the views of local residents and that the bus service passing the doctors' surgery was needed by residents in many parts of Bath.

Mrs Melling was thanked for her statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (C) Ms Manda Rigby made a statement in support of a petition signed by 238 local residents asking for the reinstatement bus services over Pulteney Bridge, Bath. In response to a question from Councillor Terry Gazzard, Ms Rigby said that she was not aware that the Number 764 bus had been routed along Great Pulteney Street but she was aware that since 4th November 2010 the Number 4 bus had been routed along part of Great Pulteney Street and Edward Street but she was concerned that they did not serve the main part of Great Pulteney Street and dropped passengers outside the Sports and Leisure Centre in North Parade Road which was too far for people with limited mobility to walk to the shops. In response to a question from Councillor Caroline Roberts, Ms Rigby said that although consultation had been promised last September it was her experience that local residents did not consider this had yet taken place.

Ms Rigby was thanked for her statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (D) Mr David Redgewell, South West Transport Network, read a statement on behalf of Mr George Bailey, Radstock Action Group, urging the Council to protect the Radstock to Frome railway line as part of the Joint Local Transport Plan. In response to a question from Councillor Eleanor Jackson, Mr Redgewell said that Mr Bailey had received a response from the West of England Partnership following the petition he had presented to save the railway line but it was not clear if this Council had responded.

Mr Bailey was thanked for his statement which it was decided would be taken into account during consideration of agenda item 7.

- (E) Ms Amanda Leon, Radstock Action Group, made a statement urging the Council to support the reinstatement of the Radstock to Frome railway line in line with the evidence presented by the Radstock Action Group as part of the consultation on the Joint Local Transport Plan.

Ms Leon was thanked for her statement which it was decided would be taken into account during consideration of agenda item 7.

- (F) Mr Martin Broadbent, Chair of the Greenway Residents Association, Bath made a statement urging the Council to remove the Beechen Cliff Lower School Playing Field from the Strategic Housing Land Availability Assessment (SHLAA) before the Core Strategy is submitted to the Government for examination. In response to a question from Councillor Francine Haerberling, Mr Broadbent said that the Residents Association was aware that the SHLAA was a list of sites with no legal weight attached to their identification, but that residents were concerned that as long as it remained on the list it would give potential developers the opportunity to use that in evidence for a planning application and so it should be removed to allow that possibility. In response to a question from Councillor David Bellotti, Mr Broadbent said that the Association was aware that Beechcroft Developments had submitted an application for development of 22 houses on

this site in 2005 or 2006 which was reduced to 18 houses and that they were aware of the offer price.

Mr Broadbent was thanked for his statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (G) Ms Lin Patterson, Save our 6&7 Buses Campaign, made a statement urging the Council to make available adequate funding to resource the re-establishment of the Public Transport Liaison Panel for Bath and North East Somerset and to support a 30 minute bus service on the Number 6 & 7 route connecting Larkhall and Fairfield Park with the city centre. In response to a question from Councillor David Speirs, Ms Patterson said that she had learnt today that the Cabinet Member had reached agreement with two of the three main bus operators to go ahead with the proposals.

Ms Patterson was thanked for her statement which was referred for consideration and response to the Cabinet Member for Service Delivery.

- (H) Major Antony Crombie, the Bath Society, made a statement urging the Council to reconsider the Bath Transportation Package proposals and to withdraw them from the Joint Local Transport Plan. In response to a question from Councillor Caroline Roberts, Major Crombie said that he was aware that the proposed rapid transit route was on a former railway and not a former roadway.

Major Crombie was thanked for his statement which it was decided would be taken into account during consideration of agenda item 7.

- (I) Major Antony Crombie, the Bath Society, made a statement urging the Council to consider a site at Bath Western Riverside for the development of a stadium for Bath Rugby Club instead of the Bath Recreation Ground and to stop the proposed land swap involving the Firs Field, Combe Down and the Recreation Ground because of the covenants restricting uses on both sites. In response to a question from Councillor Paul Crossley, Major Crombie said that, whilst he was not aware that Bath Rugby Club had originally played at the Recreation Ground in the nineteenth century on a pitch with a wooden stock palisade around it, he understood why the Club were keen to remain there but he thought that a site at Bath Western Riverside would be much more suitable for the scale of development needed.

Major Crombie was thanked for his statement which was referred for consideration and response to the Cabinet Member for Resources.

68 JOINT LOCAL TRANSPORT PLAN 3

The Council considered a report on the Joint Local Transport Plan 3, covering the period 2011 to 2026, which had been developed in partnership with Bristol, North Somerset and South Gloucestershire Councils under the guidance of the West of England Joint Transport Executive Committee and which was required to be approved and adopted by the Council for submission to the Secretary of State.

On a motion proposed by Councillor Charles Gerrish and seconded by Councillor Francine Haeberling it was **RESOLVED** that the final draft of the Local Joint Transport Plan 3 be approved and adopted for submission to the Secretary of State subject to, the addition to Box 11 (a) on page 132 of the words “exploration of further possibilities to revive rail transport especially where this would enhance economic regeneration (e.g. reopening the Radstock to Frome railway line).”

(Notes: 1. The above resolution was carried by a majority of 29 votes to 26 with 1 Councillor abstaining from voting. A recorded vote was requested under Council Rule 45 and taken as follows:

For the resolution: Councillors : Colin Barrett, Gabriel Batt, Marie Longstaff, Bryan Chalker, Anthony Clarke, Victor Clarke, Sally Davis, Douglas Deacon, Peter Edwards, Terry Gazzard, Charles Gerrish, Francine Haeberling, Alan Hale, Malcolm Hanney, David Hawkins, Les Kew, Malcolm Lees, Barry Macrae, Bryan Organ, Vic Pritchard, Brian Simmons, Martin Veal, Tim Warren, Chris Watt, Brian Webber, Brook Whelan, John Whittock, Stephen Willcox and Gordon Wood (29)

Against the resolution: Councillors : Simon Allen, Sharon Ball, Tim Ball, Cherry Beath, David Bellotti, Sarah Bevan, Loraine Morgan-Brinkhurst, John Bull, Neil Butters, Nicholas Coombes, Paul Crossley, David Dixon, Andrew Furse, Ian Gilchrist, Nathan Hartley, Steve Hedges, Lynda Hedges, Adrian Inker, Eleanor Jackson, Shaun McGall, Caroline Roberts, Nigel Roberts, Dine Romero, Will Sandry, David Speirs and Roger Symonds (26)

Abstained from Voting: Councillor Ian Dewey (1)

Absent: Councillors Rob Appleyard, Chris Cray, Gerry Curran, Colin Darracott, Armand Edwards, Marian McNeir, Carol Paradise and Shirley Steel (8).

2. The wording underlined in the above resolution was carried on an amendment from Councillor Eleanor Jackson which was accepted by the mover and seconder of the motion.

3. An amendment was moved by Councillor John Bull seconded by Councillor Eleanor Jackson to remove the Bath Transportation Package (BTP) from the Joint Local Transport Plan (JLTP), which was further amended by Councillor Caroline Roberts to remove from the JLTP the segregated bus rapid transit scheme in Bath and to initiate a review of the scope and need for the Bath park and rides as currently planned in the BTP. That amendment was not carried with 27 Councillors voting in favour, 29 Councillors voting against and 1 Councillor abstaining from voting.)

69 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

There were six questions from Members of the Council as listed in the Appendix to these minutes. The questions asked and answers given in writing as circulated at the meeting are held on file in the minute book and published on the Council's website with the draft minutes of this meeting.

Councillor Dine Romero made a statement about the proposed closure of Culverhay School, Bath urging that the decision be reconsidered and that a non-denominational co-educational school be established on the site to answer the demand from local parents for this educational opportunity for their children. In response to a question from Councillor John Bull, Councillor Romero said that if Culverhay School was closed there would not be enough space at Ralph Allen School or Beechen Cliff School to meet the needs of local parents without temporary classrooms being provided. The statement was referred to the Cabinet Member for Children`s Services for consideration and response.

Councillor Paul Crossley made a statement urging that the Council`s policy on the provision of grit bins in residential areas be reviewed in the context of the recent severe weather and making a number of suggestions as to how this provision could be improved for the future. The statement was referred to the Cabinet Member for Service Delivery for consideration and response.

The meeting ended at 9.30 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

APPENDIX**QUESTIONS ASKED BY MEMBERS OF THE PUBLIC AT COUNCIL MEETING
20th JANUARY 2011**

NUMBER	QUESTION FROM	QUESTION TO COUNCILLOR(S)	SUBJECT
1	Mrs J A Rendall	Malcolm Hanney	Recreation Ground Trust and Firs Field, Combe Down
2	Mr Bob Wilkins	Malcolm Hanney	Sites Considered by Council for `Land Swap` in connection with Bath Recreation Ground
3	Mr Ian Barclay	Malcolm Hanney	Constraints on Ownership of Firs Field, Combe Down

**QUESTIONS ASKED BY COUNCILLORS AT COUNCIL MEETING
20 JANUARY 2011**

NUMBER	QUESTION FROM COUNCILLOR(S)	QUESTION TO COUNCILLOR(S)	SUBJECT
1	Paul Crossley	Chris Watt	Cabinet Member Decision on Culverhay School
2	Nigel Roberts	Chris Watt	Culverhay School Value Added Performance Measurement
3	Nicholas Coombes	Charles Gerrish	Food Waste Collection Service
4	Will Sandry	Charles Gerrish	Road Improvements and Street Lighting Repairs in Oldfield Ward
5	Will Sandry	Vic Pritchard	Police Cover in Oldfield Ward on Friday and Saturday Nights
6	Brian Webber	Charles Gerrish	Replacement and Repair of Lamps at West End of North Parade Bridge, Bath

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Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	15 February 2011	AGENDA ITEM NUMBER
TITLE:	Medium Term Service & Resource Planning 2011/12 – 2013/14, & Budget and Council Tax 2011/12	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 - The Budget and Council Tax Proposal of the Cabinet 2011/12. This comprises a covering document, plus 4 Annexes</p> <p style="padding-left: 40px;">Annex 1 Draft Base Revenue Budget 2011/12 – individual service cash limits</p> <p style="padding-left: 40px;">Annex 2 Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget</p> <p style="padding-left: 40px;">Annex 3 Draft Capital Programme 2011/12-2015/16 including other emerging projects and programmes on an indicative basis - items shown in italics</p> <p style="padding-left: 40px;">Annex 4 Minimum Revenue Provision (MRP) Policy</p> <p>Appendix 2 - Medium Term Service & Resource Planning Assumptions 2011–2015</p> <p>Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer</p> <p>Appendix 4 – Formal Council Tax Setting Resolutions (incorporating precepts from Parishes, Fire & Police) – TO FOLLOW</p>		

1 THE ISSUE

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2011/12 financial year together with a proposal for a Council Tax level for 2011/12.

2 RECOMMENDATION

- 2.1 That the Council approve:

- a) The General Fund net revenue budget for 2011/12 of £121.742m with no increase in Council Tax.

- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2011/12.
 - c) The adequacy of reserves at Appendix 1 Table 9 with a risk-assessed level of £10.5m.
 - d) The individual service cash limits for 2011/12 summarised at Appendix 1 Table 5 and detailed in Annex 1.
 - e) That the specific arrangements for the governance and release of corporate headroom (which includes any amounts for which the purpose has not been specified in the budget report in relation to transfers to revenue budget contingency, the ongoing headroom allocations and the one off headroom allocations in Appendix 1) be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Resources and the Chief Executive together with the Chair of the CPR Overview & Scrutiny Panel.
- 2.2 That the Council include the precepts set and approved by other bodies including the Local Precepts of Town Councils, Parish Councils and the Charter Trustees of the City of Bath, and those of the Fire and Police Authorities in its Council Tax setting.
- 2.3 That the Council acknowledges the Section 151 officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves (Appendix 1, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 1.
- 2.4 That in relation to the capital budget the Council:
- a) approves a capital programme of £34.108m for 2011/12 and notes indicative items shown in italics for 2011/12 and the programme for 2012/13 to 2015/16 as shown at Appendix 1, Annex 3 including the planned sources of funding .
 - b) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4
 - c) approves the Capital Prudential Indicators as set out in Appendix 1 Table 7.
- 2.5 That the Council notes the O&S review of Medium Term Service and Resource Plans and 2011/12 Service Action Plans and instructs the relevant officers to finalise and publish their Medium Term Service and Resource Plans and Service Action Plans by end of March 2011, in consultation with the relevant Cabinet Member and in light of feedback from the O&S reviews, and in line with the approved cash limits.
- 2.6 The Council approves the technical resolutions that are derived from the budget report, and all the figures in that report but including the precepts for towns, parishes and other precepting bodies as set out in Appendix 4.

3 FINANCIAL IMPLICATIONS

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

4 COMMUNITY STRATEGY OUTCOMES

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

5 CORPORATE IMPROVEMENT PRIORITIES

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

6 THE REPORT

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

- Its medium term service and resource planning financial assumptions (Appendix 2) which set the basis for the draft budget proposal for 2011/12.
- Its draft budget proposal for 2011/12 (Appendix 1). This provides the detail of the first year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2011/12, together with capital commitments for future years, and recommends a level of Council Tax for 2011/12.

6.2 The budget proposal builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the significant financial challenge facing the public sector. Over the last 4 years the Council has achieved significant efficiency savings of £17.8m along with a further £7.3m of efficiency / change programme savings included in the 2011/12 budget which represents 64% of the total savings for next year. There is a focus on achieving a real reduction in our cost base by redesigning the shape and delivery of services together with considered and affordable capital investment to promote economic growth and future efficiency savings. The budget proposals include:

- A net £6.9m or 5.3% decrease in the non-schools budget
- A £14.7m increase in Dedicated School Grant (DSG) to £113.8m, which includes the transfer of specific grant funding for schools and early years which did not form part of DSG in 2010/11. On a like for like basis when compared to 2010/11 funding this represents a cash freeze (0% change)
- A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.

6.3 These budget proposals are set within a context of:

- B&NES being the fifth lowest funded unitary authority per head of population (net budget requirement excluding Dedicated Schools Grant); with the Council continuing to receive less grant than the government calculates we need, over £2.5m per annum historically and at least £1m in 2011/12.
- A significant financial challenge in respect of reducing public sector revenue funding:

	10/11	11/12	12/13	13/14
Government Funding Reduction (£m)	£1.8m	£10.3m	£3.6m	TBC
%age	3%	16%	8%	TBC

2012/13 figures based on formula grant only

- Services facing increasing demand pressures and rising public expectations.
- Significant financial pressures on services, many of which are already being experienced and additional duties from government which are not always fully funded; e.g. concessionary fares, landfill tax.
- Recognising the need to deliver savings proposals whilst continuing with effective management of inherent risks.

6.4 The report assumes no changes to existing financial delegations or financial management arrangements except as specifically highlighted for approval in section 2 of this report.

6.5 It is important to be clear on the process to be followed in setting the 2011/12 Budget. The Monitoring Officer has given specific guidance which is set out at Appendix 3, and in particular the need for the Council to approve a balanced budget.

6.6 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 15th February and any decision having to be deferred until the reserve date on 24th February. This includes potential delays to the Council Tax billing process.

7 RISK MANAGEMENT

7.1 The report author and the Council's Section 151 Officer have fully reviewed the risk assessment related to this report and recommendations and consulted with the Lead Cabinet member.

7.2 In addition Appendix 1 to this report includes (at Annex 2) the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. One of the considerations taken into account is the Directors' Review of Robustness of Estimates and Budget Risks/Sensitivities and the Corporate Risk Register. This is completed by all Directors in respect of their own services.

8 RATIONALE

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

9 OTHER OPTIONS CONSIDERED

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

10 CONSULTATION

- 10.1 Meetings have been and will continue to be held with staff, trades unions and with other stakeholders during the development of service and resource plans which have fed into this budget. This has again included a Budget Fair, enabling cross service consideration of the range of proposals by a range of stakeholders.
- 10.2 A formal budget consultation exercise was also undertaken with the community using the Council's website during October and November 2010.
- 10.3 Representatives of the business community were engaged in these consultations together with specific meetings as budget proposals were developed.
- 10.4 Comments received from consultation, including the community consultation, Overview and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

11 EQUALITIES

- 11.1 The Council's overall approach and commitment to the equality impact assessment of financial decisions and service planning is multi-faceted. It is acknowledged that these decisions have the potential to affect service users and potential users, visitors to our area, staff/workforce and other public and voluntary sector partners. In June 2010 the Council was assessed as meeting the Achieving Standard of the Local Government Equality Framework with particular praise for our process of assessment and our knowledge of our local community.
- 11.2 Every service has completed an Equality Impact Assessment (EqIA) of their draft service plan. These will be available for public scrutiny on the Council's website from 2 February 2011 - see [Equality impact assessments - Financial Plans](#) or from the Service itself. These have been subject to a quality assurance process including community representatives on a sample basis.
- 11.3 Monitoring and recording of the impact of budget proposals on staffing levels and numbers at a service and corporate level has been undertaken from the outset of the formal consultation processes. This has included whole council and service data showing the equalities impacts before, during and after each programme of organisational change.

11.4 The Council has been asked to participate in a Local Government Improvement and Development (formerly the IDEA) peer support and challenge. During February and March this will include support from LGID peers and associates who have a specialism in the areas of equality impact assessments and budget processes. This is also an opportunity to draw on and share emerging learning as quickly and effectively as possible.

11.5 The overall approach being taken demonstrates that financial decisions are being made in a fair, transparent and accountable way, considering the needs and the rights of different members of our community.

12 ISSUES TO CONSIDER IN REACHING THE DECISION

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

13 ADVICE SOUGHT

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

Contact person	Tim Richens, Divisional Director – Finance (01225) 477468
Sponsoring Cabinet Member	Councillor Malcolm Hanney, Cabinet Member for Resources, (01225) 477034
Background papers	Budget Report to Cabinet 2 nd February 2011 Medium Term Service & Resource Planning reports to Overview & Scrutiny Panels Draft Service Action Plan Reports to Overview & Scrutiny Panels in January 2011 Financial Settlement 2011/12 to 2012/13, CLG website
Please contact the report author if you need to access this report in an alternative format	

THE BUDGET PROPOSAL OF THE CABINET 2011/2012

Executive Summary

Budget Headlines

The proposed band D Council Tax for Bath & North East Somerset Council next year, 2011/12, 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, 2011/12, is £121.742m, which represents an overall net reduction of 5.3%. This reflects the impact of significant cuts in government grant funding both in terms of general grant and specific grants supporting direct service areas totalling 16% for 2011/2012.

A capital budget over the next five years of £203.6m which will provide for:-

- A significant commitment for the Keynsham Town Centre redevelopment including retail units, a library, a one stop shop, improved public space and new Council offices. This includes delivery of sustainable office accommodation with financial (10%) and carbon footprint (70%) savings in the medium term.
- Provision for new and improved leisure facilities within Bath.
- A significant contribution towards affordable homes particularly within the Bath Western Riverside Development.
- Improvements in the Public Realm.
- Continued additional investment in highways maintenance recognising the significant improvements made as a result of the additional £3m investment in 2010/11.
- Investment in transport infrastructure supported by government grant.
- Improvements to school buildings and facilities.

The proposed budget 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. There is a focus on achieving a real reduction in our cost base by redesigning the shape and delivery of services together with considered and affordable capital investment to promote economic growth and future efficiency savings.

The Budget Context

The Council's Budget for 2011/12 has been developed against the backdrop of the UK's biggest public sector deficit since the Second World War following the deepest recession since the 1930's. In the 2009-10 financial year, the national budget deficit reached £157bn, meaning the Government had to borrow £1 in every £4 it spent.

Some immediate steps were taken by the Coalition Government in the June 2010 budget to reduce the deficit by some £6bn in 2010/11 with approximately 21% falling on local government. For B&NES this meant a cut of £1.8m per annum in revenue funding (equivalent to 2.5% on Council Tax) and a £1.8m reduction in capital funding alongside notice that Coalition Government funding of other critical B&NES capital schemes was to be reviewed. The savings in 2010/11 have been taken by the Coalition Government but the costs of implementing the savings (including redundancies and meeting contractual commitments) have fallen to B&NES and has required additional efficiencies and / or cuts of over £800k beyond the headline figures quoted.

In terms of tackling the significant ongoing national budget deficit, the Chancellor set out the Coalition Government plans in the Spending Review on 20th October. This deficit reduction programme indicated 28% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015. In addition, funding for infrastructure such as school buildings, roads and transport was reduced by 45% on average.

The Council has for some time recognised the financial challenge facing the public sector and has made prudent provisions within its reserves to help enable and facilitate the changes and implications that will result. In recent years the Council has maintained a high degree of focus on sound financial management (including the delivery of balanced budgets and significant efficiency savings of £17.8m over last 4 years) and it is anticipated this will continue with a balanced budget delivered for the current financial year 2010/2011 notwithstanding absorbing the in-year budget cuts made by the Coalition Government.

