

Democratic Services

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Date: 26th January 2012

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To: All Members of the Resources Policy Development and Scrutiny Panel

Councillor John Bull
Councillor Manda Rigby
Councillor Colin Barrett
Councillor Charles Gerrish
Councillor Dave Laming
Councillor Chris Watt
Councillor Nigel Roberts
Councillor Paul Myers

Chief Executive and other appropriate officers
Press and Public

Dear Member

Resources Policy Development and Scrutiny Panel: Monday, 6th February, 2012

You are invited to attend a meeting of the **Resources Policy Development and Scrutiny Panel**, to be held on **Monday, 6th February, 2012 at 5.30 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely

Michaela Gay
for Chief Executive

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

This Agenda and all accompanying reports are printed on recycled paper

NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Michaela Gay who is available by telephoning Bath 01225 394411 or by calling at the Riverside Offices Keynsham (during normal office hours).
- 2. 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. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Michaela Gay as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Michaela Gay as above.

Appendices to reports are available for inspection as follows:-

Public Access points - Riverside - Keynsham, Guildhall - Bath, 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' Rooms.

- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 6. 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.

Resources Policy Development and Scrutiny Panel - Monday, 6th February, 2012

at 5.30 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS

2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

4. DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972

Members who have an interest to declare are asked to:

- a) State the Item Number in which they have the interest
- b) The nature of the interest
- c) Whether the interest is personal, or personal and prejudicial

Any Member who is unsure about the above should seek advice from the Monitoring Officer prior to the meeting in order to expedite matters at the meeting itself.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

At the time of publication no notifications had been received.

7. MINUTES - 16TH JANUARY 2012 (Pages 5 - 10)

8. MEDIUM TERM SERVICE AND RESOURCE PLANNING 2012/13-2014/15, & BUDGET COUNCIL TAX 2012/13 (Pages 11 - 124)

Please see report attached (this report had previously been marked 'to follow' but is now available.

9. PRESENTATION ON CORPORATE BUDGET ITEMS (Pages 125 - 130)

The presentation on Corporate Budget Items is attached.

The Committee Administrator for this meeting is Michaela Gay who can be contacted on 01225 394411.

BATH AND NORTH EAST SOMERSET

RESOURCES POLICY DEVELOPMENT AND SCRUTINY PANEL

Monday, 16th January, 2012

Present:- Councillors John Bull (Chair), Manda Rigby (Vice-Chair), Colin Barrett, Charles Gerrish, Dave Laming, Nigel Roberts and Paul Myers (substitute for Chris Watt)

Also in attendance: Michaela Gay (Senior Democratic Services Officer), William Harding (Head of Human Resources), Vernon Hitchman (Solicitor to the Council Monitoring Officer Electoral Returning Officer), Tom McBain (Divisional Director - Property), Angela Parratt (Head of Transformation), Andrew Pate (Strategic Director – Resources), Tim Richens (Divisional Director - Finance), Ian Savigar (Divisional Director for Customer Services), David Thompson (Divisional Director - Improvement & Performance), David Trethewey (Divisional Director - Policy & Partnerships) and Jeff Wring (Divisional Director - Risk and Assurance Services)

34 WELCOME AND INTRODUCTIONS

The Chairman welcomed everyone to the meeting.

35 EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

36 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Chris Watt sent his apologies and was substituted by Councillor Paul Myers.

37 DECLARATIONS OF INTEREST UNDER THE LOCAL GOVERNMENT ACT 1972

There were none.

38 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

39 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

There was none.

40 MINUTES

The Panel confirmed the minutes of the previous meeting as a true record and they were duly signed by the Chairman.

41 CABINET MEMBER UPDATE

The Cabinet Member for Community Resources, Councillor David Bellotti updated the Panel on the following:

Regarding Keynsham Regeneration Project, the Council has appointed a delivery partner – Willmott Dixon. The project is moving forward although some of the details are still open for discussion.

Buoyancy of the retail portfolio in central Bath remained with a high level of occupancy. Income from this area underpinned much of the expenditure of the Council.

The concerns raised by the Panel at their last meeting regarding potential cuts in expenditure on Community Safety have been looked at by the Cabinet members who felt that they also wanted to keep CCTV and taxi marshals. Also, the community safety role in the Youth Offending Team will now be funded and prioritised by People Services Department. The Cabinet Member reported that £40k had been put back into Community Safety by reducing the level of cuts required next year.

Panel members raised the following points and asked the following questions:

Councillor Gerrish asked about the CCTV and if there was any expansion planned. The Cabinet Member explained that the Government had reduced the Local Government Grant by 28% over four years so the Authority must continue to reduce costs. He explained that CCTV is a priority but was not sure that funds could be found for any expansion.

42 MEDIUM TERM PLAN ISSUES

The Chairman took questions on each service area in turn:

Customer Services Revenues and Benefits

Divisional Director Ian Savigar updated the Panel. He informed them that the workshop on Universal Credit and New Tax Benefit would now take place in March.

Councillor Gerrish asked if there had been any progress around the area of accessing the new system (The panel had previously raised concerns about the level of internet use that was expected by the Department of Work and Pensions). The officer assured the Panel that he was putting forward their concerns.