The Local Government Finance Settlement

The headline from the local government financial settlement is a 13.5% reduction in the Council's formula grant funding from Government for 2011/2012. Within the settlement, the Coalition Government has given a greater level of protection to Councils they deem more dependent upon government grant notwithstanding that B&NES Council is one of the lowest funded unitary authorities. Furthermore, B&NES grant was 'damped' by an amount of £2.5m per annum by the previous Government so was receiving less than the Government's own assessment of B&NES needs requirement as protection was given to Councils receiving more than their needs entitlement.

The settlement represented a far more challenging position than had been expected based upon the earlier Comprehensive Spending Review (CSR) announcement, and the table below illustrates the scale to which the funding reductions have been front loaded for the Council.

Table 1: Reduction in Government Grant Funding

	2011/2012	2012/2013	2013/2014	2014/2015
CSR Indicative Funding Reduction	-10.7%	-6.4%	-0.9%	-5.6%
Actual B&NES Funding Reduction	-13.5%	-8.3%	TBC	TBC

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year. The financial support will be payable in the form of an un-ringfenced grant, Section 31 Grant, for a period of 4 years.

Further analysis shows that the numbers for 2011/12 and beyond have been complicated by the transfer of several specific and area based grants into the formula grant. Based on our analysis the actual reduction in total Government Grant (about a third of the Council's non-schools funding) is 16% for 2011/12.

The Medium Term Service and Resource Plans which have been prepared by Services have allowed for most of the implications of the financial settlement although up to £3M of grant funding could still be affected by grant funding details still to be announced or clarified by the Coalition Government. These particularly impact on Children's Services, Adult Services and Community Safety.

The financial settlement is only for 2 years, not 4 as had been indicated, and means that there remains a degree of uncertainty about these numbers in the medium term. This is compounded by a review of Local Government Finance which will affect 2013/14 onwards. Medium Term Service and Resource Plans will need to be revisited in the near future to see what adjustment to the year 2 (2012/13) figures are needed. This will include the need for further prioritisation in the allocation of resources in addition to further efficiencies to accommodate the impacts in future years.

Local Budget Impacts

The sound financial management of the Council over many years means we are in a better position to face the challenging financial climate than most other councils. Indeed the Council has correctly anticipated the main aspects of the financial settlement and has been planning for up to 30% reductions in funding over the next four years. This assumption appears reasonable in light of the actual 22% reductions announced for the next two years in the financial settlement which were always expected to be front loaded.

The proposed Budget for 2011/12 recognises the need to prioritise resources and does this with regard to the following principles:

- Reflecting the Council's already agreed and established priorities and Corporate Plan.
- Seeking to prioritise vulnerable and disadvantaged communities and the development of localism.
- Maximising efficiency.
- Incorporating the ongoing change programme to redesign the shape and delivery of services as set out in the Future Council Report.
- Considering if services are necessary or are being provided at the right level.
- Working even more closely with partners including the NHS, the Police, and the voluntary and private sectors to minimise duplication and maximise efficiencies and effectiveness
- Maintaining capacity to manage the changes.
- Investing in capital schemes that support economic growth and deliver future efficiencies at a time when other Councils do not have the resources or prudent financial position that would enable such investment to be undertaken.

Taking account of the Spending Review, the Financial Settlement and the funding pressures facing the Council, it is estimated that £30m of service budget savings are required over the next four years.

The Council has planned for and recognised many of these pressures within the proposed Budget; the most significant of these include:

- Grant funding historically to the value of £2.5M pa below the Government's assessed level of need for B&NES.
- Continuing additional funding of £1m per annum for maintaining the condition of the highways, the results of which similar investment in 2010/11 are already helping to alleviate significant future costs.
- Allocation of an additional £1.6M per annum to recognise the increasing elderly population placing significant demands on Adult Social Care and Health services, together with similar funding of £1.9m from NHS Bath & NE Somerset (the Primary Care Trust).
- Increases in national taxation including employers' national insurance and landfill tax.
- Major changes affecting Health and Adult Social Care delivery including:
 - the establishment of GP Commissioning Consortia (and the withdrawal of Primary Care Trusts (PCTs) by April 2013)
 - the transfer of responsibility for Public Health to local authorities
 - the required transfer of the provider elements of PCTs to other organisations by April 2012 with substantive progress required by April 2011
- Reviewing the Council's role as a Local Education Authority due to impacts of the Coalition Government's Academy school initiatives.
- One-off funding of £336k to support disadvantaged communities, regeneration and localism projects.

The proposed Budget includes total savings of some £11.4m in 2011/2012 which can be summarised as follows:-

Table 2: 2011/12 Savings Analysis

Description	£'000
Change Programme Savings	1,672
Efficiency Savings	5,586
Increases in Income from fees, charges and other grants	1,399
Service Reductions	2,759
Total Savings	11,416

Service Reductions represent 2% of the Councils net revenue budget and 1% of the gross budget excluding Schools.

Full details of the savings and impact on service areas is included within individual Medium Term Service and Resource Plans.

In addition to these savings a further £2.5m of spending reductions have been required in 2011/12 due to reductions and withdrawal of specific grants that were supporting direct service areas. The Council had little choice but to see the cuts made by the Coalition Government lie where they fell and this has been the generally applied principle with some exceptions. It will be necessary to keep this position under review as clarification of further grant funding of approximately £3m is awaited. To reflect this risk, funding of £944k has been allocated to the revenue budget contingency to provide an element of cover for any such grant reduction.

The proposed Budget for 2011/2012 has been delivered with the significant majority (64%) of savings coming from efficiencies and the Council's change programme, with limited impact on frontline service delivery. However, the scale of the projected reduction in local government funding is such that it cannot be met by efficiencies alone. There will need to be even greater prioritisation of services in future years and this will lead to cuts in service areas which are considered lower priority. It is anticipated that over the next four years in excess of 300 posts overall will be lost starting in 2011/2012; however, compulsory redundancies have been and will be minimised by forward planning and close liaison with unions and staff..

The Council has anticipated for some time the scale of the financial challenge facing the public sector and has made prudent provisions in the form of Earmarked Reserves to help meet the associated costs, including the Council's change programme, severance costs, and other identified funding risks. These reserves are anticipated to be fully allocated over the next four years.

Council Tax

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 2011/12.

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 2011/12. Annex 1 provides the breakdown of the Budget for 2011/2012.

Section 2 sets out the position for future years 2012/13 and 2013/14 taking account of proposals developed in the medium term service and resource plans, in light of known pressures and assumptions about levels of funding. It also includes details of how the Council Change Programme for the Future Council will contribute to meeting the financial challenge.

Section 3 sets out the recommended capital programme for 2011/12 including the indicative capital programme through to 2015/16. 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 2011/12.

Table 3: Summary Net Revenue Budget and Capital Programme 2011/12 – 2013/14

	2011/12	2012/13	2013/14
Revenue Budget Funding:	£m	£m	£m
Council Tax	£77.427	£79.442	£81.506
Government Grant*	£45.459	£41.458	£41.103
Reserves & Collection Fund Surplus	(£1.144)	£0	£0
Total Funding	£121.742	£120.900	£122.609
Net Revenue Budget Spend	£121.742	£120.900	£122.609
Capital Programme – for approval	£34.108		
Capital Programme - for information	£16.538	£58.766	£55.367

* Includes £1.9m Council Tax Freeze grant

Section 1 – The Revenue Budget for 2011/12

Introduction & Process

The proposed Budget for 2011/12 has been prepared using the Council's medium term service and resource planning process.

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

Strategic Directors, in consultation with their Cabinet Members, have developed Medium Term Service and Resource Plans covering the years 2011/12 to 2013/14 recognising the challenging financial position of the Council. These Medium Term Service and Resource Plans supported by specific Service Plans set out the savings and efficiency proposals that each service will be taking forwards to meet their specific financial targets and available resourcing. This includes outlining the impacts of each of the proposals both in terms of service delivery and on staff.

The Medium Term Service and Resource Plans together with the individual Service Plans, have been reviewed by the relevant Overview and Scrutiny Panels. The O&S Panels were also given an update on the Council's overall financial position. These plans are available as background documents.

The Cabinet have now had the opportunity to further consider proposals from officers which develop the medium term financial planning and take account of the ongoing work of Strategic Directors and the comments from Overview & Scrutiny. In that context the Cabinet has developed the Budget proposal to reflect this position. The Cabinet has also considered feedback from consultation with the Trade Unions, the local business community and other partners / stakeholders.

Approach to the Budget

Corporate Assumptions

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

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

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

- A pay freeze for the next two years from 2011/12 with the potential for a small increase in respect of the lowest paid element of the workforce.
- An increase in employers' national insurance costs in 2011/2012 of 1%
- Continued low rates of interest from treasury management cash investments of 1% in 2011/2012 increasing thereafter as the bank base rate is expected to rise from the current level of 0.5%.
- No increase in cash terms to the overall level of the employers' contribution to the Local Government Pension Fund.
- Balanced budgets are achieved for 2010/2011.
- No general inflationary provision – specific inflation has been provided within service areas based on specific service circumstances and contractual commitments.
- The ability of the Council to generate capital receipts at acceptable values will continue to depend upon the extent of the wider economic recovery. The Council will maintain the policy of not committing capital receipts until they are realised.

Fees and Charges

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

The 2011/12 Budget proposal and related Medium Term Service and Resource Plans do not include any proposed changes in fees and charges greater than the above guideline would imply, except as set out below.

The Medium Term Service and Resource Plan for Service Delivery assumes that, income from parking charges will be reviewed during 2011/2012 and any increases will be the subject of a specific consultation process prior to implementation.

As part of the Change Programme, and in accordance with the principle of Fair Charging the Council will be taking forward options to further optimise its income. Specific proposals are set out within Medium Term Service and Resource Plans where they apply.

Government Grant

The budget for the current year 2010/2011 marked the end of the funding settlement made as part of the Comprehensive Spending Review in 2007 and with weak economic conditions and an increasing national budget deficit it was clear that the next Spending Review Period from 2010 would present a significant financial challenge to the public sector.

The scale of that challenge began to emerge when the new Coalition Government announced significant in year budget cuts as part of its emergency budget in June 2010, with the Council having to find savings of £1.8m per annum in revenue funding (equivalent to 2.5% on Council Tax) and £1.8m in capital funding within year. In addition the costs of implementing the savings (including redundancies and meeting contractual commitments) fell to the Council and required additional efficiencies and / or cuts of over £800k. These have all been met within the overall approved budget for 2010/2011.

In terms of tackling the significant ongoing budget deficit, the Chancellor set out the Coalition Government plans in the Spending Review on 20th October 2010. This deficit reduction programme indicated 28% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years 10.7% in 2011/2012 and 6.4% in 2012/2013. In addition, funding for infrastructure such as school buildings, roads and transport was reduced by 45% on average.

The Local Government Finance Settlement was announced by the Coalition Government on 31st January 2011 and set out the specific level of national funding for the Council going forwards. The key elements of this announcement for the Council were:-

- Formula Grant reducing by 13.5% in 2011/2012 and then by a further 8.3% in 2012/2013.
- A new two level damping system was introduced with the Council first being placed into one of four groups based upon its reliance on government grant. The Council was deemed to be amongst the least reliant on government grant and so placed in the lowest group. All councils in this group faced larger grant reductions. The second historic damping system remained with the Council losing a further £1m compared to its assessed level of need.
- A financial settlement for only two years and not the full four years covered by the Comprehensive Spending Review. This will enable a wider review of Local Government Finance to be conducted by the Coalition Government during 2011.
- A number of grant funding streams and adjustments made to the Formula Grant Baseline which included:
 - A reduction of £475k as a result of the impact of Academies
 - A reduction of £300k for transport funding, including bus subsidies.
 - A reduction of £620k in the funding for concessionary fares
- Discontinued and reduced specific grants totalling £2.5m together with the future of a further £3m of specific grants yet to be announced.
- Capital grant reductions of 50% for the local transport plan, continued uncertainty over major capital scheme grants and the discontinuation of Private Sector Housing Renewal Capital Grant of approx £600k.

- Recycled funding within Formula Grant to provide funding for pressures facing Adult Social Care – estimated at £1.6m for the Council. Additional non-recurring funding to also be directed via NHS Primary Care Trusts for Health and Social Care estimated at £1.9m for 2011/2012.
- Reference to funding for a New Homes Bonus Scheme which will provide funding for new homes brought into use and included in the Council Tax Base. This funding has yet to be confirmed but provisional estimates for the Council indicate an amount of £600k for 2011/2012. This funding will not be allocated until a clear announcement is made by the Coalition Government confirming the payment and terms of this potential new funding. However, consideration as to how any funding from this Scheme may be applied will include support of affordable housing initiatives.

The Council has correctly anticipated the main aspects of the financial settlement and had been planning for up to 30% reductions in funding over the next four years. This assumption appears reasonable in light of the actual 22% reductions announced for the next two years in the financial settlement which were always expected to be front loaded. The Budget proposal therefore did not require further savings to be made by services to implement the funding reductions set out in the financial settlement and specific provisions have been made within the Budget to reflect a number of the specific elements set out above.

Resource Allocation, Use of Corporate Headroom and Collection Fund Surplus

The initial resource allocation parameters agreed in June 2010, required each service being asked to deliver a base savings level equivalent to approximately 5% of gross expenditure and a stretch savings level equivalent to 10%, excluding any impacts of specific grant changes. This approach, whilst somewhat direct, was felt to provide the likely level of flexibility required to mitigate the uncertainty surrounding the actual level of Government funding reductions which would not finally be known until the Provisional Financial Settlement (actually received on 13th December 2010).

The indicative service cash limits were also set to recognise previously identified growth/pressures with a general principle that any growth provision needed to be met with equivalent savings.

Table 4 in this report shows how the budget rolled forward from 2010/2011 has then been built up with total growth and savings identifies by services and set out in Medium Term Service and Resource Plans.

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

- Reflecting the Council's already agreed and established priorities and Corporate Plan.
- Seeking to prioritise vulnerable and disadvantaged communities and the development of localism.
- Maximising efficiency.
- Incorporating the ongoing change programme to redesign the shape and delivery of services as set out in the Future Council Report.
- Considering if services are necessary or are being provided at the right level.

- Working even more closely with partners including the NHS, the Police, and the voluntary and private sectors to minimise duplication and maximise efficiencies and effectiveness
- Maintaining capacity to manage the changes.
- Investing in capital schemes that support economic growth and deliver future efficiencies at a time when other Councils do not have the resources or prudent financial position that would enable such investment to be undertaken.

In most service areas savings have been assumed at the base level, however a stretch level of savings has been applied to the Resources and Development and Major Projects directorates - overall savings of some £11.4m have been made within services.

In addition to these savings a further £2.5m of spending reductions have been required in 2011/12 due to reductions and withdrawal of specific grants that were supporting direct service areas. The Council had little choice but to see the cuts made by the Coalition Government lie where they fell and this has been the generally applied principle. It will be necessary to keep this position under review as clarification of further grant funding of approximately £3m is awaited and funding has been allocated to the revenue budget contingency to provide a degree of cover in relation to this risk.

Each year the Council calculates an overall collection rate for council tax, based upon a number of assumptions. The actual rate of collection will vary each year and, based on current collection levels, it is expected that actual rates this year will exceed the base assumption. This represents an excellent performance by the Revenues team given the difficult economic environment. The Council's share of this surplus is estimated at £591,000 and this therefore provides additional "one-off" funding that can be applied as part of the 2011/2012 budget.

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

Transfers to Revenue Budget Contingency - £1,736k

- £944k to reflect the ongoing risk surrounding approximately £3m of specific grants which are still subject to further announcements from the Coalition Government. These include significant grants in areas such as drug action and youth justice.
- £792k to be held within the reserve to reflect the potential further risk relating to outstanding grants, the actual delivery of savings identified within service areas for 2011/2012, and emerging priorities.

The consideration for allocation of this funding will be subject to further review by Cabinet once further information is available.

Ongoing Headroom Allocations - £2,340k

- £1,600k to Adult Social Care and Health. This funding together with a further £1,900k to be allocated via the Primary Care Trust on a non-recurring basis will be used to support fundamental change to secure long term sustainability in the face of demographic growth and changed expectations. A key element of

delivery will be through support for a viable Social Enterprise for integrated community health and social care services.

- £400k to support capital financing costs as part of the overall funding of the capital programme as set out in Section 3.
- £300k to cover the estimated impacts of the government's carbon trading scheme. As announced in the Comprehensive Spending Review, this funding will now be retained by the Treasury rather than recycled into the scheme.
- £40k to cover the cost of the Council's contribution to the Business Improvement District Levy. The BID Levy and contributions will raise £680k which will be used to support City Centre initiatives under the direction of the contributing businesses.

One-off Headroom Allocations - £591k

- £150k to support the development and negotiation of potential new leisure facilities within Bath. (See also Capital Programme – Section 3)
- £105k to introduce a community enablement programme to support provision of Youth Services. This resource is to specifically support community groups and voluntary organisations (including Parish Councils) to develop volunteer-led positive activities for young people.
- £336k towards a fund to support disadvantaged communities, regeneration and localism projects.

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.

Governance

The Council is requested to approve that the specific arrangements for the governance and release of corporate headroom and one-off funding together with invest to save proposals provided within the Budget, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Resources and the Chief Executive.

Local Area Agreement – Performance Reward Grant

The Local Area Agreement 1 covering 2007- 2010 has now concluded with organisations within the Local Strategic Partnership successfully achieving £1.3m worth of reward. This reward, which is split 50% revenue and 50% capital, is due to be paid to the Council (as the accountable body) by the end of the financial year 2010/11. The Local Strategic Partnership has agreed that this reward will be spent on building

capacity in the community through a bidding process that will be managed by the Council. To facilitate this process the reward grant will be transferred to an Earmarked Reserve when received.

Summary of the Revenue Budget Proposal

The proposed revenue budget for 2011/12 represents:

- A net £6.9m or 5.3% decrease in the non-schools budget
- A £14.7m increase in Dedicated School Grant (DSG) to £113.8m, which includes the transfer of specific grant funding for schools and early years which did not form part of DSG in 2010/11. On a like for like basis when compared to 2010/11 funding this represents a cash freeze (0% change)
- 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 2011/12 of £121.742m. Table 4 below, and Annex 1 to this Appendix, show the build-up of the recommended 2011/12 revenue budget, compared to the rolled forward base budget from the current year.

Table 4: High Level Build-up of the 2011/12 Budget (detail in Annex 1)

Description	£'000
Total Base Budget rolled forward – 2011/12 (after removal of one-off items in 2010/11 Budget)	128,638
Contractual and Unavoidable Inflation	2,610
New Legislation / Government Initiatives	908
Increased Service Volumes	1,746
Other / Technical	(744)
Total including Growth	133,158
Change Programme Savings	1,672
Efficiency Savings	5,586
Increases in Income from fees, charges and other grants	1,399
Service Reduction	2,759
Total Savings	11,416
Recommended Net Revenue Budget 2011/12	121,742

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2011/12. These are shown in **Annex 1** to this Appendix.

Section 2 - Future Years

The medium term service and resource plans were constructed to cover the 3 years 2011/12 – 2013/14 with proposals that meet corporate and service objectives, with budgets which are being capable of being balanced over each of the next 3 years, but with regard also being given to the longer term.

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

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

Whilst the medium term service and resource plans will ensure financial balance for 2011/2012, further work will be required in relation to 2012/13 and 2013/14. It is also the case, at this stage, that there is insufficient information available to fully identify future funding pressures including new government requirements, future demand changes and emerging issues. It is therefore expected that the requirements for savings in future years may increase although there is a possibility that any return of business rates to local control may benefit the Council - at the present time the Council collects £50m pa of business rates for Government and only gets back £34m.

Given the scale of efficiency savings already achieved and those planned for 2011/2012 it is increasingly likely that future savings will require some reductions in Council services. A rigorous process will therefore need to be considered for the 2012/2013 budget and medium term financial planning process to enable resources to be prioritised between service areas.

Table 5: Resource Allocation 2011/12 to 2013/14

SERVICE AREA	2011/2012			2012/13	2013/14
	GROWTH (£M)	SAVINGS (£M)	CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)
Adult Social Care & Housing	2.018	3.228	51.598	50.649	50.805
Children's Services	0.457	1.441	21.180	20.226	20.048
Service Delivery	2.201	3.729	27.870	26.418	26.096
Development & Major Projects	0.330	0.580	1.635	1.510	1.415
Resources & Support Services	0.321	2.438	5.885	4.690	4.032
Corporate, Agency & Headroom	0.363	0.000	13.574	17.407	20.213
Totals	5.690	11.416	121.742	120.900	122.609

The Cash limits for 2012/13 and 2013/14 are at this stage indicative and will be reviewed as part of the Medium Term Service & Resource Planning process for 2012/13 onwards.

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

Council Change Programme

The Council Change Programme will move the organisation from the existing Council to a future organisation, ready to meet the challenges ahead. This means both the services we provide and the way we do things will be different.

The Change Programme has been refocused to take account of changes since July 2010 which include the Coalition Government's austerity measures, the Academies Act, new requirements on the NHS, which affect our Health and Wellbeing Partnership and the new Economic Growth White Paper.

The programme has been extended to:

- Create an organisation (Core Council) that understands local needs and commissions the right service from the right provider.
- Reshape Customer Services to be the public face of the Council, where 80% of questions are dealt with at the first point of contact.
- Bring together Support Services to deliver more effective and efficient services.
- Make better use of the Council's property assets by partnering the Commercial Estate to generate up to £100m to be used to help generate economic prosperity in the future.
- Meet the Government's requirements for Children's Services, Academies, Health and Social Care.
- Make further efficiency savings of £8m on top of other savings from the re-prioritisation of services and which by 2014 will contribute to ongoing savings of £30m pa.

The Change Programme is making a significant contribution to both the future delivery of Council Services and helping to meet the overall financial challenge set out in this Budget. Full details of the Council Change Programme and how it is delivering real benefits can be seen on the Council's website at:

<http://wwwi/SiteCollectionDocuments/Press%20Office/Change%20Programme%20Dec%202010.pdf>

Section 3 – The Capital Budget for 2011/12

Introduction

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

- An ambitious capital programme over a relatively short period of time.
- The inclusion of indications of significant government funding streams in relation to transport and schools which, while supporting the Council's strategic priorities, add to the Council's delivery risk and require match funding and/or pre funding in some cases.
- A trend towards government funding for large projects being awarded on a partnership basis (e.g. West of England) which further increases the complexity and hence potential risk of delivery arrangements, along with continued uncertainty around grant funding of such projects.
- The prospective development of various city centre sites and which are in emerging forms at present.
- The need to resolve matters relating to the Recreation Ground (including Bath Rugby's stadium and the Leisure Centre) which will require the provision of new leisure facilities.
- The future financial challenge in particular lack of clarity over future capital grant awards
- The Council's Prudential Indicators, and increasing pressures on the revenue budget

The approach to the capital programme remains as set out in the approved Capital Strategy including considered and affordable capital investment to promote economic growth and future efficiency savings.

This Budget proposal:

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

Given that pressures on the revenue budget will increase over time, the Council continues to develop a more fundamental and medium term approach to revenue resource planning through the medium term service and resource plans which take into account any revenue costs of capital. The Council is also developing other capital funding sources, such as its ability to generate capital receipts (without significant loss of income), grants and further Section 106 monies and is considering other sources of financing, including bonds.

The capital receipts targets for 2011/12 onwards are shaped by the Property Review, and the strategy of ear-marking non-scheme specific receipts for investment in the public realm; the assumption of receipts of £2.757m during 2011/12 takes account of current market conditions. The need to ensure that receipts are actually confirmed before expenditure can be authorised remains, and this process will take account of receipts generated since 1 April 2008. The level of receipts will be kept under review and the Council retains the flexibility to bring forward expenditure to the extent that receipts are higher than planned and plans for such expenditure have been developed.

The Council will be developing the potential to make better use of the Council's property assets by partnering the Commercial Estate to provide up to £100m to be used to help generate economic prosperity in the future, including public realm, infrastructure, World Heritage Site management, and leisure and cultural facilities.

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

As in last year's capital budget, a number of items in 2011/12 and future years are shown in 'italics'. The process grades schemes on a Red/Amber/Green basis, with 'Reds' not being included, and the 'Ambers' shown in 'italics'. Where an item is in italics it requires further Officer and/or Member scrutiny and decision making before it is formally included. The numbers are therefore shown here on an indicative basis, and as an aid to planning, and the resolutions recognise the distinction between what is being authorised at this stage, and where future decisions are required.

B) Recommended Programme for 2011/12

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 2011/12, comprising both the programme for approval of £34.108m and indicative programme in italics of £16.538m, as shown in Table 6 below. Table 6 also shows the indicative capital programme and funding at summary level for 2012/13 to 2015/16. **Annex 3** shows the total capital programme for 2011/12 to 2015/16 in more detail.

Table 6: Summary Capital Programme and Financing 2011/12-2015/16.

Capital Scheme	Net Planned spend 2011/12 £'000	2012/13 Indicative budget £'000	2013/14 indicative budget £'000	2014/15 indicative budget £'000	2015/16 indicative budget £'000	Total £'000
Service Delivery	19,675	22,693	17,615	11,891	5,273	77,147
Children's Services	10,364	6,356	600	600	600	18,520
Adult Care & Health	2,207	1,000	1,000	1,000	1,000	6,207
Support Services	3,512	2,355	1,983	1,391	1,391	10,632
Development & Major Projects	4,827	5,800	4,975	3,851	3,412	22,865
Corporate	9,561	20,062	29,194	7,157	1,238	67,212
Sub Total	50,146	58,266	55,367	25,890	12,914	202,583
Contingency	500	500	0	0	0	1,000
Total	50,646	58,766	55,367	25,890	12,914	203,583

Financing	Net Planned spend 2011/12 £'000	2012/13 Indicative budget £'000	2013/14 indicative budget £'000	2014/15 indicative budget £'000	2015/16 indicative budget £'000	Total £'000
Grant	12,926	19,298	14,614	10,933	6,045	63,816
Capital Receipts/RTB	4,277	7,448	6,945	5,442	4,903	29,015
Revenue	1,418	1,542	1,170	2,356	1,397	7,883
Service Supported Borrowing	9,839	22,177	29,783	6,103	254	68,156
Unsupported Borrowing	21,810	7,924	2,775	-248	-919	31,342
3 rd Party	376	377	80	1,304	1,234	3,371
Total	50,646	58,766	55,367	25,890	12,914	203,583

Funding

The revenue budget for 2011/12 and the Medium Term Service and Resource Plans for 2012/13 and 2013/14 provide fully for the revenue consequences of the Council-supported expenditure. The level of unsupported borrowing required over the period is nonetheless relatively high, and will put some pressure on the revenue budget in future years. In line with previous years, borrowing costs for new capital projects are charged to individual services through Service Supported Borrowing and included in those services' revenue budgets. The practice of using grant or other income as soon as it is received to finance capital expenditure wherever possible in order to delay the requirement for borrowing has a catch up point, at which time borrowing is required to 'repay' those projects for which the grant was originally intended; this catch up is anticipated to start in 2011/12.

There is £400k included within ongoing headroom which is to be used to support capital financing (service supported borrowing costs) of particular projects. It is anticipated that this will finance the borrowing costs of Bath Transport Package, which includes the CPO Public Inquiry and property purchase costs.

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

The capital budget for 2011/12 assumes the following achievement of capital receipts:

- £0.3m of Housing Right to Buy (RTB) Receipts. These receipts are set aside to fund affordable housing in future years. The original assumption of a level of receipts of £1m per annum will not be achieved; the shortfall in funding is in part being met through the £3m set aside in the one off earmarked revenue reserve for affordable housing as above.
- no service specific receipts (excluding any not achieved and slipped from 2010/11 to 2011/12)
- £3.9m of general receipts as part of the Property Review. It is currently forecast that £0.5m of general receipts will actually be achieved during the year ending 31 March 2011, with much of the £3.9m having been received in previous years. Given the uncertainty over the generation of capital receipts in the very short term this approach is considered prudent.

Significant Elements of the Capital Programme

Bath Transportation Package

An expression of interest for Government funding for transport infrastructure has been submitted by Bath & North East Somerset Council that would support existing financial commitments to unlock economic growth potentially resulting in an extra £700 million going into the local economy annually, significantly improving the public realm, reducing reliance on cars, and improving air quality.

Underlining its case for Government investment, the Council has released a map of key development sites, including Bath Western Riverside, running along Bath City Riverside that will be supported by the proposed Bath Transportation Package (BTP) and Bus Rapid Transit route. The BTP also has a crucial role in the delivery of the public realm improvements to create a world-class city centre.

The BTP will help unlock the sustainable development of these sites to support an increase in the amount of modern, flexible office accommodation required to broaden the economy beyond tourism, retail and a public sector which is going into decline. The proposed transport infrastructure will make a contribution towards unlocking:

- An extra £700 million going into the local economy every year once sites are developed to their potential;
- An extra 5,600 jobs;
- An £8.1m business rate gain per year part of which, subject to Government legislation, could be reinvested into supporting further economic growth in the area.
- Potentially 3,000 new homes; relieving pressure on a currently constrained supply.

The Bath Transportation Package scheme is at a key stage. As a result of the comprehensive spending review and public expenditure cuts, and along with other schemes around the country, the project has been required to re-bid for funding. The Council has subsequently issued an Expression of Interest to the Department for Transport (DfT) with a full bid submission planned for later in the year. The DfT have indicated that the Public Inquiry into the Compulsory Purchase Orders (CPOs) to acquire the necessary land, which was postponed last year, can now take place and this is planned for 2011/12.

Confirmation of government funding is dependent on securing the land, and the CPO process is being pursued to enable this.

The Council will continue to secure land in advance of the CPO Inquiry. The remainder of the land will be secured after the Inquiry. The £400k revenue funding headroom to support specific capital projects, as referred to earlier, will be used to fund land acquisitions prior to confirmation of government funding.

The Council continues in discussions with the DfT to ensure necessary approvals remain on track and to emphasise the key elements of importance of the scheme. These include doubling the number of Park & Ride spaces, providing an off-road Bus Rapid Transit to support Bath Western Riverside, improving the city centre environment, improving traffic flows through real time traffic signs and improvements to 10 showcase bus routes. This will reduce CO2 emissions, improve air quality, improve access to the city and support the development of the local economy, as part of the economic strategy recently agreed.

Re-provision of Leisure Centre in Bath

A commitment of £10m by the Council (in its corporate capacity) is provided for under the capital programme towards the provision of a new Leisure Centre in Bath. It is currently anticipated that the proposals for the resolution of matters relating to the Recreation Ground (including Bath Rugby's stadium and the current Leisure Centre) will require the provision of new leisure facilities. The Council is in detailed and constructive discussions with Bath Rugby with a view to finding an overall solution to the Recreation Ground that meets the requirements of Bath Rugby, the Recreation Ground Trust, the Charity Commission, the Council (in its corporate capacity) and most importantly the beneficiaries of the Recreation Ground Trust, being the residents of Bath and its environs.

Heads of Terms relating to commercial arrangements as between the Council (in its corporate capacity) and Bath Rugby are well advanced and the Council has indicated its willingness to fund up to £10m towards the provision of a new Leisure Centre for local residents as part of these negotiations. Appropriate provision in the capital programme is therefore being made for the proposed investment.

Keynsham Town Centre Redevelopment (including Office new build)

As part of the Workplaces programme, a £33 million commitment for the Keynsham Town Centre redevelopment, which will support the future prosperity of the town. The development will include retail units, a library, a one-stop shop for the Council and other local public sector services, improved public space, and new Council office space.

The regeneration is part of the Council's plans to reduce the amount of office space it uses resulting in reduced running costs that will deliver an overall forecast saving of over 10% to the Council as a result of the programme; in addition to this there are significant carbon savings (around 70%) as a result of new/improved and more efficient office space. Other benefits include potential business rate income as a result of office space freed up in the district.

Rossiter Road

The Rossiter Road Scheme is included in italics in the capital programme at £1.3m, some of which will be spent in 2010/11. The scheme will significantly reduce the amount of general traffic travelling through Widcombe Parade and will remove almost all HGVs. These lower levels of traffic will allow significant environmental improvements to this important shopping/community centre.

Highways Capital Maintenance

The Highways Capital Maintenance is now funded through Government Grant (previously through Government Supported Borrowing), in 2011/12 this amounts to £4m. In addition the Council has made provision within the capital programme for an additional £1m investment. This will build upon last year's additional investment by the Council of £3m and help prevent the deterioration of the network and avoid significant future cost of more major and extensive repairs.

Homeless Hostel

The financial provision for a Homeless Hostel remains, although this is subject to overall funding viability.

Minimum Revenue Provision (MRP) & Depreciation Policy

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve a MRP & Depreciation Policy in advance each year. The Council is recommended to approve the statement in Annex 4 which is unchanged from that agreed in 2008/09 and defines how the Council will make a prudent minimum revenue provision for all new unsupported borrowing from 1st April 2008.

Prudential Indicators

The Capital Prudential Indicators are shown in table 7 below.

Table 7: Capital Prudential Indicators.

PRUDENTIAL INDICATOR	2009/10 Actual	2010/11 Probable Outturn	2011/12	2012/13	2013/14
Current Financial Plan Data	£'000	£'000	£'000	£'000	£'000
Estimate of Capital Expenditure					
Actual/estimates of capital expenditure	73,907	66,135	50,646	58,766	55,367
Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)					
The estimate of incremental impact of the new capital investment decisions on the council tax			£3.02	£5.43	£-0.01
Cumulative totals:			£3.02	£8.45	£8.44
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			7.49%	9.26%	12.38%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			2.67%	3.23%	4.37%
Capital Financing Requirement (as at 31 March)					
Actual/estimate of capital financing requirement	93,612	124,482	151,427	180,018	207,197

Section 4 – Revenue & Capital Reserves and Contingencies

A) Earmarked Reserves

As part of the Budget for 2010/2011 a number of earmarked reserves were established to support the Council through the range of changes required in light of significant future financial challenge. This included specific provisions for the costs of the change programme (delivering the Future Council report) together with a contribution towards restructuring and severance costs. A reserve was also established to support spending on Affordable Housing

The Budget for 2011/2012 will consolidate and utilise these reserves to meet these objectives over the next four years in support of the future direction of the Council. The consequence of this reserves strategy is:

- redundancy and other severance costs as a result of the prospective loss of around 300 posts will be funded,
- the Future Council change programme is funded,
- £3m is allocated in support of affordable housing,
- the potential further loss of, or reduction in, specific grants is mitigated,
- the potential further risk relating to outstanding grants, the actual delivery of savings identified within service areas for 2011/2012, and emerging priorities.

The earmarked reserves will therefore be utilised as follows:-

The Revenue Budget Contingency – the reserve will be maintained at the level of £1m to recognise the potential for in-year budget overspending. This will be supplemented with funding to recognise the risk around the outstanding £3m of specific grants, the increased risks around in-year delivery of the required service financial savings and emerging priorities. The balance of this reserve arising from allocations as part of the 2009/2010 outturn position will be transferred to meet commitments from the Medium Term Financial Challenge Reserve and the Restructuring Reserves.

The Pensions Reserve – this reserve consists of funding set aside to meet potential increases in employer pension contributions following the Actuarial Valuation in 2010. Due to statutory changes in the level of inflation impacting on pension costs (CPI to be used going forward instead of RPI), together with the excellent performance of the fund, this reserve is no longer required and will be transferred to meet commitments from the Restructuring Reserve.

The Medium Term Financial Challenge Reserve – the Council is currently undertaking a significant change programme both to redesign and reshape a range of services to recognise the future shape of the Council. A number of the specific changes are also required to respond to the initiatives imposed by the Coalition Government including the transformation of community health and social care services, responsibilities for public health, and the move to academy schools.

All these changes will require significant investment in terms of financial and human resources to develop, implement and embed them within the future organisation. This reserve will meet the costs associated with these changes and is fully committed. Based on current estimates, the reserve will be fully utilised by the end of 2013/2014.

The Restructuring Reserve – the significant financial challenge facing the Council will inevitably lead to job losses as savings and efficiencies are delivered. The Council has estimated around 300 posts (possibly more) will be lost as a result including through redundancy. The associated severance costs will be significant and the proposed Budget recognises the impact this may have on future savings requirements. It is proposed that this reserve will be available to meet an average of 50% of severance costs with the balance being met by services using an invest to save approach from Unearmarked Reserves. The reserve is fully committed and it is anticipated to be fully utilised by the end of 2014/2015. Use of this reserve is subject to detailed business case review and the percentage of central funding may vary depending upon other factors.

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

Table 8 below sets out the projected level of earmarked reserves taking account of anticipated commitments over the next 4 years to 2014/2015. This reflects that Earmarked Reserves are fully committed but with the likely allocation of the Revenue Budget Contingency remaining uncertain pending clarification of outstanding specific grants and delivery of future savings.

Table 8: Projected Earmarked Reserves

	Revenue Budget Contingency £000	Pensions Reserve £000	MTFC Reserve £000	Restructuring Reserve £000	Affordable Housing Reserve £000
Current Balance	4,054	3,082	3,607	2,000	3,000
Consolidation of Reserves	-3,054	-3,082	2,538	3,598	
Allocation in 2010/2011	-	-	-1,180	-500	-
Estimated Reserves @ 1st April 2011	1,000	Nil	4,965	5,098	3,000
Allocation in 2011/2012	1,736*	-	-3,515	-1,080	-
Balance C/F	2,736	Nil	1,450	4,018	3,000
Allocation in 2012/2013	-	-	-1,400	-1,700	-
Balance C/F	2,736	Nil	50	2,318	3,000
Allocation in 2013/2014	-	-	50	-1,150	-
Balance C/F	2,736	Nil	Nil	1,168	3,000
Allocation in 2014/2015	-	-	-	-1,150	-3,000
Balance C/F	2,736	Nil	Nil	18	Nil

***Note** – this figure reflects the specific allocations into Revenue Budget Contingency on the basis that future Cabinet Decisions will be required to support any allocation of the Revenue Budget Contingency pending clarification of outstanding specific grants and actual delivery of future savings.

B) Unearmarked Revenue Reserves -

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

Table 9 below details the proposed movement in the level of unearmarked reserves over the period of the medium term service and resource plans. In particular 2011/2012 includes analysis of proposed use of reserves to support invest to save proposals included within the Budget, specifically:

- The Workplaces Project – requires investment of £2.1m over the period to 31 March 2015 with reserves fully repaid by 2016/2017 and ongoing revenue savings thereafter of over 10%.
- Restructuring costs – the Budget includes provision from within Earmarked Reserves to meet 50% of anticipated restructuring costs. The remaining 50% will be initially funded from the Unearmarked Revenue Reserves to be repaid by services over a period of up to two years commencing from 2012/2013.

This actual level of unearmarked reserves will also depend on the Outturn position for 2010/2011 and on future decisions by the Cabinet about any overspends. For financial planning purposes the December 2010 Outturn estimate has been used based on guidance from Cabinet to Strategic Directors. The figures are therefore only an estimate at this stage and are without prejudice to future Cabinet decisions.

C) Adequacy of reserves

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

Table 9: Projected Non-Earmarked Revenue Reserves

	2011/12 £'000	2012/13 £'000	2013/14 £'000
Estimated Reserves @ 1st April each year	10,480	9,631	7,738
2010/2011 Invest to Save Funding	-196	-	-
2010/2011 Projected Outturn Underspensing	269	-	-
Invest to Save Funding	-1,080	-2,433	-1,965
Invest to Save Repayments	158	540	1,390
Estimated Reserves @ 31st March each year	9,631	7,738	7,163

Based on anticipated invest to save commitments to the Workplaces Project and Restructuring Costs, the Non-Earmarked Reserves will be repaid in full by 2016/2017 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 Resources, can authorise funding from within the non-earmarked reserve for robust and credible invest to save proposals (i.e. in the short term creating a 'negative ear-marked reserve' which is then repaid over time, usually 3 years, from the related savings). This is subject to the overall level of non-earmarked reserves being maintained above the risk assessed minimum level of £6M.

D) Capital Risk Contingency

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

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

Secondly, the capital programme includes a funded corporate risk contingency of £1m over the 5 year period 2011/12-2015/16 of which £0.5m is assumed in 2011/12. This will be increased at outturn by any unused contingency from 2010/11 (currently forecast to be £1.4m).

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

Finally, while the generation of capital receipts cannot be relied on in the current economic environment, the capital programme does not rely in year on funding from capital receipts, so any receipts generated in 2011/12 also provide additional short term flexibility in future years (2012/2013 onwards), pending their being required to fund any planned expenditure on items such as public realm and/or school investment.

The capital programme does not rely upon the potential to make better use of the Council's property assets by partnering the Commercial Estate to generate up to £100m in capital receipts although this represents a significant opportunity to help generate economic prosperity in the future.

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

Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2011/12.

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 2011/12. **Table 10** explains the calculation of this figure:

Table 10: Council Tax 2011/12 for Bath & North East Somerset Council Services

Description	Amount	Comments
Recommended Net Revenue Budget	£121,742k	See Annex 1
Less Grant, reserves and estimate of Collection Fund surplus £k	£44,315k	See Annex 1 Sources of Funding
To be funded by Council Tax	£77,427k	
Tax base (Band D properties equivalent)	64,422.90	Approved by the Section 151 Officer in January 2011
Recommended Council Tax at Band D for 2011/12	£1,201.85	
2010/11 Council Tax Band D	£1,201.85	
Recommended Increase	£0.00	0% increase

The figures above exclude parish, fire and police precepts.

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

The Finance Committee of Avon and Somerset Police Authority will be meeting on 25th January to consider a precept level for recommendation to the full Police Authority on 9th February 2011. The report includes two options of either a freeze in Council Tax or a "to be" determined increase in Council Tax.

At its meeting on 5th January 2011 Avon Fire Authority agreed to consult on the following four budget options:

- Option A – No Council Tax Increase
- Option B – 5% Council Tax Increase
- Option C – Zero Budget Increase (10.68% Council Tax Increase)
- Option D – No Savings (14.33% Council Tax Increase)

The Fire Authority will meet again on 11th February 2011 to finalise its budget and set its Council Tax and precepts for 2011/12.

The headline increase will be affected by the final decisions of the parishes, Fire and Police Authorities, and any decision made concerning special expenses (see below). Final figures will not be available until after Fire and Police meetings highlighted above.

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

Table 11: Potential Total Council Tax 2011/12 (Band D)

Council Tax charges (Band D) made by	Charge made now 2010/11 £	Proposed Charge 2011/12 £	% Change
Bath and North East Somerset Council	1,201.85	1,201.85	0% (£0.00 at Band D)
Avon and Somerset Police	168.03	TBC	Final Decision to be taken on 9 th February 2011.
Avon Fire & Rescue	60.38	TBC	Final decision to be taken on 11 th February 2011
Total excluding parishes	1,430.26	TBC	
Parishes (average)	31.07	TBC	Not known at time of writing
Total	1,461.33	TBC	The 2011/12 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 15th February, and so the necessary updated information will be set out in the report.

Special Expenses

As part of the 2010/11 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 2011/2012 budget.

Proposed Base Revenue Budget 2011/12 Cashlimits by Cabinet Portfolio

CABINET PORTFOLIO	STRATEGIC DIRECTOR	Service	Current 2010/11 Cashlimits		Removal of One-offs (includes one-off virements in 2010/11)	2011/12 Base Budget	2011/12 MTS&RP Savings	2011/12 MTS&RP Growth	2011/12 Technical Grant Adjustments	Total 2011/12 Budget changes		Indicative 2011/12 Cashlimits
			£'000	£'000						£'000	£'000	
		Transport Design & Projects	70	(70)		70	(70)	100	(75)	(45)	25	
		Transportation Planning (including Public Transport)	5,260	(261)		5,260	(261)	146	1,171	1,056	6,316	
		Park & Ride	(1,036)			(1,036)		23		23	(1,013)	
		Planning Services	2,996			2,996	(288)	104	(23)	(207)	2,789	
		Building Control & Land Charges	2			2	(18)	65		47	49	
		Highways - Network Maintenance	7,143		(500)	6,643	(258)	177		(81)	6,561	
		Highways - Transport & Fleet Management	(120)			(120)	(55)	115		60	(60)	
		Customer Service - Overheads	2,173			2,173		10		10	2,183	
		Car Parking (excluding Park & Ride)	(6,348)			(6,348)	(1,114)	44		(1,070)	(7,418)	
		Waste	10,513		(163)	10,350	(631)	983		352	10,702	
		Public Protection	1,177			1,177	(99)	13	44	(42)	1,135	
		Neighbourhood Services	5,144			5,144	(316)	244		(72)	5,072	
		Libraries & Information	2,523			2,523	(91)	40		(51)	2,472	
		Arts	711		(100)	611	(35)	15		(20)	591	
		Tourism & Destination Management	1,198			1,198	(249)	41		(208)	990	
		Heritage including Archives	(3,305)			(3,305)	(238)			(238)	(3,543)	
		Sports & Active Leisure	942			942	(6)	82		76	1,018	
		Customer Access	1,904			1,904		12		12	1,916	
		PORTFOLIO SUB TOTAL	30,947	(763)		30,185	(3,729)	2,213	1,117	(399)	29,786	
		Children, Young People & Families	12,615	(20)		12,595	(15)	350		335	12,930	
		Learning Inclusion	2,844	(107)		2,737	(327)		(613)	(940)	1,797	
		Health, Commissioning & Planning	(104,505)	(847)		(105,352)	(1,114)	107	(1,466)	(2,473)	(107,825)	
		Schools Budget	115,237	(958)		114,279					114,279	
		PORTFOLIO SUB TOTAL	26,191	(1,932)		24,259	(1,441)	457	(2,095)	(3,079)	21,180	
		Adult Services	51,520	(2,109)		49,411	(2,896)	1,998	26	(872)	48,539	
		Housing	2,413			2,413	(120)	16	(1)	(105)	2,308	
		Community Learning	127			127	(127)			(127)		
		Drug Action Team	598			598	(2)	2			598	
		Employment Development	235			235	(83)	2		(81)	154	
		PORTFOLIO SUB TOTAL	54,892	(2,109)		52,783	(3,228)	2,018	25	(1,185)	51,598	

APPENDIX 1 ANNEX 1

Proposed Base Revenue Budget 2011/12 Cashlimits by Cabinet Portfolio

CABINET PORTFOLIO	STRATEGIC DIRECTOR	Service	Current 2010/11 Cashlimits		Removal of One-offs (includes one-off virements in 2010/11)	2011/12 Base Budget		2011/12 MTS&RP Savings		2011/12 MTS&RP Growth		2011/12 Technical Grant Adjustments		Total 2011/12 Budget changes		Indicative 2011/12 Cashlimits
			£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
		Finance	1,401	1,401		1,401	(180)	36							1,256	
		Support Services Change Programme	252	252		252	(95)	29							186	
		Revenues & Benefits	1,110	1,110		1,110	(340)	58							827	
		Transformation Service	767	767		767	(32)	3							737	
		Council's Retained ICT Budgets	(1,069)	(1,069)		(1,069)	(215)	64							(1,220)	
		Audit, Risk & Information Service	1,225	1,225	(139)	1,086	(70)	8							1,024	
		Property Services	1,006	1,006	(138)	1,006	(448)	10							568	
		Corporate Estate Including R&M	7,017	7,017		6,879	(99)	31							6,910	
		Commercial Estate	(12,731)	(12,731)		(12,731)	(7)	7							(12,830)	
		Traded Services	54	54		54	(226)	17							54	
		Policy & Partnerships	2,289	2,289	(30)	2,259	(151)	5							1,895	
		Performance Development	867	867		867	(94)	8							721	
		Human Resources	967	967		967	(115)	4							881	
		Chief Executive	444	444		444	(365)	27							446	
		Communications & Marketing	551	551		551	(115)	4							440	
		Council Solicitor & Democratic Services	2,523	2,523	(100)	2,423	(21)	21							2,073	
		Hsg / Council Tax Benefits Subsidy	355	355		355	(175)	210							355	
		Capital Financing / Interest	5,217	5,217	867	6,084	(1,818)	671							6,063	
		Unfunded Pensions	1,709	1,709		1,709	(49)	2							1,709	
		Other Miscellaneous Budgets	4,037	4,037	498	4,535	(1,867)	2							2,667	
		Magistrates	22	22		22									22	
		Coroners	351	351		351		11							362	
		Environment Agency	205	205		205									205	
		Corporately Held Social Care Funding						1,600							1,600	
		One-off Headroom Allocations						591							591	
		PORTFOLIO SUB TOTAL	18,567	18,567	958	19,526	(2,438)	671							17,542	
		Major Projects Support	525	525		525	(175)	210							560	
		Development & Regeneration	1,410	1,410	(50)	1,360	(405)	120							1,075	
		PORTFOLIO SUB TOTAL	1,935	1,935	(50)	1,885	(580)	330							1,635	
		NET BUDGET	132,533	132,533	(3,896)	128,637	(11,416)	5,690							121,742	

APPENDIX 1 ANNEX 1

Proposed Base Revenue Budget 2011/12 Cashlimits by Cabinet Portfolio

CABINET PORTFOLIO	STRATEGIC DIRECTOR	Service	Current 2010/11 Cashlimits £'000	Removal of One-offs (includes one-off virements in 2010/11) £'000	2011/12 Base Budget £'000	2011/12 MTS&RP Savings £'000	2011/12 MTS&RP Growth £'000	2011/12 Technical Grant Adjustments £'000	Total 2011/12 Budget changes £'000	Indicative 2011/12 Cashlimits £'000
		Sources of Funding (£)								
		Council Tax	76,777		76,777				650	77,427
		Revenue Support Grant	5,270		5,270				5,011	10,280
		Redistributed Business Rates (NNDR)	36,289		36,289				(3,030)	33,259
		Collection Fund Deficit (-) or Surplus (+)	846	(846)					591	591
		Council Tax Freeze Grant							1,920	1,920
		Balances / Exceptional Risk Reserve	3,050	(3,050)					(1,736)	(1,736)
		Area Based Grant	10,302		10,302				(10,302)	
		Total	132,533	(3,896)	128,638				(6,896)	121,742
		Council Tax - Calculation								
		Council Tax Debit £'000	76,777							77,427
		Tax Base (No. of Band D equivalent properties)	63,882.43							64,422.90
		Band D Charge £	£1,201.85							£1,201.85
		%age Increase	2.50%							0.00%

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

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

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

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

(b) The adequacy of the proposed financial reserves.

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

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

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

The key points to highlight are:

- Un-earmarked reserves are now at a prudent level and have been maintained at or above this level by sound financial management. It is expected that this reserve will be utilised for invest to save initiatives going forwards but at no point will the reserve fall below the risk assessed minimum level.
- This budget provides some additional revenue budget contingency provision to recognise the specific risk around outstanding grant announcements.
- Sound financial planning processes are in place, the Corporate Plan is used to prioritise and there is member scrutiny at each key stage
- Revenue spend is closely monitored on a monthly basis and integrated finance and performance management reports are produced

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

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

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

On the matter of unearmarked reserves, I have continued to evidence the requisite level by use of internal risk assessment. The 2011/12 recurring budget contains no reliance on the use of unallocated reserves.

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

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

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

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 2011/2012 with a minimum level of £6M, excluding earmarked reserves.

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

- Recognise the need to continue to regularly review the level of reserves in the light of the regularly updated corporate risk assessment
- Recognise that in any use of reserves to fund 'one-off' corporate priorities on an invest to save basis, the council needs to be clear that the overall level of reserves remains adequate and that the relevant business cases for such expenditure are fully scrutinised and monitored appropriately.
- Recognise that where there is a draw down on risk assessed reserves taking them below the prudent level, for whatever reason, this is paid for within 3 years.
- Maintain a rigorous approach to financial monitoring, particularly at this time when a significant level of savings are expected to be delivered in the financial year ahead.
- Ensures that capital schemes are funded prudently and do not rely excessively on revenue funding not create unaffordable revenue consequences including maintenance and other running costs
- Maintain a prudent approach to budgeting for capital receipts, given current market conditions and the need to optimise value over the medium term.
- The Cabinet Members, Strategic Directors and Assistant Directors achieve their cash limits for 2010/11.

Processes

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

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

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

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

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

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

Robustness of Estimates

The 2011/12 Budget and the service and resource planning process continue the need to link financial resources to corporate priorities and risks. There are complex and difficult choices for the Council:

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

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

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

- Significantly reduced Formula Grant
- Discontinued or reduced specific grants
- Continued application of formula grant damping
- Priorities as set out in the Corporate Plan
- Low levels of interest rates
- Demand and price pressures in Adult Social Care
- Demand and price pressures in Children's Social Care

- Uncertainty in relation to capital receipts
- Need for investment in highways maintenance
- A significant change agenda as a result of national policy changes e.g. Adult Social Care and Health, Academies Bill, Localism Bill etc.

The assumptions used for 2011/12 and potentially changing circumstances will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the autumn of each financial year.

Given all these factors I, as the Council's Section 151 Officer, consider the estimates for 2011/12 to be sufficiently robust, and the reserves adequate, to be recommended for approval by the Council.

Over the medium term, the service and resource plans reflect the continuing impact of only growth in relation to issues that are unavoidable. Within the challenging financial climate over the medium term it is very likely that service improvement and reasonable Council Tax levels, will only be achieved through very different ways of working, and clear prioritisation between services.

The Capital Budget

Projects, formally included in the capital programme (i.e. excluding 'italics' items'), were prepared by Divisional Directors and managers in line with financial regulations and guidance. All projects were agreed by the relevant Strategic Director and Cabinet Member and are fully funded, and reviewed through the Project Initiation and Delivery Group.

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

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

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

- Ensure that all future commitments on the capital programme provide for a prudent source of funding in terms of revenue provision, including where investment will lead to future revenue savings.
- Carefully consider and balance the use of capital receipts to ensure they are prudently applied to help the council manage its resources effectively and achieve its priorities
- Review capital commitments in light of any future changes to Central Government support for capital projects where they are dependant on substantial Government funding.

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

- To remain within their service budget for 2011/12 and to commence early work to identify options to balance medium term service and resource plans for future years while maintaining strict adherence to recovering overspends within future years' plans (i.e. services will need to absorb any overspends, pressures over the medium term).
- Repayment to reserves over 3 years should risks materialise, and need to be funded temporarily from reserves.

Estimated Available Revenue Reserves

Earmarked Revenue Reserves

The Council's earmarked revenue reserves have been reviewed as part of the 2011/2012 Budget process and are fully committed over the medium term financial planning period as set out in Appendix 1. This position will be regularly reviewed.

Non-Earmarked Revenue Reserves

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

Table: Projected Non-Earmarked Revenue Reserves

	2011/12 £'000	2012/13 £'000	2013/14 £'000
Estimated Reserves @ 1st April each year	10,480	9,631	7,738
2010/2011 Invest to Save Funding	-196	-	-
2010/2011 Projected Outturn Underspending	269	-	-
Invest to Save Funding	-1,080	-2,433	-1,965
Invest to Save Repayments	158	540	1,390
Estimated Reserves @ 31st March each year	9,631	7,738	7,163

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 monthly review as an integral part of the Council's financial reporting cycle, and annual review by full Council as an integral part of budget-setting and 3 year financial planning. Clearly, as circumstances change, the currently recommended level of reserves can be expected to change.

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

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

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Directors have been requested to be prudent in their assumptions and 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 an emergency 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-to-day cash flow needs.

The recommendations of the Council's s151 Officer are:

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

Appendix 1 Annex 3
5 Year Capital Programme 2011/12 -
2015/16

2011/12								
Expenditure								
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Planned Expenditure	Add rephasing from 2010/11 to 2011/12	Less rephasing from 2011/12 to 2012/13	New items/ adjustments	NET PLANNED SPEND	For Approval	<i>Italics Items - For info as at Feb Council</i>
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery								
Planning & Transport								
<i>Local Transport Improvement Schemes</i>		<i>1,463</i>			-570	<i>893</i>		<i>893</i>
Two Tunnels - Council Element	100	100			69	169	169	
5 Arches					9	9	9	
<i>Rossiter Road</i>	<i>400</i>	<i>400</i>			<i>600</i>	<i>1,000</i>		<i>1,000</i>
CIVITAS schemes	217	217				217	217	
GBBN Construction	66	66			487	553	553	
Bath Package Pre Construction Costs					2,132	2,132	2,132	
Bath Package Main Scheme Project	23,893	23,893			-23,893	0		
Bath Package Scheme Property	5,583	5,583			649	6,232	6,232	
Bath Package A4 Park & Ride								
31,722	0	31,722	0	0	-20,517	11,205	9,312	1,893
Environmental Services								
Highways								
<i>Highways Maintenance</i>	<i>3,300</i>	<i>3,300</i>			716	<i>4,016</i>		<i>4,016</i>
<i>Highways Maintenance - top up</i>	<i>1,000</i>	<i>1,000</i>				<i>1,000</i>		<i>1,000</i>
Waste								
In Cab Technology			30			30	30	
Recycling Collection Containers			45			45	45	
Vehicle Replacements - Waste	322	322				322	322	
ANPR CCTV at Recycling Centre					99	99	99	
Parking								
<i>ANPR Bus Lane Enforcement Upgrade</i>					120	<i>120</i>		<i>120</i>
<i>Software Upgrades</i>					40	<i>40</i>		<i>40</i>
<i>Vehicle Replacement - Parking</i>					50	<i>50</i>		<i>50</i>
<i>Parking Ticket M/c's On & Off street</i>					625	<i>625</i>		<i>625</i>
Neighbourhoods								
Vehicle Replacement - Neighbourhoods					440	440	440	
Vehicle Tracking Equipment					33	33	33	
<i>Vehicles - Cleansing Equipment</i>					<i>220</i>	<i>220</i>		<i>220</i>
<i>Play Area Equipment</i>	<i>150</i>	<i>150</i>				<i>150</i>		<i>150</i>
<i>Allotments</i>					<i>95</i>	<i>95</i>		<i>95</i>
<i>Newbridge Hill - Contaminated Land</i>					<i>300</i>	<i>300</i>		<i>300</i>
4,450	322	4,772	75	0	2,738	7,585	969	6,616
Tourism Leisure & Culture								
Roman Baths Site Development - Catering	333	333				333	333	
Roman Baths Infrastructure Development		100				100	100	
<i>Refurb of Tourist Information Centre</i>		<i>0</i>			<i>186</i>	<i>186</i>		<i>186</i>
Bath Spring Water Strategy	82	82	84			166	166	
<i>Roman Baths Site Development (ii)</i>					<i>100</i>	<i>0</i>		<i>100</i>
<i>Mobile Libraries</i>						<i>100</i>		<i>100</i>
415	100	515	84	0	286	885	433	452
36,587	422	37,009	159	0	-17,493	19,675	10,714	8,961
Childrens Services								
BSF Writhlington School	1,793	166				166	166	
<i>Schools Capital Maintenance Programme</i>					<i>600</i>	<i>600</i>		<i>600</i>
Batheaston PCP	150	150				150	150	
WASPS PCP	136	136				136	136	
Midsomer Norton PCP	120	120				120	120	
The Link KS3 accommodation (Med schemes)		400				400	400	
Ralph Allen Applied Learning Centre					1,226	1,226	1,226	
Wellsway Sports Hall (inc 6 court)		1,554	400			1,954	1,954	
Spend at school level - DFC non VA schools	2,000	2,000	2,673	-2,000	327	3,000	3,000	
BN - Moorland Inf Expansion (small schemes)		188				188	188	
BN - Newbridge Expansion (small schemes)		188				188	188	
BN - Bathampton temp replacement (small schemes)		252			-31	221	221	
Southside Regeneration								
<i>Oldfield Park Jnr Playing Field</i>	<i>270</i>	<i>270</i>				<i>270</i>		<i>270</i>
<i>St Gregory's/St Mark's</i>								
<i>Oldfield Co Ed Capital Improvements</i>					<i>1745</i>	<i>1,745</i>		<i>1,745</i>
4,199	1,225	5,424	3,073	-2,000	3,867	10,364	7,749	2,615
Adult Care & Health Service Delivery								
<i>Home adaption grants</i>					40	<i>40</i>		<i>40</i>
<i>Minor works - H&S</i>					57	<i>57</i>		<i>57</i>
<i>Social Care IT Infrastructure</i>								
Adult Care & Health Commissioning								
<i>Disabled Facilities Grants</i>		543			457	<i>1,000</i>		<i>1,000</i>
<i>Discretionary Grants - Private Sector Renewal</i>								
Social Housing Grant	935	935	683		-600	1,018	1,018	
<i>Mental Health Provision</i>								
<i>Care Reform Grant</i>			92			<i>92</i>		<i>92</i>
1,478	0	1,478	775	0	-46	2,207	1,018	1,189

**Appendix 1 Annex 3
5 Year Capital Programme 2011/12 -
2015/16**

2011/12								
Expenditure								
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Planned Expenditure	Add rephasing from 2010/11 to 2011/12	Less rephasing from 2011/12 to 2012/13	New items/ adjustments	NET PLANNED SPEND	For Approval	<i>Italics Items - For Info as at Feb Council</i>
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support Services								
Property & Facilities								
Corporate Estate Planned Maintenance	905	905			-22	883		883
Risk Assessment/Disabled Access (DDA)	552	552			-14	538		538
Cost of Sales - General					171	171	171	
Cost of Sales - Children's Services					111	111	111	
Cost of Sales - Developments					248	248		248
Property Development Work	149	149			-149	0		
Commercial Estate Development	200	200			-200	0		
Support Services - non-Property								
Comms Hub - Equipment					650	650		650
Agresso update	44	44	27			71	71	
Transformation								
Government Connect Project			26			26	26	
Server & IT Refresh	723	723			91	814		814
2,573	0	2,573	53	0	886	3,512	379	3,133
Development & Major Projects								
Combe Down Stone Mines (HCA)			861	-43		818	818	
Combe Down Stone Mines (Council)	148	148	206		-291	63	63	
Southgate (Multi)			113		8	121	121	
Southgate (Council)			138			138	138	
Public Realm - Wayfinding	462	462	475		91	1,028	1,028	
Public Realm - Preparatory Projects			372		238	610	610	
Public Realm - Union Street/Bath Street	700	700	1,482	-1,071		1,111	1,111	
Public Realm - Stall Street					270	270	270	
Public Realm - City Centre/High Street					100	100	100	
Public Realm - Design element of next location	500	500			-332	168	168	
Public Realm - Pulteney Bridge								
Public Realm - Cheap Street/WestGate Street	954	954			-954	0		
Public Realm - Saw Close/Kingsmead	480	480			-480	0		
Public Realm - Orange Grove								
Public Realm - Broad St/St Michael's Place								
Public Realm - Lower Borough Walls								
Public Realm - WestGate Buildings								
Public Realm - Upper Borough Walls								
Public Realm - Barton Street								
Public Realm - Wood Street								
Public Realm - Manvers St Contr								
Public Realm - Laura Place								
Public Realm - Grande Parade								
Public Realm - Terrace Walk								
Milson St & Old Bond St								
Public Realm - Street Furniture phase 2	250	250			-250			
Public Realm - potential upgrades to planned maintenance work	100	100				100		100
Contingency					300	300		300
3,594	0	3,594	3,647	-1,114	-1,300	4,827	4,427	400
Corporate								
BWR								
BWR Council Project Team	240	240			182	422	422	
BWR - Affordable Housing	1,343	1,343	419	-762		1,000	1,000	
BWR - Infrastructure		2,800	2,200	-3,000		2,000	2,000	
Workplaces Programme								
Lewis House	354	354			780	1,134	894	240
The Hollies			1,892		-34	1,858	1,858	
Workplaces - Other	717	717			170	887	887	
Keynsham New Build					2,260	2,260	2,260	
Leisure Re provision								
Other Corporate								
Contingency	500	500				500	500	
3,154	2,800	5,954	4,511	-3,762	3,358	10,061	9,821	240
GRAND TOTAL	51,585	4,447	56,032	12,218	-6,876	-10,728	50,646	34,108

Funded By: £000's

Government Supported Borrowing	0
EU/Government Grant	12,926
Capital / Right to Buy Receipts	4,277
Revenue	1,418
Service Supported Borrowing	9,839
Corporately / Unsupported Borrowing	21,810
s106 Contribution	0
Other 3rd Party Contribution	376
	<u>50,646</u>

2012/13						
Expenditure						
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Expenditure	Add rephasing from 2011/12 to 2012/13	Less rephasing from 2012/13 to 2013/14	New items/ adjustments	NET PLANNED SPEND
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery						
Planning & Transport						
<i>Local Transport Improvement Schemes</i>						
1,556		1,556			-340	1,216
<i>Two Tunnels - Council Element</i>						
<i>5 Arches</i>						
<i>Rossiter Road</i>						
485		485			-285	200
<i>CIVITAS schemes</i>						
49		49				49
<i>GBBN Construction</i>						
<i>Bath Package Pre Construction Costs</i>						
<i>Bath Package Main Scheme Project</i>						
10,199		10,199			163	163
<i>Bath Package Scheme Property</i>						
<i>Bath Package A4 Park & Ride</i>						
					-1,099	9,100
					3,336	3,336
					3,000	3,000
12,289	0	12,289	0	0	4,775	17,064
Environmental Services						
Highways						
<i>Highways Maintenance</i>						
3,300		3,300			521	3,821
<i>Highways Maintenance - top up</i>						
1,000		1,000				1,000
Waste						
<i>In Cab Technology</i>						
<i>Recycling Collection Containers</i>						
<i>Vehicle Replacements - Waste</i>						
<i>ANPR CCTV at Recycling Centre</i>						
Parking						
<i>ANPR Bus Lane Enforcement Upgrade</i>						
<i>Software Upgrades</i>						
<i>Vehicle Replacement - Parking</i>						
<i>Parking Ticket M/c's On & Off street</i>						
Neighbourhoods						
<i>Vehicle Replacement - Neighbourhoods</i>						
<i>Vehicle Tracking Equipment</i>						
<i>Vehicles - Cleansing Equipment</i>						
150		150			60	150
<i>Play Area Equipment</i>						
<i>Allotments</i>						
<i>Newbridge Hill - Contaminated Land</i>						
					80	80
4,450	0	4,450	0	0	661	5,111
Tourism Leisure & Culture						
<i>Roman Baths Site Development - Catering</i>						
200		200			200	200
<i>Roman Baths Infrastructure Development</i>						
<i>Refurb of Tourist Information Centre</i>						
<i>Bath Spring Water Strategy</i>						
<i>Roman Baths Site Development (ii)</i>						
<i>Mobile Libraries</i>						
		0			18	18
					100	100
200	0	200	0	0	318	518
16,939	0	16,939	0	0	5,754	22,693
Childrens Services						
<i>BSF Writhlington School</i>						
<i>Schools Capital Maintenance Programme</i>						
<i>Batheaston PCP</i>						
<i>WASPS PCP</i>						
<i>Midsomer Norton PCP</i>						
<i>The Link KS3 accommodation (Med schemes)</i>						
<i>Ralph Allen Applied Learning Centre</i>						
<i>Wellsway Sports Hall (inc 6 court)</i>						
0	40	40	2,000		716	716
<i>Spend at school level - DFC non VA schools</i>						
1,000		1,000			40	3,000
<i>BN - Moorland Inf Expansion (small schemes)</i>						
<i>BN - Newbridge Expansion (small schemes)</i>						
<i>BN - Bathampton temp replacement (small schemes)</i>						
<i>Southside Regeneration</i>						
<i>Oldfield Park Jnr Playing Field</i>						
<i>St Gregory's/St Mark's</i>						
<i>Oldfield Co Ed Capital Improvements</i>						
					2,000	2,000
1,000	40	1,040	2,000	0	3,316	6,356
Adult Care & Health Service Delivery						
<i>Home adaption grants</i>						
<i>Minor works - H&S</i>						
<i>Social Care IT Infrastructure</i>						
Adult Care & Health Commissioning						
<i>Disabled Facilities Grants</i>						
<i>Discretionary Grants - Private Sector Renewal</i>						
<i>Social Housing Grant</i>						
543		543			457	1,000
<i>Care Reform Grant</i>						
543	0	543	0	0	457	1,000

2013/14						
Expenditure						
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Planned Expenditure	Add rephasing from 2012/13 to 2013/14	Less rephasing from 2013/14 to 2014/15	New items/ adjustments	NET PLANNED SPEND
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery						
Planning & Transport						
<i>Local Transport Improvement Schemes</i>						
<i>Two Tunnels - Council Element</i>						
<i>5 Arches</i>						
<i>Rossiter Road</i>						
<i>CIVITAS schemes</i>						
<i>GBBN Construction</i>						
<i>Bath Package Pre Construction Costs</i>						
<i>Bath Package Main Scheme Project</i>						
<i>Bath Package Scheme Property</i>						
<i>Bath Package A4 Park & Ride</i>						
2,155		2,155			-930	1,225
					8,700	8,700
					2,039	2,039
2,155	0	2,155	0	0	9,809	11,964
Environmental Services						
Highways						
<i>Highways Maintenance</i>						
<i>Highways Maintenance - top up</i>						
3,300		3,300			367	3,667
Waste						
<i>In Cab Technology</i>						
<i>Recycling Collection Containers</i>						
<i>Vehicle Replacements - Waste</i>						
<i>ANPR CCTV at Recycling Centre</i>						
Parking						
<i>ANPR Bus Lane Enforcement Upgrade</i>						
<i>Software Upgrades</i>						
<i>Vehicle Replacement - Parking</i>						
<i>Parking Ticket M/c's On & Off street</i>						
Neighbourhoods						
<i>Vehicle Replacement - Neighbourhoods</i>						
<i>Vehicle Tracking Equipment</i>						
<i>Vehicles - Cleansing Equipment</i>						
<i>Play Area Equipment</i>						
<i>Allotments</i>						
<i>Newbridge Hill - Contaminated Land</i>						
150		150			366	366
3,450	0	3,450	0	0	733	4,183
Tourism Leisure & Culture						
<i>Roman Baths Site Development - Catering</i>						
<i>Roman Baths Infrastructure Development</i>						
<i>Refurb of Tourist Information Centre</i>						
<i>Bath Spring Water Strategy</i>						
<i>Roman Baths Site Development (ii)</i>						
<i>Mobile Libraries</i>						
0	0	0	0	0	1,468	1,468
5,605	0	5,605	0	0	12,010	17,615
Childrens Services						
<i>BSF Writhlington School</i>						
<i>Schools Capital Maintenance Programme</i>						
<i>Batheaston PCP</i>						
<i>WASPS PCP</i>						
<i>Midsomer Norton PCP</i>						
<i>The Link KS3 accommodation (Med schemes)</i>						
<i>Ralph Allen Applied Learning Centre</i>						
<i>Wellsway Sports Hall (inc 6 court)</i>						
<i>Spend at school level - DFC non VA schools</i>						
<i>BN - Moorland Inf Expansion (small schemes)</i>						
<i>BN - Newbridge Expansion (small schemes)</i>						
<i>BN - Bathampton temp replacement (small schemes)</i>						
<i>Southside Regeneration</i>						
<i>Oldfield Park Jnr Playing Field</i>						
<i>St Gregory's/St Mark's</i>						
<i>Oldfield Co Ed Capital Improvements</i>						
0	0	0	0	0	600	600
Adult Care & Health Service Delivery						
<i>Home adaption grants</i>						
<i>Minor works - H&S</i>						
<i>Social Care IT Infrastructure</i>						
Adult Care & Health Commissioning						
<i>Disabled Facilities Grants</i>						
<i>Discretionary Grants - Private Sector Renewal</i>						
<i>Social Housing Grant</i>						
<i>Care Reform Grant</i>						
543		543			457	1,000
543	0	543	0	0	457	1,000

2014/15						
Expenditure						
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Planned Expenditure	Add rephasing from 2013/14 to 2014/15	Less rephasing from 2014/15 to 2015/16	New items/ adjustments	NET PLANNED SPEND
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery						
Planning & Transport						
<i>Local Transport Improvement Schemes</i>						
<i>Two Tunnels - Council Element</i>						
<i>5 Arches</i>						
<i>Rossiter Road</i>						
<i>CIVITAS schemes</i>						
<i>GBBN Construction</i>						
<i>Bath Package Pre Construction Costs</i>						
<i>Bath Package Main Scheme Project</i>						
<i>Bath Package Scheme Property</i>						
<i>Bath Package A4 Park & Ride</i>						
2,115		2,115			-392	1,723
					4,753	4,753
2,115	0	2,115	0	0	4,361	6,476
Environmental Services						
Highways						
<i>Highways Maintenance</i>						
<i>Highways Maintenance - top up</i>						
3,300		3,300			135	3,435
Waste						
<i>In Cab Technology</i>						
<i>Recycling Collection Containers</i>						
<i>Vehicle Replacements - Waste</i>						
<i>ANPR CCTV at Recycling Centre</i>						
Parking						
<i>ANPR Bus Lane Enforcement Upgrade</i>						
<i>Software Upgrades</i>						
<i>Vehicle Replacement - Parking</i>						
<i>Parking Ticket M/c's On & Off street</i>						
Neighbourhoods						
<i>Vehicle Replacement - Neighbourhoods</i>						
<i>Vehicle Tracking Equipment</i>						
<i>Vehicles - Cleansing Equipment</i>						
<i>Play Area Equipment</i>						
<i>Allotments</i>						
<i>Newbridge Hill - Contaminated Land</i>						
150		150			480	480
3,450	0	3,450	0	0	615	4,065
Tourism Leisure & Culture						
<i>Roman Baths Site Development - Catering</i>						
<i>Roman Baths Infrastructure Development</i>						
<i>Refurb of Tourist Information Centre</i>						
<i>Bath Spring Water Strategy</i>						
<i>Roman Baths Site Development (ii)</i>						
<i>Mobile Libraries</i>						
					100	100
					1,250	1,250
0	0	0	0	0	1,350	1,350
5,565	0	5,565	0	0	6,326	11,891
Childrens Services						
<i>BSF Writhlington School</i>						
<i>Schools Capital Maintenance Programme</i>						
<i>Batheaston PCP</i>						
<i>WASPS PCP</i>						
<i>Midsomer Norton PCP</i>						
<i>The Link KS3 accommodation (Med schemes)</i>						
<i>Ralph Allen Applied Learning Centre</i>						
<i>Wellsway Sports Hall (inc 6 court)</i>						
<i>Spend at school level - DFC non VA schools</i>						
<i>BN - Moorland Inf Expansion (small schemes)</i>						
<i>BN - Newbridge Expansion (small schemes)</i>						
<i>BN - Bathampton temp replacement (small schemes)</i>						
<i>Southside Regeneration</i>						
<i>Oldfield Park Jnr Playing Field</i>						
<i>St Gregory's/St Mark's</i>						
<i>Oldfield Co Ed Capital Improvements</i>						
					600	600
0	0	0	0	0	600	600
Adult Care & Health Service Delivery						
<i>Home adaption grants</i>						
<i>Minor works - H&S</i>						
<i>Social Care IT Infrastructure</i>						
Adult Care & Health Commissioning						
<i>Disabled Facilities Grants</i>						
<i>Discretionary Grants - Private Sector Renewal</i>						
<i>Social Housing Grant</i>						
543		543			457	1,000
543	0	543	0	0	457	1,000

2015/16						
Expenditure						
Base Planned Expenditure Feb 10 budget report	Additions/ approvals during 2010/11	Revised Base Planned Expenditure	Add rephasing from 2014/15 to 2015/16	Less rephasing from 2015/16 to 2016/17	New items/ adjustments	NET PLANNED SPEND
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery						
Planning & Transport						
<i>Local Transport Improvement Schemes</i>						
<i>Two Tunnels - Council Element</i>						
<i>5 Arches</i>						
<i>Rossiter Road</i>						
<i>CIVITAS schemes</i>						
<i>GBBN Construction</i>						
<i>Bath Package Pre Construction Costs</i>						
<i>Bath Package Main Scheme Project</i>						
<i>Bath Package Scheme Property</i>						
<i>Bath Package A4 Park & Ride</i>						
0	0	0	0	0	1,723	1,723
Environmental Services						
Highways						
<i>Highways Maintenance</i>						
<i>Highways Maintenance - top up</i>						
Waste						
<i>In Cab Technology</i>						
<i>Recycling Collection Containers</i>						
<i>Vehicle Replacements - Waste</i>						
<i>ANPR CCTV at Recycling Centre</i>						
Parking						
<i>ANPR Bus Lane Enforcement Upgrade</i>						
<i>Software Upgrades</i>						
<i>Vehicle Replacement - Parking</i>						
<i>Parking Ticket M/c's On & Off street</i>						
Neighbourhoods						
<i>Vehicle Replacement - Neighbourhoods</i>						
<i>Vehicle Tracking Equipment</i>						
<i>Vehicles - Cleansing Equipment</i>						
<i>Play Area Equipment</i>						
<i>Allotments</i>						
<i>Newbridge Hill - Contaminated Land</i>						
0	0	0	0	0	150	150
0	0	0	0	0	3,450	3,450
Tourism Leisure & Culture						
<i>Roman Baths Site Development - Catering</i>						
<i>Roman Baths Infrastructure Development</i>						
<i>Refurb of Tourist Information Centre</i>						
<i>Bath Spring Water Strategy</i>						
<i>Roman Baths Site Development (ii)</i>						
<i>Mobile Libraries</i>						
0	0	0	0	0	100	100
0	0	0	0	0	5,273	5,273
Childrens Services						
<i>BSF Writhlington School</i>						
<i>Schools Capital Maintenance Programme</i>						
<i>Batheaston PCP</i>						
<i>WASPS PCP</i>						
<i>Midsomer Norton PCP</i>						
<i>The Link KS3 accommodation (Med schemes)</i>						
<i>Ralph Allen Applied Learning Centre</i>						
<i>Wellsway Sports Hall (inc 6 court)</i>						
<i>Spend at school level - DFC non VA schools</i>						
<i>BN - Moorland Inf Expansion (small schemes)</i>						
<i>BN - Newbridge Expansion (small schemes)</i>						
<i>BN - Bathampton temp replacement (small schemes)</i>						
<i>Southside Regeneration</i>						
<i>Oldfield Park Jnr Playing Field</i>						
<i>St Gregory's/St Mark's</i>						
<i>Oldfield Co Ed Capital Improvements</i>						
0	0	0	0	0	600	600
Adult Care & Health Service Delivery						
<i>Home adaption grants</i>						
<i>Minor works - H&S</i>						
<i>Social Care IT Infrastructure</i>						
Adult Care & Health Commissioning						
<i>Disabled Facilities Grants</i>						
<i>Discretionary Grants - Private Sector Renewal</i>						
<i>Social Housing Grant</i>						
<i>Care Reform Grant</i>						
0	0	0	0	0	1,000	1,000

Council MRP Policy

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

For all Government Supported Borrowing

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

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

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

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

Where-

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

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

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

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

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

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

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

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**MEDIUM TERM SERVICE & RESOURCE PLANNING ASSUMPTIONS
2011/12 to 2014/15**

1. Background

This Appendix sets out the specific assumptions that have been made in the development of the Budget for 2011/2012 together with the Medium Term Service and Resource Plans for 2011/2012 to 2014/2015.

As with any assumptions these are based on the data and information available at the time and it is anticipated these assumptions will need to be reviewed and revised over the medium term financial planning period.

2. Government Grant Funding

Background

The Council currently (2010/2011) receives approximately £41.5m in formula grant from the Government which is distributed using a complex formula known as the Four Block Model. This formula includes significant weightings attached to deprivation based indicators across a range of specific service blocks

The Council has traditionally lost around £2.5m per annum from its formula grant settlement through the application of the damping system or, in layman's language, the protection by Government of other authorities who should be getting less on a needs basis than they currently are.

In addition the Council receives a range of specific and area based grants directly supporting activity in each service area.

The Public Sector Financial Challenge

The Council's Budget and Medium Term Service and Resource Plans for 2011/12 were developed against the backdrop of the UK's biggest public sector deficit since the Second World War following the deepest recession since the 1930's. In the 2009-10 financial year, the budget deficit reached £157bn, meaning the Government had to borrow £1 in every £4 it spent.

Anticipating the impact of this at the start of the Budget process in June 2010, the Council assumed funding reductions of up to 30% over the four year period 2011/2012 to 2014/2015 to coincide with the expected period of the next Comprehensive Spending Review. This was the basis upon which the original cash limit targets were set for the medium term financial planning period.

In-Year Cuts

The Budget for the current year 2010/2011 marked the end of the funding settlement made as part of the Comprehensive Spending Review in 2007 and with weak economic conditions and an increasing national budget deficit it was clear that the next Spending Review Period from 2010 would present a significant financial challenge to the public sector.

The scale of that challenge began to emerge when the new Coalition Government announced significant in year budget cuts as part of its emergency budget in June 2010, with the Council having to find savings of £1.8m per annum in revenue funding and £1.8m in capital funding within year. In addition the costs of implementing the savings (including redundancies and meeting contractual commitments) fell to the Council and required additional efficiencies and / or cuts of over £800k. These have all been met within the overall approved budget for 2010/2011.

Comprehensive Spending Review 2010

In terms of tackling the significant ongoing budget deficit, the Chancellor set out the Coalition Government plans in the Spending Review on 20th October 2010. This deficit reduction programme indicated 28% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years 10.7% in 2011/2012 and 6.4% in 2012/2013. In addition, funding for infrastructure such as school buildings, roads and transport was reduced by 45% on average.

The Local Government Finance Settlement

The Provisional Local Government Finance Settlement was announced by the Coalition Government on 13th December 2010 and set out the specific level of national funding for the Council going forwards. The key elements of this announcement for the Council were:-

- Formula Grant reducing by 13.5% in 2011/2012 and then by a further 8.3% in 2012/2013.
- A new two level damping system was introduced with the Council first being placed into one of four groups based upon it's reliance on government grant. The Council was deemed to be amongst the least reliant on government grant and so placed in the lowest group. All councils in this group faced larger grant reductions. The second historic damping system remained with the Council losing a further £1m compared to its assessed level of need.
- A financial settlement for only two years and not the full four years covered by the Comprehensive Spending Review. This will enable a wider review of Local Government Finance to be conducted by the Coalition Government during 2011.
- A number of grant funding streams and adjustments made to the Formula Grant Baseline which includes a reduction of £475k as a result of the impact of Academies, a reduction of £300k for transport funding, including bus subsidies and a reduction of £620k in the funding for concessionary fares.

- Discontinued and reduced specific grants totalling £2.5m together with the future of a further £3m of specific grants yet to be announced.
- Capital grant reductions of 50% for the local transport plan, continued uncertainty over major capital scheme grants and the discontinuation of Private Sector Housing Renewal Capital Grant of approx £600k.
- Recycled funding within Formula Grant to provide funding for pressures facing Adult Social Care – estimated at £1.6m for the Council. Additional non-recurring funding to also be directed via Primary Care Trusts for Health and Social Care estimated at £1.9m for 2011/2012.
- Reference to funding for a New Homes Bonus Scheme which will provide funding for new homes brought into use and included in the Council Tax Base. This funding has yet to be confirmed but provisional estimates for the Council indicate an amount of £600k for 2011/2012.

3. Medium Term Service and Resource Plans

To accommodate the anticipated level of savings required by the Council to both the reductions in government funding and the significant cost pressures we will have to meet, each service block has been given a cash savings base target and stretch target for 2011/12 of about 5% and 10% respectively (based on gross spend – the figure based on net spend is about double this percentage).

The Specific Savings Targets for each Service Area are set out below:-

Directorate	Cash Limit B/F £m's	Total Growth £m's	Base Cash Limit 2011/2012 £m's	Base Savings Required 2011/2012 £m's	Memo Stretch Savings Required £m's
Service Delivery	28.3	2.5	27.6	3.2	2.7
Children's Services	24.2	0.4	23.2	1.4	2.2
Adult Social Services and Housing	52.8	2.9	51.6	4.1	3.1
Resources & Support Services	8.2	0.4	6.9	1.7	1.9
Development & Major Projects	1.9	0.3	1.8	0.4	0.1
Total	115.4	6.5	111.1	10.8	10.0

Actual savings requirements for 2011/2012 and future years are determined as part of the final stages of the Budget setting and resource prioritisation process.

4. Council Tax

The Finance Settlement included provision of financial support from government for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The financial support will be payable in the form of a un-ringfenced grant, Section 31 Grant, for a period of 4 years. This grant is based around an assumed 2.5% increase.

The Council tax assumptions for purely planning purposes are as follows:-

2011/2012 – utilise Section 31 Grant

2012/2013 – a 2.5% increase

2013/2014 – a 2.5% increase

A 1% increase in Council Tax generates approximately £800K.

5. Reserves

The risk assessed level of the Council's Unearmarked Reserves is £10.5m based on updated robustness statements.

The Unearmarked Reserves can be utilised for invest to save projects provided they are repaid within 3 years and do not fall below the minimum level of £6m.

Earmarked Reserves as set out below are assumed to be fully allocated to support the Council change programme, severance costs, affordable housing and identified funding risks.

- Revenue Budget Contingency - £4.054m
- Pensions Reserve - £3.082m
- Medium Term Financial Challenge Reserve - £3.607m
- Restructuring Reserve - £2.000m
- Affordable Housing - £3.000m

The Council's reserves position is relatively strong and places the Council in a good position to meet the financial challenges ahead. Reserves can only used once and should avoid support for recurring budget pressures for any significant period.

6. Pensions

The last actuarial review dated 31 March 2007, required a relatively small increase in employers contribution from 16.4% to 17.5% at a cost of £654K. This was implemented from 1 April 2008 in full.

Work on the latest actuarial review as at 31 March 2010 has reached a conclusion and a number of positive factors indicate that there is no variation in the cash contribution level overall. These factors include:-

- The Avon Pension Fund investments have performed well.
- The Government has switched the rate for future pensions increases from the Retail Price Index (RPI) to the historically lower measure of the Consumer Price Index (CPI).
- A national review of public sector pensions schemes is being undertaken by the Government (the Hutton Review).

The review has recognised the likely decrease in the future payroll level of the Council so will be switching the future contribution level to be expressed as a cash sum rather than as a percentage of the payroll. This will require the Council to consider further the basis of recharging employer pension contributions to individual services in the future although no changes will be made in 2011/2012.

7. Pay Awards

The costs of pay awards have been included to reflect the pay freeze announced by the Government as part of the Emergency Budget in June 2010. This provides for a small increase for the lowest paid element of the workforce with all other salaries receiving no annual increase for 2011/12 or 2012/13.

For financial planning purposes a 1% increase has been assumed for 2013/2014.

Services are having to absorb a 1% increase in pay costs due to higher employers National Insurance contributions in 2011/12.

8. Other Assumptions

Some of the other assumptions being used are:

- No further provision has been made for the Government's in-year cuts in 2010/2011. All costs and related actions are assumed to be fully met in the current year.
- Balanced budgets are delivered for 2010/2011 - there is no provision for overspending.
- No general provision for inflation has been made although services have provided for known specific costs pressures.
- Interest earnings are based on a 1% return in 2011/2012, 2% in 2012/2013 and 3% in 2013/2014 and reflects the expectation that the bank base rate (currently 0.5%) will begin to rise by the end of 2011.

BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

1. It is important to be clear on the process to be followed in setting the 2011/12 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 15th February 2011. 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 her to secure consideration by the Cabinet and report back to the Council meeting on 24th February 2010.
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 2011/12. That budget will include within it the overall proposed Council cash limits for 2011/12 including the provision for inflation, the proposed use of balances in the 2011/12 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 2011/12 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 (24th 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 24th 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
Council Solicitor (Monitoring Officer)

Draft Resolution for Setting Council Tax for 2011/12

That Council approves:

1. The revenue budget as set out in Appendix 1 Annex 1 to the report.
2. The 2011/12 capital budget as set out in Appendix 1 Annex 3 to the report.
3. That the Council's total net expenditure for 2011/12 be set at **£121.557m¹** (including a contribution of £1.763m net to reserves), or £119.822m excluding the contribution to reserves. That the 2011/12 expenditure is funded as follows:

	Total £	Per Band D (£)
2011/12 Gross Expenditure	349,160,132	5,419.81
2011/12 Income (excluding recharges)	-229,338,550	-3,559.89
2011/12 Net Expenditure	119,821,582	1,859.92
Funded by:		
Use of Balances (- is net contribution) £1.736m contribution	-1,735,568	-26.94
Revenue Support Grant £10.280452m		
Business Rate Pool £33.258998m	43,539,450	675.84
Collection fund surplus	591,000	9.17
Total	42,394,882	658.07
Raised from Council Tax	77,426,700	1,201.85
Total Funding	119,821,582	1,859.92

5. a) That it be noted that on 14th January 2011 The Divisional Director of Finance (as authorised section 151 officer) agreed **64,422.90** Band D property equivalent as the Council Tax base for the year 2011/12 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.

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

[Annex 1 (1) gives Band D Tax base by parish]

6. That the following amounts be now calculated by the Council for the 2011/12 financial year in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:

a) **£121,842,672** (=119,821,582 (net expenditure) +2,021,090 (Parish precepts)) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act.

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

b) **-£1,735,568** (contribution to balances) the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act.

[This is sums estimated to be payable into the general fund other than RSG and NNDR, transfers from the collection fund to the general fund and financial reserves used to provide for items in Section 32(2) including income]

¹ This is net of the Dedicated Schools Grant of £113.801m and the Council Tax Freeze Grant of £1.920m

c) **£123,578,240** being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above calculated by the Council in accordance with Section 32(4) of the Act as its **budget requirement** for the year.

d) **£ 44,130,450** (£43,539,450 Revenue support grant and business rate pool plus collection fund surplus £591,000) being the aggregate of the sums which the Council estimates will be payable for the year in respect of redistributed non-domestic rates, revenue support grant or additional grant, increased by the amount which the Council estimates will be transferred in the year from its collection fund to its general fund.
[Adjustments to be made to this figure for transfers from collection fund to or from general fund in accordance with Sections 97(3) and 97(4) and 98(5) and 98(4) of the Local Government Finance Act 1988. This is the RSG, NNDR grant payable plus/minus collection fund surplus/deficit for Council Tax]

e) **£ 1,233.22** being the amount at 6(c) above less the amount at 6(d) divided by the amount at 5(a) above, calculated in accordance with Section 33(1) of the Act, as the basic amount of Council Tax for the year.
[This is the average Council tax including B&NES and parish precepts]

f) **£ 2,021,090** being the aggregate amount of all special items referred to in Section 34(1) of the Act.
[This is the total of parish precepts]

g) **£1,201.85** being the amount at 6(e) above less the result given by dividing the amount at 6(f) above by the amount at 5 (a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.
[This is the B&NES Council tax only excluding parish precepts]

h) The amounts given by adding to the amount at 6(g) above the amounts of special items or items relating to dwellings in those parts of the Council's area mentioned in Annex 1(1) divided in each case by the amount at 5 (b) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate are given at Annex 1 (2).
[Annex 1 (2) gives parish precepts and the Band D Council tax for the parish precept]

i) The amounts given by multiplying the amounts at 6(g) and 6(h) above by the number which, in the proportion set out in Section 7(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands are given in Annex 1 (3).
[Annex 1 (3) shows the B&NES and parish Council Tax for all bands.]

Precepting Authorities

7. That it be noted that for the year 2011/12 Avon and Somerset Police Authority met on 9 February 2011 to determine the amount in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

8. Avon and Somerset Police Authority

Valuation Bands

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

9. That it be noted that for the year 2011/12 Avon Fire Authority met on 11 February 2011 to determine the amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

10. Avon Fire Authority

Valuation Bands

A	B	C	D	E	F	G	H
£40.25	£46.96	£53.67	£60.38	£73.80	£87.22	£100.63	£120.76

11. That, having calculated the aggregate in each case of the amounts 8, 10 and 6(i) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the 2011/12 financial year for each of the categories of dwellings shown, as listed in Annex 1 (4).

12. On average (for a Band D, 2 adult household) the Council Tax for 2011/12 will be as follows:

<i>Reference Band D 2010/11 £</i>		£ Band D 2011/12	% Increase on 2010/11
1,201.85	Bath and North East Somerset Council	1,201.85	0.00
31.07	Average Parish Precept	31.37	0.97
60.38	Avon Fire Authority	60.38	0.00
168.03	Avon and Somerset Police Authority	168.03	0.00
1,461.33	Total Tax charged	1,461.63	0.02

[Overall annual increase in average Band D Council Tax is £0.30]

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

Town/Parish/City of:-	Tax Base
Bath	31,735.87
Bathampton	751.34
Batheaston	1,131.75
Bathford	807.09
Cameley	454.70
Camerton	260.66
Charlcombe	209.14
Chelwood	61.31
Chew Magna	593.84
Chew Stoke	450.77
Claverton	66.18
Clutton	570.97
Combe Hay	91.56
Compton Dando	285.60
Compton Martin	247.95
Corston	201.10
Dunkerton	227.46
East Harptree	309.29
Englishcombe	135.42
Farmborough	438.39
Farrington Gurney	336.31
Freshford	285.77
High Littleton	798.26
Hinton Blewett	139.22
Hinton Charterhouse	234.58
Kelston	81.25
Keynsham	5,610.56
Marksbury	185.50
Midsomer Norton	3,741.74
Monkton Combe	160.28
Nempnett Thrubwell	92.94
Newton St. Loe	73.00
North Stoke	43.92
Norton Malreward	106.03
Paulton	1,792.13
Peasedown St. John	2,204.49
Priston	121.76
Publow	468.08
Radstock	1,708.33
St. Catherine	39.96
Saltford	1,830.28
Shoscombe	165.11
South Stoke	233.55
Stanton Drew	328.45
Stowey Sutton	602.48

Town/Parish/City of:-	Tax Base
Swainswick	130.22
Timsbury	972.93
Ubley	167.92
Wellow	248.59
West Harptree	204.52
Westfield	1,821.19
Whitchurch	463.16
TOTAL	64,422.90

Annex 1 (2)

Charter Trust / Parish Council Tax Rates 2011/12

Parish/Charter Trust/Town Council	Precept £	Tax base	Band D £
Bath	208,900	31735.87	6.58
Bathampton	24,000	751.34	31.94
Batheaston	33,000	1131.75	29.16
Bathford	18,560	807.09	23.00
Cameley	18,000	454.70	39.59
Camerton	10,000	260.66	38.36
Charlcombe	1,500	209.14	7.17
Chelwood	550	61.31	8.97
Chew Magna	21,500	593.84	36.21
Chew Stoke	15,000	450.77	33.28
Claverton	3,500	66.18	52.89
Clutton	14,498	570.97	25.39
Combe Hay	8,000	91.56	87.37
Compton Dando	7,009	285.60	24.54
Compton Martin	9,500	247.95	38.31
Corston	7,500	201.10	37.29
Dunkerton	6,677	227.46	29.35
East Harptree	8,000	309.29	25.87
Englishcombe	4,295	135.42	31.72
Farmborough	14,000	438.39	31.94
Farrington Gurney	11,500	336.31	34.19
Freshford	13,685	285.77	47.89
High Littleton	23,000	798.26	28.81
Hinton Blewett	4,285	139.22	30.78
Hinton Charterhouse	7,107	234.58	30.30
Kelston	1,500	81.25	18.46
Keynsham	435,109	5610.56	77.55
Marksbury	5,400	185.50	29.11
Midsomer Norton	330,994	3741.74	88.46
Monkton Combe	3,600	160.28	22.46
Nempnett Thrubwell	1,700	92.94	18.29
Newton St. Loe	3,250	73.00	44.52
North Stoke	0	43.92	0.00

Parish/Charter Trust/Town Council	Precept £	Tax base	Band D £
Norton Malreward	3,700	106.03	34.90
Paulton	190,500	1792.13	106.30
Peasedown St. John	99,210	2204.49	45.00
Priston	3,765	121.76	30.92
Publow	11,000	468.08	23.50
Radstock	151,119	1708.33	88.46
St. Catherine	500	39.96	12.51
Saltford	24,000	1830.28	13.11
Shoscombe	6,594	165.11	39.94
South Stoke	4,860	233.55	20.81
Stanton Drew	6,683	328.45	20.35
Stowey Sutton	16,000	602.48	26.56
Swainswick	2,800	130.22	21.50
Timsbury	23,000	972.93	23.64
Ubley	7,000	167.92	41.69
Wellow	10,138	248.59	40.78
West Harptree	7,000	204.52	34.23
Westfield	161,102	1821.19	88.46
Whitchurch	17,000	463.16	36.70
Total	2,021,090	64422.90	31.37

B&NES Council Tax Rates 2011/12 - including parishes but without Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Bath	£805.62	£939.89	£1,074.16	£1,208.43	£1,476.97	£1,745.51	£2,014.05	£2,416.86
Bathampton	£822.52	£959.61	£1,096.70	£1,233.79	£1,507.97	£1,782.15	£2,056.31	£2,467.58
Batheaston	£820.67	£957.45	£1,094.23	£1,231.01	£1,504.57	£1,778.13	£2,051.68	£2,462.02
Bathford	£816.56	£952.66	£1,088.75	£1,224.85	£1,497.04	£1,769.23	£2,041.41	£2,449.70
Cameley	£827.62	£965.56	£1,103.50	£1,241.44	£1,517.32	£1,793.20	£2,069.06	£2,482.88
Camerton	£826.80	£964.61	£1,102.41	£1,240.21	£1,515.81	£1,791.42	£2,067.01	£2,480.42
Charlcombe	£806.01	£940.35	£1,074.68	£1,209.02	£1,477.69	£1,746.37	£2,015.03	£2,418.04
Chelwood	£807.21	£941.75	£1,076.28	£1,210.82	£1,479.89	£1,748.97	£2,018.03	£2,421.64
Chew Magna	£825.37	£962.93	£1,100.50	£1,238.06	£1,513.19	£1,788.31	£2,063.43	£2,476.12
Chew Stoke	£823.42	£960.65	£1,097.89	£1,235.13	£1,509.61	£1,784.08	£2,058.55	£2,470.26
Claverton	£836.49	£975.91	£1,115.32	£1,254.74	£1,533.57	£1,812.41	£2,091.23	£2,509.48
Clutton	£818.16	£954.52	£1,090.88	£1,227.24	£1,499.96	£1,772.68	£2,045.40	£2,454.48
Combe Hay	£859.48	£1,002.72	£1,145.97	£1,289.22	£1,575.72	£1,862.21	£2,148.70	£2,578.44
Compton Dando	£817.59	£953.86	£1,090.12	£1,226.39	£1,498.92	£1,771.46	£2,043.98	£2,452.78
Compton Martin	£826.77	£964.57	£1,102.36	£1,240.16	£1,515.75	£1,791.35	£2,066.93	£2,480.32
Corston	£826.09	£963.77	£1,101.46	£1,239.14	£1,514.51	£1,789.87	£2,065.23	£2,478.28
Dunkerton	£820.80	£957.60	£1,094.40	£1,231.20	£1,504.80	£1,778.40	£2,052.00	£2,462.40
East Harptree	£818.48	£954.89	£1,091.31	£1,227.72	£1,500.55	£1,773.38	£2,046.20	£2,455.44
Englishcombe	£822.38	£959.44	£1,096.51	£1,233.57	£1,507.70	£1,781.83	£2,055.95	£2,467.14
Farmborough	£822.52	£959.61	£1,096.70	£1,233.79	£1,507.97	£1,782.15	£2,056.31	£2,467.58
Farrington Gurney	£824.02	£961.36	£1,098.70	£1,236.04	£1,510.72	£1,785.40	£2,060.06	£2,472.08
Freshford	£833.16	£972.02	£1,110.88	£1,249.74	£1,527.46	£1,805.18	£2,082.90	£2,499.48
High Littleton	£820.44	£957.18	£1,093.92	£1,230.66	£1,504.14	£1,777.62	£2,051.10	£2,461.32
Hinton Blewett	£821.75	£958.71	£1,095.67	£1,232.63	£1,506.55	£1,780.47	£2,054.38	£2,465.26
Hinton Charterhouse	£821.43	£958.34	£1,095.24	£1,232.15	£1,505.96	£1,779.78	£2,053.58	£2,464.30
Kelston	£813.54	£949.13	£1,084.72	£1,220.31	£1,491.49	£1,762.67	£2,033.85	£2,440.62
Keynsham	£852.93	£995.09	£1,137.24	£1,279.40	£1,563.71	£1,848.03	£2,132.33	£2,558.80
Marksbury	£820.64	£957.41	£1,094.19	£1,230.96	£1,504.51	£1,778.06	£2,051.60	£2,461.92

B&NES Council Tax Rates 2011/12- including parishes but without Police and Fire Precept (continued)

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Midsomer Norton	£860.20	£1,003.57	£1,146.94	£1,290.31	£1,577.05	£1,863.79	£2,150.51	£2,580.62
Monkton Combe	£816.20	£952.24	£1,088.27	£1,224.31	£1,496.38	£1,768.45	£2,040.51	£2,448.62
Nempnett Thrubwell	£813.42	£949.00	£1,084.57	£1,220.14	£1,491.28	£1,762.43	£2,033.56	£2,440.28
Newton St. Loe	£830.91	£969.40	£1,107.88	£1,246.37	£1,523.34	£1,800.32	£2,077.28	£2,492.74
North Stoke	£801.23	£934.77	£1,068.31	£1,201.85	£1,468.93	£1,736.01	£2,003.08	£2,403.70
Norton Malreward	£824.50	£961.91	£1,099.33	£1,236.75	£1,511.59	£1,786.42	£2,061.25	£2,473.50
Paulton	£872.10	£1,017.45	£1,162.80	£1,308.15	£1,598.85	£1,889.55	£2,180.25	£2,616.30
Peasedown St. John	£831.23	£969.77	£1,108.31	£1,246.85	£1,523.93	£1,801.01	£2,078.08	£2,493.70
Priston	£821.84	£958.82	£1,095.79	£1,232.77	£1,506.72	£1,780.67	£2,054.61	£2,465.54
Publow	£816.90	£953.05	£1,089.20	£1,225.35	£1,497.65	£1,769.95	£2,042.25	£2,450.70
Radstock	£860.20	£1,003.57	£1,146.94	£1,290.31	£1,577.05	£1,863.79	£2,150.51	£2,580.62
St. Catherine	£809.57	£944.50	£1,079.43	£1,214.36	£1,484.22	£1,754.08	£2,023.93	£2,428.72
Saltford	£809.97	£944.97	£1,079.96	£1,214.96	£1,484.95	£1,754.95	£2,024.93	£2,429.92
Shoscombe	£827.86	£965.83	£1,103.81	£1,241.79	£1,517.75	£1,793.70	£2,069.65	£2,483.58
South Stoke	£815.10	£950.96	£1,086.81	£1,222.66	£1,494.36	£1,766.07	£2,037.76	£2,445.32
Stanton Drew	£814.80	£950.60	£1,086.40	£1,222.20	£1,493.80	£1,765.40	£2,037.00	£2,444.40
Stowey Sutton	£818.94	£955.43	£1,091.92	£1,228.41	£1,501.39	£1,774.37	£2,047.35	£2,456.82
Swainswick	£815.56	£951.49	£1,087.42	£1,223.35	£1,495.21	£1,767.07	£2,038.91	£2,446.70
Timsbury	£816.99	£953.16	£1,089.32	£1,225.49	£1,497.82	£1,770.16	£2,042.48	£2,450.98
Ubley	£829.02	£967.20	£1,105.37	£1,243.54	£1,519.88	£1,796.23	£2,072.56	£2,487.08
Wellow	£828.42	£966.49	£1,104.56	£1,242.63	£1,518.77	£1,794.91	£2,071.05	£2,485.26
West Harptree	£824.05	£961.39	£1,098.74	£1,236.08	£1,510.77	£1,785.45	£2,060.13	£2,472.16
Westfield	£860.20	£1,003.57	£1,146.94	£1,290.31	£1,577.05	£1,863.79	£2,150.51	£2,580.62
Whitchurch	£825.70	£963.31	£1,100.93	£1,238.55	£1,513.79	£1,789.02	£2,064.25	£2,477.10

B&NES Council Tax Rates 2011/12 with Parish, Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Bath	£957.89	£1,117.54	£1,277.19	£1,436.84	£1,756.14	£2,075.44	£2,394.73	£2,873.68
Bathampton	£974.79	£1,137.26	£1,299.73	£1,462.20	£1,787.14	£2,112.08	£2,436.99	£2,924.40
Batheaston	£972.94	£1,135.10	£1,297.26	£1,459.42	£1,783.74	£2,108.06	£2,432.36	£2,918.84
Bathford	£968.83	£1,130.31	£1,291.78	£1,453.26	£1,776.21	£2,099.16	£2,422.09	£2,906.52
Cameley	£979.89	£1,143.21	£1,306.53	£1,469.85	£1,796.49	£2,123.13	£2,449.74	£2,939.70
Camerton	£979.07	£1,142.26	£1,305.44	£1,468.62	£1,794.98	£2,121.35	£2,447.69	£2,937.24
Charlcombe	£958.28	£1,118.00	£1,277.71	£1,437.43	£1,756.86	£2,076.30	£2,395.71	£2,874.86
Chelwood	£959.48	£1,119.40	£1,279.31	£1,439.23	£1,759.06	£2,078.90	£2,398.71	£2,878.46
Chew Magna	£977.64	£1,140.58	£1,303.53	£1,466.47	£1,792.36	£2,118.24	£2,444.11	£2,932.94
Chew Stoke	£975.69	£1,138.30	£1,300.92	£1,463.54	£1,788.78	£2,114.01	£2,439.23	£2,927.08
Claverton	£988.76	£1,153.56	£1,318.35	£1,483.15	£1,812.74	£2,142.34	£2,471.91	£2,966.30
Clutton	£970.43	£1,132.17	£1,293.91	£1,455.65	£1,779.13	£2,102.61	£2,426.08	£2,911.30
Combe Hay	£1,011.75	£1,180.37	£1,349.00	£1,517.63	£1,854.89	£2,192.14	£2,529.38	£3,035.26
Compton Dando	£969.86	£1,131.51	£1,293.15	£1,454.80	£1,778.09	£2,101.39	£2,424.66	£2,909.60
Compton Martin	£979.04	£1,142.22	£1,305.39	£1,468.57	£1,794.92	£2,121.28	£2,447.61	£2,937.14
Corston	£978.36	£1,141.42	£1,304.49	£1,467.55	£1,793.68	£2,119.80	£2,445.91	£2,935.10
Dunkerton	£973.07	£1,135.25	£1,297.43	£1,459.61	£1,783.97	£2,108.33	£2,432.68	£2,919.22
East Harptree	£970.75	£1,132.54	£1,294.34	£1,456.13	£1,779.72	£2,103.31	£2,426.88	£2,912.26
Englishcombe	£974.65	£1,137.09	£1,299.54	£1,461.98	£1,786.87	£2,111.76	£2,436.63	£2,923.96
Farmborough	£974.79	£1,137.26	£1,299.73	£1,462.20	£1,787.14	£2,112.08	£2,436.99	£2,924.40
Farrington Gurney	£976.29	£1,139.01	£1,301.73	£1,464.45	£1,789.89	£2,115.33	£2,440.74	£2,928.90
Freshford	£985.43	£1,149.67	£1,313.91	£1,478.15	£1,806.63	£2,135.11	£2,463.58	£2,956.30
High Littleton	£972.71	£1,134.83	£1,296.95	£1,459.07	£1,783.31	£2,107.55	£2,431.78	£2,918.14
Hinton Blewett	£974.02	£1,136.36	£1,298.70	£1,461.04	£1,785.72	£2,110.40	£2,435.06	£2,922.08
Hinton Charterhouse	£973.70	£1,135.99	£1,298.27	£1,460.56	£1,785.13	£2,109.71	£2,434.26	£2,921.12
Kelston	£965.81	£1,126.78	£1,287.75	£1,448.72	£1,770.66	£2,092.60	£2,414.53	£2,897.44
Keynsham	£1,005.20	£1,172.74	£1,340.27	£1,507.81	£1,842.88	£2,177.96	£2,513.01	£3,015.62

B&NES Council Tax Rates 2011/12 with Parish, Police and Fire Precept

£ Parish/Charter Trust	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Marksbury	£972.91	£1,135.06	£1,297.22	£1,459.37	£1,783.68	£2,107.99	£2,432.28	£2,918.74
Midsomer Norton	£1,012.47	£1,181.22	£1,349.97	£1,518.72	£1,856.22	£2,193.72	£2,531.19	£3,037.44
Monkton Combe	£968.47	£1,129.89	£1,291.30	£1,452.72	£1,775.55	£2,098.38	£2,421.19	£2,905.44
Nempnett Thrubwell	£965.69	£1,126.65	£1,287.60	£1,448.55	£1,770.45	£2,092.36	£2,414.24	£2,897.10
Newton St. Loe	£983.18	£1,147.05	£1,310.91	£1,474.78	£1,802.51	£2,130.25	£2,457.96	£2,949.56
North Stoke	£953.50	£1,112.42	£1,271.34	£1,430.26	£1,748.10	£2,065.94	£2,383.76	£2,860.52
Norton Malreward	£976.77	£1,139.56	£1,302.36	£1,465.16	£1,790.76	£2,116.35	£2,441.93	£2,930.32
Paulton	£1,024.37	£1,195.10	£1,365.83	£1,536.56	£1,878.02	£2,219.48	£2,560.93	£3,073.12
Peasedown St. John	£983.50	£1,147.42	£1,311.34	£1,475.26	£1,803.10	£2,130.94	£2,458.76	£2,950.52
Priston	£974.11	£1,136.47	£1,298.82	£1,461.18	£1,785.89	£2,110.60	£2,435.29	£2,922.36
Publow	£969.17	£1,130.70	£1,292.23	£1,453.76	£1,776.82	£2,099.88	£2,422.93	£2,907.52
Radstock	£1,012.47	£1,181.22	£1,349.97	£1,518.72	£1,856.22	£2,193.72	£2,531.19	£3,037.44
St. Catherine	£961.84	£1,122.15	£1,282.46	£1,442.77	£1,763.39	£2,084.01	£2,404.61	£2,885.54
Saltford	£962.24	£1,122.62	£1,282.99	£1,443.37	£1,764.12	£2,084.88	£2,405.61	£2,886.74
Shoscombe	£980.13	£1,143.48	£1,306.84	£1,470.20	£1,796.92	£2,123.63	£2,450.33	£2,940.40
South Stoke	£967.37	£1,128.61	£1,289.84	£1,451.07	£1,773.53	£2,096.00	£2,418.44	£2,902.14
Stanton Drew	£967.07	£1,128.25	£1,289.43	£1,450.61	£1,772.97	£2,095.33	£2,417.68	£2,901.22
Stowey Sutton	£971.21	£1,133.08	£1,294.95	£1,456.82	£1,780.56	£2,104.30	£2,428.03	£2,913.64
Swainswick	£967.83	£1,129.14	£1,290.45	£1,451.76	£1,774.38	£2,097.00	£2,419.59	£2,903.52
Timsbury	£969.26	£1,130.81	£1,292.35	£1,453.90	£1,776.99	£2,100.09	£2,423.16	£2,907.80
Ubley	£981.29	£1,144.85	£1,308.40	£1,471.95	£1,799.05	£2,126.16	£2,453.24	£2,943.90
Wellow	£980.69	£1,144.14	£1,307.59	£1,471.04	£1,797.94	£2,124.84	£2,451.73	£2,942.08
West Harptree	£976.32	£1,139.04	£1,301.77	£1,464.49	£1,789.94	£2,115.38	£2,440.81	£2,928.98
Westfield	£1,012.47	£1,181.22	£1,349.97	£1,518.72	£1,856.22	£2,193.72	£2,531.19	£3,037.44
Whitchurch	£977.97	£1,140.96	£1,303.96	£1,466.96	£1,792.96	£2,118.95	£2,444.93	£2,933.92

CORPORATE PERFORMANCE AND RESOURCES OVERVIEW AND SCRUTINY PANEL MEETING 31ST JANUARY 2011

DRAFT MINUTE ON MEDIUM TERM SERVICE AND RESOURCE PLANNING 2011/12-2013/14 AND BUDGET AND COUNCIL TAX 2011/12

The Chair invited Councillor John Bull to make his statement to the Panel. Councillor Bull set out his suggestion that “*part of the headroom sums of £944k and £336k as referred to in the budget papers be used to restore three of the proposed cuts in the children and young persons service as follows:*

- *‘Shout out’ advocacy service run by ‘Off the Record’ - £14,000*
- *Bath Contact Centre - £8,000*
- *£5k cut in the children’s society budget” - £5,000*

The Chair thanked Councillor Bull and informed him that this suggestion was noted by the panel and would be forwarded to the Cabinet for their consideration.

Andrew Pate – Strategic Director Resources and Support Services introduced the report. He updated the panel on the national financial settlement from the Government which was almost unchanged, being £16,000 more than the provisional settlement. The Director explained that the value of several specific Government grants were still unknown which is why there was a contingency provision within the headroom amount. He explained that the key action for the Panel at this meeting was to make recommendations to the Cabinet that meets on 2nd February 2011.

Councillor Malcolm Hanney – Cabinet Member for Resources thanked all officers involved in the budget process. He explained that the scale of cuts in Government grants had been a lot to absorb and the Authority had largely delivered through efficiency savings. He explained that this Authority was in a relatively good position as a result of a lot of effort. Councillor Hanney commented on the suggestion by Councillor Bull as set out above, he explained that some funds had been put aside for children’s services and £336k was intended to help pump priming of community development - disadvantaged communities, regeneration and localism. He explained that in total £1.9m was going into community empowerment and that no decisions had been made in relation to the Local Strategic Partnership reward money included in this total of £1.3m. He explained that he could not make any promises today not knowing the full position on grants and all suggestions would be considered as part of the budget process.

The Panel asked the following questions and made the following points:

Councillor Dixon thanked officers that the budget had been easy to understand.

In response to a question from Councillor Macrae on the Council Tax grant, Councillor Hanney explained that the grant was built into the budget for the next four years but that it could be withdrawn after that.

Councillor Gilchrist asked about feedback in response to community consultation on the budget. The Strategic Director explained that along with a budget fair and meetings with residents associations plus local business, the Council website had also been used. He explained that the responses were generally positive although there were some responses on the website that seemed to relate to people being directly affected. He explained that there was nothing that indicated the need to change direction.

Councillor Macrae asked if the Director was confident that in total all departments would remain within cash limits and was no overspend carried forward from previous years. The Strategic Director explained that there was still some time to go before the end of the year and some extra costs due to the severe winter but reported that overall he was confident of a net under spend although this was not guaranteed.

Councillor Macrae asked if any alternative budget proposals would have to go through the Section 151 Officer. The Strategic Director explained that there was guidance in the report on this and confirmed that the Section 151 Officer would need to look at any proposed changes so that he could report to Cabinet on the viability of the proposals.

Councillor Dixon referred to the earmarked reserves and asked why the figures jumped around over the coming years. The Strategic Director explained that reserves would be used to fund the Change Programme and any severance costs. He further explained that those redundancy and early retirement costs would generally be picked up through 50% use of reserves and 50% from individual services, he explained that this was a medium term approach to financing severance costs. Councillor Hanney added that there would be further grant cuts and efficiency savings which get harder to deliver and that there would also be extra pressures from changes in Health Care and Academies. He explained that now was the time to plan for these changes.

Councillor Appleyard asked how much of the affordable housing reserve was going into Western Riverside and what was the situation with schemes outside of Bath. The Strategic Director explained that a substantial amount was going towards Western Riverside and that for schemes outside of Bath, provision for affordable housing would have to come from specific individual developments.

Councillor Dixon asked some questions relating to the budget and how it reflected the Corporate Priorities. He asked about the Leisure Centre capital funding; the top up in Highways Maintenance funding and also asked when there would be a Corporate Plan refresh. The Strategic Director explained that it was more appropriate that the Corporate Plan be refreshed shortly after the elections rather than shortly before. He addressed the other points, he explained that investment in the Leisure Centre was associated with growth and economic prosperity, the city centre and the future of Bath Rugby. He further explained that the top up in Highways funding was due to the effects of

the harsh weather. Councillor Hanney added that the Highways increase was about avoiding future costs. He explained that the Leisure Centre money was towards the overall costs, other contributions were expected.

Councillor Dixon asked if the Aquaterra contract come up for renewal soon. Councillor Hanney responded that discussions were taking place.

Councillor Appleyard asked about the extra £3m on highways in 2010/11, he asked if there was actually an increased level of activity or just a longer waiting list. Councillor Hanney stated that he was clear that the work was being done and the objective set out at the beginning of the year would be achieved. He said he understood that officers may wish they had more resources but that this had to be balanced against other priorities. He stated that he would report back regarding the increased activity levels.

Councillor Appleyard asked why this Authority had a poor record on affordable housing. Councillor Hanney stated that he was not sure that this was the case and stated that the Authority would like to be creating more affordable housing.

Councillor Gilchrist stated that he was pleased that Rossiter Road scheme allocations were unchanged and asked about the Council priority on climate change and its place in the budget. The Strategic Director pointed to the figure in the budget relating to the carbon levy (approx £300k), he explained that he would be working with services to avoid this levy. Councillor Hanney further explained that the Council continued in its ongoing commitment to recycling and collecting food waste as well as reducing the carbon impact of its offices.

Councillor Clarke asked if the reserves were ring fenced and whether they had adversely impacted on the Government settlement. The Strategic Director explained that reserves are not taken into account as a reason for reducing the Government grant. Government statements are to the effect that Councils should be using their reserves to pay severance costs.

Councillor Barrett asked about a re-evaluation of properties. The Strategic Director explained that at a national level changes were being discussed in relation to local retention of business rates and there was a new homes bonus. Councillor Hanney explained that there was no confirmation of the amount of new homes bonus but the Council may wish to consider using some of it towards affordable housing in the future.

Councillor Appleyard asked if there had been a reduction in grants given to the Arts as an example. Councillor Hanney explained that there were few grants left as it was now mostly Service Level Agreements. He explained that he was generally looking for efficiencies in SLA's and those not delivering outcomes were being stopped.

Councillor Dixon made some comments in response to the comments that had been circulated to the Panel from the other Overview and Scrutiny Panels in relation to their Service Action Plans:

- Regarding Childrens Services Service Action Plan, he referred to the suggestion made by Councillor John Bull (details above and in the resolution to this minute);
- Regarding Adult Care and Housing Service Action Plan, he referred to the Healthier Communities and Older People OS Panel's view that "...it would be wrong to lose Community Learning as a valuable service that would fit well within the Big Society idea and that the Council should look into other ways to keep that service running". Councillor Dixon asked that Councillor Hanney and Councillor Pritchard – Cabinet Member for Adult Social Services and Housing discuss this.
- Regarding Tourism, Leisure and Culture Service Action Plan, he referred to the Safer, Stronger Communities Panel request that there be no cuts or closures of libraries. Councillor Dixon asked that this be taken into account, especially considering the restructuring taking place in the library service.

Councillor Hanney said he would take away the comments on the Community Learning issue. He commented that in terms of smaller libraries, an alternative to closure can be some use of volunteers. He added that any changes would follow Trade Union consultation and the usual process.

Councillor Macrae stated that he was disappointed with the comments from other panels as they were supposed to propose alternatives. Councillor Dixon said he disagreed and that when you read the comments, most of the budget proposals are accepted by Panels, they have only raised a few concerns. He felt that the OS Panels had done a good job.

The Strategic Director noted the point made by Councillor Appleyard regarding licensing of street parties for the Royal Wedding.

The Chair thanked everyone for their contributions.

The Panel **RESOLVED** to:

1. Note the draft medium term financial plan, and revenue and capital budgets for the 2011/12 financial year and proposal for a Council Tax level for 2011/12 and ask the Cabinet to note the comments of the Panel as shown above; and
2. Ask the Cabinet to consider the comments of the other Overview and Scrutiny Panels; along with Councillor Bull's suggestion *'That part of the headroom sums of £944k and £336k as referred to in the budget papers be used to restore three of the proposed cuts in the children and young persons service as follows:*
 - *'Shout out' advocacy service run by 'Off the Record - £14k*
 - *Bath Contact Centre - £8k*
 - *Children's society budget' - £5k*

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	15th February 2011	AGENDA ITEM NUMBER
TITLE:	Treasury Management Strategy Statement and Annual Investment Strategy 2011/12	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Treasury Management Strategy 2011/12		
Appendix 2 - Annual Investment Strategy 2011/12		
Appendix 3 –Authorised Lending List		

1 THE ISSUE

- 1.1 In February 2010, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be scrutinised by an individual / group of individuals or committee.
- 1.2 The 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.
- 1.3 The Act therefore requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy; this report sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

2 RECOMMENDATION

The Council agrees that:

- 2.1 the actions proposed within the Treasury Management Strategy Statement (Appendix 1) is approved.
- 2.2 the borrowing and debt rescheduling strategy as detailed in Appendix 1 is approved.
- 2.3 the Investment Strategy as detailed in Appendix 2 is approved.
- 2.4 the changes to the authorised lending lists detailed in Appendix 2 is approved.

3 FINANCIAL IMPLICATIONS

3.1 Included in the report and appendices.

4 CORPORATE PRIORITIES

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

5 THE REPORT

Background

5.1 The Local Government Act 2003 requires the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

5.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

5.3 The suggested strategy for 2011/12 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;
•	Prudential Indicators;
•	The current treasury position;
•	The borrowing requirement;
•	Prospects for interest rates;
•	The borrowing strategy;
•	Debt rescheduling;
•	The investment strategy.

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

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

3. increases in the Minimum Revenue Provision for capital expenditure

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

- 5.5 The revised CIPFA Treasury Management in Public services Code of Practice, adopted by Council in February 2010, requires the Treasury Management Strategy and policies to be scrutinised by an individual / group of individuals or committee. This report is tabled to be scrutinised by the Corporate Audit Committee at the 1st February 2010 meeting, following which any recommendations will be reported back verbally as an update to this report.

2011/12 Treasury Management & Annual Investment Strategy

- 5.6 The Prudential Code was introduced for the first time in 2004/05. The Strategy Statement for 2010/11 set Prudential Indicators for 2010/11 – 2012/13, which included a total borrowing requirement at the end of 2010/11 of £105 million. At the end of December 2010, external borrowing was at £90 million, with no further borrowing planned in the 2010/11 financial year. There is a full provision for this borrowing within the Council's revenue budget.
- 5.7 The proposed Treasury Management Strategy is attached at Appendix 1 and includes the Prudential Indicators required by the Prudential Code. The Prudential Indicators contained within this report are currently draft and could be affected by changes made to the capital programme, following decisions on the budget report which is also on the agenda for this meeting. It is therefore requested that the Cabinet grant delegated authority to the Divisional Director - Finance and the Cabinet Member for Resources to agree any changes to the indicators prior to reporting for approval at Full Council on the 15th February 2011.
- 5.8 Although the Prudential Indicators provide for a maximum level of total borrowing, this should by no means be taken as a recommended level of borrowing as each year affordability needs to be taken into account together with other changes in circumstances, for example revenue pressures, levels and timing of capital receipts, changes to capital projects spend profiles, and levels of internal cash balances.
- 5.9 The budget report, which is also on the agenda, includes full provision for the revenue costs of proposed borrowing recognising the affordability of the capital programme including the significant efficiency savings which will be generated as a result.
- 5.10 Appendix 1 also details the Council's current portfolio position as at 31st December 2010, which shows after the netting off of the £76.1 million investments, the Council's net debt position was £13.9 million.
- 5.11 The potential generation of significant capital receipts of up to £100m over the next five years to invest in and implement the Public Realm & Movement Strategy and other necessary infrastructure for the future sustainable development of the area, as detailed in the Future Council report from the agenda of 3rd November 2010 Cabinet, could lead to a decrease in the future borrowing requirement of the Council as they are potentially applied to support planned capital projects.

5.12 The Annual Investment Strategy is attached at Appendix 2. This sets 'outer limits' for treasury management operations. While the strategy uses credit ratings in a "mechanistic" way to rule out counterparties, in operating within the policy Officers complement this with the use of other financial information when making investment decisions, for example Credit Default Swap (CDS) Prices, Individual Ratings, financial press. This has been the case in recent years, which protected the Council against losses of investment in Icelandic banks.

5.13 The Counterparty listing in Appendix 3 includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in Appendix 2 as at 31st December 2010 are included in the listing in Appendix 3.

5.14 Interest rate forecasts from the Council's Treasury advisors are included in Appendix 1.

6 RISK MANAGEMENT

6.1 The Council's lending & borrowing list has been regularly reviewed over the past year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment & Borrowing advice is provided by our Treasury Management Advisers Sterling.

6.2 The 2009 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. In May 2010, the Council's treasury advisors provided training to the Corporate Audit Committee to carry out this scrutiny.

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

7 EQUALITIES

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

8 RATIONALE

8.1 The Prudential Code and CIPFA's Code of Practice on Treasury Management requires regular monitoring and reporting of Treasury Management activities.

9 OTHER OPTIONS CONSIDERED

9.1 None.

10 CONSULTATION

10.1 Consultation has been carried out electronically with the Deputy Leader of The Council & Cabinet Member for Resources, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

10.2 This report was also presented to the Corporate Audit Committee on 1st February 2011 and Cabinet on 2nd February 2011.

11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 This report deals with issues of a corporate nature.

12 ADVICE SOUGHT

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

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

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APPENDIX 1

TREASURY MANAGEMENT STRATEGY – 2011/2012

Treasury Limits for 2011/12 to 2013/14

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.

Prudential Indicators for 2011/12 – 2013/14

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised code was formally adopted by Council in February 2010.

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

Treasury Management Prudential Indicators for 2011/12 – 2013/14

PRUDENTIAL INDICATOR	2009/10	2010/11	2011/12	2012/13	2013/14
Treasury Management Indicators	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt					
These limits include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over & above the operational limit for unusual cash movements. The increase between 2010/11 and 2011/12 reflects the borrowing requirement of the 3 year Capital Programme, enabling the Council to have flexibility in using financial instruments to borrow in advance of need.					
borrowing	85,000	115,000	201,000	201,000	207,000
Other long term liabilities	2,000	3,000	3,000	3,000	3,000
Cumulative Total	87,000	118,000	204,000	204,000	210,000
Operational limit for external debt					
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 and without the capacity for borrowing in advance of need.					
borrowing	80,000	105,000	150,000	177,000	204,000
other long term liabilities	2,000	2,000	2,000	2,000	2,000
Cumulative Total	82,000	107,000	152,000	179,000	206,000
Interest Rate Exposures					
These indicators are set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest exposures, expressed as the amount of net principle borrowed will be:					
Upper limit for fixed interest rate exposure					
This is the maximum amount of total net borrowing which can be at fixed interest rate.	£82m	£107m	£204m	£204m	£206m
Upper limit for variable interest rate exposure					
While fixed rate interest contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping a degree of flexibility through the use of variable interest rates.					
This is the maximum amount of total borrowing which can be at variable interest rates less any investments at variable interest rates (including fixed rate investments under 12 months).	£41m	£20m	£0m	£0m	£0m

Upper limit for total principal sums invested for over 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 indicator sets an upper limit for longer term investments that represent its core cash balances that are unlikely to be needed for short term cash flow purposes.					
	2009/10	2010/11	2011/12	2012/13	2013/14
The maximum % of total investments which can be over 364 days.	80%	25%	25%	25%	25%

Maturity structure of borrowing

The following 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:

Maturity Structure of fixed rate borrowing	Upper limit	Lower limit
Under 12 months	50%	NIL
12 months and within 24 months	50%	NIL
24 months and within 5 years	50%	NIL
5 years and within 10 years	50%	NIL
10 years and above	100%	NIL

This indicator applies to the financial years 2011/12, 2012/13 and 2013/14. 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.

Current Portfolio Position

The Council's treasury portfolio position at 31st December 2010 comprised:

	Principal	Ave. rate
	£m	%
Total Fixed rate funding	PWLB 70	4.26
Variable rate funding	Market 20	4.50*
Other long term liabilities	Nil	N/A
TOTAL DEBT	90	4.32
TOTAL INVESTMENTS**	76.1	1.09
NET DEBT	13.9	-

* 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 PCT Pooled budgets and West of England Growth Points funding.

Prospects for Interest Rates

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

Economic Context

The strength of the UK economy's recovery from recession has surprised analysts and policymakers alike. A 2.0% increase in the six months to September left gross domestic product 2.8% higher than a year ago. Economic activity has been boosted by three main factors: the exceptionally loose stance of monetary policy, the lower value of sterling and the recovery in international trade. With exports cheaper because of the depreciation of sterling, the recovery in global trade has primarily benefited the manufacturing sector

Despite the recession, inflation has remained stubbornly high. The annual change in the consumer price index increased to 3.2% in October, and has been above the 2% target for 36 of the past 45 months. A number of factors have boosted consumer price inflation. The resumption of the 17.5% VAT rate, a rise in commodity prices and higher import prices due to the past depreciation of sterling have acted to offset the effect from weaker domestic demand.

The current factors boosting inflation are considered temporary by members of the Bank of England's Monetary Policy Committee (MPC) and not representative of the underlying demand and supply situation. Inflation is expected to remain above target throughout 2011, but fall below target in 2012 as the effect of these temporary factors wanes. This outlook is driven by the expectation that potential supply comfortably exceeds demand, and that this significant margin of spare capacity will bear down on pricing pressure. The continuing poor availability of credit and forthcoming fiscal tightening are expected to weigh on domestic demand throughout the forecast period.

The outlook suggests the MPC will look to maintain the current level of accommodative monetary policy to support demand in the face of considerable headwinds. Our central forecast therefore sees Bank Rate remaining at 0.5% for most of 2011, and although rising thereafter, remaining below "normal" levels until 2013. Longer-term interest rates are likely to rise slowly as the economic situation improves and government borrowing increases, but the rate of increase will be tempered by the coalition government's austerity measures and the safe haven status of UK government debt.

The high level of uncertainty surrounding the economic and geo-political outlook means there are substantial risks to both the up- and downside. The speed of monetary tightening depends on the recovery in domestic demand, which in turn depends on private sector confidence and the strength of the global economy. Long-term rates may rise more significantly if risk appetite increases due to faster economic growth or, if planned spending cuts undershoot expectations, the government loses investor confidence. Equally rates could fall in the event of a sovereign default or non-financial event, as long as the UK retains its safe haven status.

Sterling Consultancy Services central interest rate forecast – November 2010

	<i>Bank Rate</i>	<i>1 month LIBOR</i>	<i>3 month LIBOR</i>	<i>12 month LIBOR</i>	<i>25 year PWLB</i>
<i>Current</i>	0.50	0.57	0.74	1.47	5.26
<i>Q1 2011</i>	0.50	0.60	0.80	1.60	5.45
<i>Q2 2011</i>	0.50	0.60	0.90	2.00	5.55
<i>Q3 2011</i>	0.50	0.60	1.00	2.50	5.65
<i>Q4 2011</i>	1.00	1.10	1.50	2.75	5.75
<i>H1 2012</i>	2.00	2.10	2.50	3.50	5.85
<i>H2 2012</i>	3.00	3.10	3.50	4.25	5.95
<i>H1 2013</i>	4.00	4.10	4.50	5.00	6.05

HM Treasury Survey of Forecasts – November 2010

	<i>Average annual Bank Rate %</i>			
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
<i>Highest</i>	1.8	3.1	3.6	4.5
<i>Average</i>	0.7	1.5	2.5	3.1
<i>Lowest</i>	0.5	0.5	0.6	1.2

Sterling's current interest rate view is that Bank Rate: -

- Will remain at 0.5% until the first half of 2011 when it will increase to 1% followed by further 1% increases during the second half of 2011, the first half of 2012 and again in the second half of 2012, taking the rate to 4%.

The Council has budgeted for interest rates at 1.0% for 2011/12, 2.0% for 2012/13 & 3.0% thereafter. This is broadly in line with Sterling's view of 1.13%, 2.02% & 2.97% based on 3 month LIBOR rates.

Borrowing Strategy

The Council currently holds £90 million of long-term loans. No further borrowing is anticipated during the remainder of 2010/11.

The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2011 is expected to be £125 million, and is forecast to rise to £151 million by March 2012 as capital expenditure is incurred.

The maximum expected long-term borrowing requirement for 2011/12 is:

	£m
Not borrowed in previous years	35
Forecast increase in CFR	26
Loans maturing in 2011/12	0
TOTAL	61

Looking at available borrowing instruments may now be cost effective in light of changes to PWLB borrowing rate increases. However, depending on the pattern of interest rates during the year, it may be more beneficial to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead. The capital financing budget for borrowing in 2011/12 assumes borrowing of £35 million is taken during the year.

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

Sources of borrowing

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

- Public Works Loan Board
- any institution approved for investments as listed in the Authorised Counterparty List
- any other bank or building society on the Financial Services Authority list
- Public or Private Bond Placement

Debt instruments

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

- fixed term loans at fixed or variable rates of interest, subject to the Prudential Indicators above.
- lender's option borrower's option (LOBO) loans, subject to limits on variable rate borrowing set out in the Prudential Indicators above.
- bonds

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

- leases
- Private Finance Initiative

Borrowing strategy to be followed

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to not borrow and reduce the level of investments held instead. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against potential longer-term costs. Officers will keep the

borrowing strategy under review during the year and take advice from our external advisers with reference to movements in the differential between short term and long term interest rates.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board. However, the government's recent decision to raise the interest rates on new PWLB loans by around 0.85% means that other sources of finance may now be more favourable. In light of this the Council will be exploring alternative methods of borrowing which may be more cost effective. One example would be a Bond Issue where indicative savings of 0.25% to 0.50% over PWLB rates may be achievable.

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

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

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APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment Policy

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

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

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

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

Avon Pension Fund Investments

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

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

Specified Investments

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

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

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

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

¹ banks within the same group ownership are treated as one bank for limit purposes; Within this category and in accordance with the Code, The Council has set additional criteria to set the time limit and amount of monies which will be invested. The countries from which banks the Council can invest are detailed in the paragraph “Foreign Countries” below

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

³ as defined in the Local Government Act 2003

The Council will continue its policy of using increased counterparty limits (£20m) in relation to investments with UK banks & Building Societies that have either already or are likely to receive support from the UK Government should they experience financial difficulties. These limits will only apply while the Fitch “Support” rating remains at the highest level (Level 1). This is restricted to the following banks and Building Societies:

Barclays Bank, HSBC Bank, Lloyds Banking Group (Lloyds TSB & Bank of Scotland), Royal Bank of Scotland Group (Nat West & Royal Bank of Scotland) and Nationwide Building Society.

Building Societies

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

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

Money market funds

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

The highest quality funds currently hold AAA credit ratings, although the rating scales applicable to money market funds are currently under review. Should the rating system change, funds holding ratings deemed to be equivalent to AAA will still be considered to be of “high credit quality”.

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 in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares or corporate bonds).

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

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

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

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

The total limit on long-term investments, and the total limit on non-specified investments is 25% of total investments.

Information on the security of investments

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

Use of Credit Ratings

The Council uses credit ratings from the three main rating agencies Fitch Ratings Ltd, Moody's Investors Service and Standard & Poor's to assess the risk of loss of investments. The lowest available credit rating will be used to determine credit quality.

In light of the experience of Government support to banks over the past year, and the likelihood this will continue, the Council will not be restricted on the "Individual" rating to assess counterparties, placing more reliance on the "Support" ratings to supplement long and short term ratings. Support Ratings are the Ratings Agencies assessment of a potential supporter's propensity to support a bank, and of its ability to support it. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. Although the Council will no longer be restricted by "Individual" ratings, they will still be considered as part of the overall investments decision making process. This move to no longer place such high reliance on "Individual" ratings has been suggested by our external adviser.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings on a daily basis as they occur, and the counterparty listing is updated immediately. Where an institution has its credit rating downgraded so that it fails to meet the above criteria then:

- no new investments will be made,
- any existing investments that can be recalled at no cost will be recalled, and
- full consideration will be given to the recall of any other existing investments

Where a credit rating agency announces that it is actively reviewing an organisation's credit ratings with a view to downgrading it so that it is likely to fall below the above criteria, no further investments will be made until the outcome of the review is announced.

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

Investment instruments

Investments may be made using any of the following instruments:

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

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

Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £15 million per country. 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.

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 2011/12

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 will be the main methods used to manage short-term cash.

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

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

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

Review Reports

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

Other Matters

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

Investment consultants

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

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

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

Investment training

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

Investment of money borrowed in advance of need

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

The total amount borrowed will not exceed the authorised borrowing limit of £204 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

2011/12

CRITERIA										
			FITCH RATINGS			Moody's Ratings		S&P Ratings		
			S/Term	L/Term	Support	S/Term	L/Term	S/Term	L/Term	
Duration	Council Limit (£m)		F1	A	3	P-1	A2	A-1	A	
UK Banks										
Sovereign Rating			AAA			Aaa		AAA		
Barclays Bank	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1+	AA-	
HSBC Bank plc	2 Years	20	F1+	AA	1	P-1	Aa2	A-1+	AA	
Lloyds Banking Group										
Lloyds TSB Bank	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1	A+	
Bank of Scotland	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1	A+	
RBS Group										
National Westminster Bank	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1	A+	
Royal Bank of Scotland	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1	A+	
Standard Chartered Bank	3 Months	5	F1+	AA-	3	P-1	A1	A-1	A+	
UK Building Societies										
Nationwide	2 Years	20	F1+	AA-	1	P-1	Aa3	A-1	A+	
Leeds	3 Months	5	F1	A	5	P-1	A2	-	-	
Coventry	3 Months	2	F1	A	5	P-2	A3	-	-	
Yorkshire	3 Months	2	F2	A-	5	P-2	Baa1	A-2	A-	
Skipton	3 Months	2	F2	A-	5	P-2	Baa1	-	-	
Principality	3 Months	2	F2	BBB+	5	P-2	Baa2	-	-	
Norwich & Peterborough	3 Months	2	F2	BBB+	3	P-2	Baa2	-	-	
Foreign Banks										
Australia										
Sovereign Rating			AA+			Aaa		AAA		
Australia & New Zealand Banking Group	6 Months	10	F1+	AA-	1	P-1	Aa1	A-1+	AA	
Commonwealth Bank of Australia	1 Year	10	F1+	AA	1	P-1	Aa1	A-1+	AA	
National Australia Bank										
Clydesdale Bank	6 Months	5	F1+	AA-	1	P-1	A1	A-1	A+	
National Australia Bank	1 Year	10	F1+	AA	1	P-1	Aa1	A-1+	AA	
Westpac Banking Corporation	6 Months	10	F1+	AA	1	P-1	Aa1	A-1+	AA	
Austria										
Sovereign Rating			AAA			Aaa		AAA		
Raiffeisen Zentralbank Österreich AG	3 Months	5	F1	A	1	P-1	A1	A-1	A	
Belgium										
Sovereign Rating			AA+			Aa1		AA+		
Dexia Bank										
Dexia Bank Belgium	3 Months	5	F1+	A+	1	P-1	A1	A-1	A	
Dexia Banque Internationale a Luxembourg	3 Months	5	F1+	A+	1	P-1	A1	A-1	A	
Dexia Credit Local	3 Months	5	F1+	A+	1	P-1	A1	A-1	A	
KBC Bank										
KBC Bank	3 Months	5	F1+	A	1	P-1	Aa3	A-1	A	
Canada										
Sovereign Rating			AAA			Aaa		AAA		
Bank of Montreal	6 Months	5	F1+	AA-	1	P-1	Aa2	A-1	A+	
Bank of Nova Scotia	6 Months	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-	
Canadian Imperial Bank of Commerce	6 Months	5	F1+	AA-	1	P-1	Aa2	A-1	A+	
National Bank of Canada	3 Months	5	F1	A+	2	P-1	Aa2	A-1	A	
Royal Bank of Canada	6 Months	10	F1+	AA	1	P-1	Aaa	A-1+	AA-	
Toronto-Dominion Bank	6 Months	10	F1+	AA-	1	P-1	Aaa	A-1+	AA-	
Denmark										
Sovereign Rating			AAA			Aaa		AAA		
Danske Bank	3 Months	5	F1	A+	1	P-1	Aa3	A-1	A	
France										
Sovereign Rating			AAA			Aaa		AAA		
BNP Paribas										
BNP Paribas	6 Months	10	F1+	AA-	1	P-1	Aa2	A-1+	AA	
Fortis Bank	6 Months	5	F1+	A+	1	P-1	A1	A-1+	AA	
Caisse Federative du Credit Mutuel										
Banque Federative du Credit Mutuel	6 Months	5	F1+	AA-	1	P-1	Aa3	A-1	A+	
Credit Industriel et Commercial	6 Months	5	F1+	AA-	1	P-1	Aa3	A-1	A+	
Group BPCE										
BPCE	6 Months	5	F1+	A+	1	P-1	Aa3	A-1	A+	
Credit Foncier de France	3 Months	5	F1+	A+	1	P-1	Aa3	A-1	A	
Group Credit Agricole										
Credit Agricole	6 Months	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-	
Credit Agricole Corp. & Investment Bank	6 Months	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-	
Societe Generale	6 Months	5	F1+	A+	1	P-1	Aa2	A-1	A+	

**Proposed Counterparty List
2011/12**

CRITERIA										
Country	Sovereign Rating	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
				F1	A	3	P-1	A2	A-1	A
Germany	Sovereign Rating				AAA			Aaa		AAA
Commerzbank Group										
Commerzbank AG	3 Months	5		F1+	A+	1	P-1	Aa3	A-1	A
Deutsche Bank	6 Months	5		F1+	AA-	1	P-1	Aa3	A-1	A+
DZ Bank	6 Months	5		F1+	A+	1	P-1	Aa3	A-1	A+
Landesbank Hessen-Thuringen	3 Months	5		F1+	A+	1	P-1	Aa2	A-1	A
Netherlands	Sovereign Rating				AAA			Aaa		AAA
ING Bank NV	3 Months	5		F1+	A+	1	P-1	Aa3	A-1	A+
Rabobank Group	2 Years	10		F1+	AA+	1	P-1	Aaa	A-1+	AAA
Norway	Sovereign Rating				AAA			Aaa		AAA
DnB NOR Bank	3 Months	5		F1	A+	1	P-1	Aa3	A-1	A+
Singapore	Sovereign Rating				AAA			Aaa		AAA
Development Bank of Singapore	6 Months	10		F1+	AA-	1	P-1	Aa1	A-1+	AA-
Oversea-Chinese Banking Corp	3 Months	5		F1+	AA-	1	P-1	Aa1	A-1	A+
United Overseas Bank	3 Months	5		F1+	AA-	1	P-1	Aa1	A-1	A+
Sweden	Sovereign Rating				AAA			Aaa		AAA
Nordea Group										
Nordea Bank AB	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+	AA-
Nordea Bank Finland plc	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+	AA-
Skandinaviska Enskilda Banken (SEB)	3 Months	5		F1	A+	1	P-1	A1	A-1	A
Svenska Handelsbanken	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+	AA-
Switzerland	Sovereign Rating				AAA			Aaa		AAA
Credit Suisse	6 Months	5		F1+	AA-	1	P-1	Aa1	A-1	A+
UBS AG	6 Months	5		F1+	A+	1	P-1	Aa3	A-1	A+
USA	Sovereign Rating				AAA			Aaa		AAA
Bank of America Corporation										
Bank of America NA	6 Months	5		F1+	A+	1	P-1	Aa3	A-1	A+
Bank of New York Mellon	6 Months	10		F1+	AA-	2	P-1	Aaa	A-1+	AA
Citigroup										
Citibank NA	6 Months	5		F1+	A+	1	P-1	A1	A-1	A+
Citibank International plc	3 Months	5		F1+	A+	1	P-1	A2	A-1	A+
J P Morgan Chase Bank NA	6 Months	10		F1+	AA-	1	P-1	Aa1	A-1+	AA-
Northern Trust Company	6 Months	10		F1+	AA-	3	P-1	Aa3	A-1+	AA
State Street Bank and Trust Co	6 Months	5		F1+	A+	1	P-1	Aa2	A-1+	AA-
Wells Fargo & Co										
Wells Fargo Bank NA	6 Months	10		F1+	AA-	1	P-1	Aa2	A-1+	AA

Credit Rating Matrix - UK Banks & Building Societies from 1st April 2011

Total Limit	Maximum Term	Short Term	Long Term	Support	Short Term	Long Term	Short Term	Long Term
£5M	3 months	F1	A	3	P-1	A2	A-1	A
£20M*	2 Years*	F1+	A+	1	P-1	A1	A-1	A+
£20M	2 Years	F1+	AA+	1	P-1	Aa1	A-1+	AA+
£20M	5 Years	F1+	AAA	1	P-1	Aaa	A-1+	AAA

* It is proposed that where taking the lowest of the Credit Rating Agencies, the Long Term Rating is A+ or equivalent, the maximum investment limit is raised from £10m to £20m and duration up to 2 years for UK Banks. This is to allow the proposed investment strategy of increased limits for UK banks and Building Societies with implicit or expected Government Support.

Credit Rating Matrix - Foreign Banks from 1st April 2011

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