Councillor Bull stated that some of the Service Plans mentioned the use of the internet to save money. The Strategic Director of Resources explained that they tried to offer a choice between digital and face to face service but if the balance was wrong, Councillors should say. Unlike the Department of Work and Pensions, this

Council has already recognised in its approach the benefits of good face to face contact.

The Divisional Director explained that there had been no change in the DWP implementation date, nor the required date for the Council for Council Tax Benefits, in response to a question from Councillor Barrett.

Electoral Services

The Chair pointed out that the Panel would be getting a report to their March meeting on the outcome of the Elections workshop.

Councillor Paul Myers mentioned a lack of resources at polling stations – The Chair asked that he forward comments to the Overview and Scrutiny project officer for incorporation in her report to the Panel in March.

Improvement and Performance

In response to a query from Councillor Bull, Dave Thompson – Divisional Director for Improvement and Performance explained that the Horizon Scanning intelligence function was used for different purposes in his and the Policy and Partnerships service. He explained that in his service it was used to keep abreast of the raft of new initiatives and our response to them and also for benchmarking purposes. David Trethewey – Divisional Director for Policy and Partnerships explained how this intelligence function was used in commissioning in his service.

Information Technology

Councillor Nigel Roberts stated that there should be a link made between what is spent on IT and what we get as output and what the end user gains. Angela Parratt Head of Transformation, explained that the strategy does take account of the fact that not everyone will use everything on their desktop. She explained that service specific training is being looked at and the customer satisfaction survey is being amended to cover IT capability. The Chairman pointed out that there would be an update report on IT at the Panel's May meeting.

Equalities

Councillors had concerns about the impact of the reduction in the budget in this area. Councillor Gerrish stated that he had doubts that general officers would have a full understanding of Equalities issues. David Trethewey, Divisional Director Policy and Partnerships explained that work had been done with services on their Equalities Impact Assessments. Cabinet Member David Bellotti explained that there will always be a need for a central Equalities team but it was the size of the team which is the issue. He explained that there is a need for more ownership of the issues throughout the organisation and that there was a balance to be struck between a central function and wider training.

Councillor Barrett explained that he had used the team's expertise in a case and that their advice had been crucial, he asked if the 40% cut was too much. The Strategic Director for Resources – Andrew Pate explained that it is a choice for the

administration as it is a valuable service but the issue is getting the quality of advice to the right people at the right time, and mainstreaming aspects of the service whilst maintaining required standards.

Councillor Gerrish stated that he accepted the judgement that the administration had made and was reassured regarding the on-going training. He stated that while the Panel did not welcome the saving in this area it was recognised that it has to be made. Managers must take ownership of the Equalities brief and self-refer if they need guidance or training.

The Chairman thanked officers for the updates.

43 SERVICE ACTION PLANS

The Strategic Director for Resources – Andrew Pate referred to the fact that Panel members had access to the Equalities Impact Assessments for each service and asked members to highlight any equalities issues in their review of the Service Action Plans.

The Chair looked at each Service Action Plan in turn:

Customer Services

Ian Savigar – Divisional Director gave a short introduction explaining that the service was facing unprecedented change. There were also a number of customer service projects in the next year such as the One Stop Shop at Lewis House. He explained that this was going on alongside business as usual work in the context of the budget savings.

Councillor Nigel Roberts commented that the Council Connect Service was excellent.

The Officer explained that Council Housing Benefit claims increased by 10% on last year in response to a query by Councillor Gerrish.

Finance

Tim Richens – Divisional Director gave a short introduction explaining that the service was being restructured as detailed in the Medium Term Plan. He also drew members' attention to the change in the way local government is funded (2013/14).

Councillor Gerrish stated that Avon Pension Fund was set out in the Plan but this should be shown separately as it is self-funding, reports to the Avon Pension Fund Committee and is operated on behalf of the four Unitary Authorities in the West of England plus various other admitted bodies.

Improvement and Performance

David Thompson Divisional Director gave a short introduction explaining that the services are changing at different rates and that part of his portfolio was to support people through these changes.

Councillor Laming asked about the statistic that 85% of the population had internet access. Officers explained that this was gathered from a survey but that in terms of specific groups, such as vulnerable people, internet access was a lot lower.

Legal and Democratic

Vernon Hitchman, Division Director gave a short introduction and updated Panel members on the figures (The Full Time Employee figure is 52; 16.5 Legal; 17 Democratic Services and 13 Regulatory). He explained that his overall emphasis was to reduce the level of cost while maintaining service.

Councillor Gerrish asked how often external legal advice was used. The officer explained that the Council does use external lawyers on areas such as Major Projects and High Court Challenges.

There was some discussion around the Key Performance Indicators, the officer explained that some work is measured such as standard transactions. Councillor Roberts asked to see some information that did not fit into the report template such as the new Standards Regime which has to be implemented.

Policy and Partnerships

David Trethewey, Divisional Director gave a short introduction explaining that the key function is to help the Council with the localism agenda; health and wellbeing and climate change.

Councillor Barratt asked if the service had a proactive role around carbon reduction schemes. The officer explained that the service does take a proactive role and supplies information and expertise to inform planning policies, works closely with the community, runs various carbon reduction projects but does not get directly involved in planning applications.

Councillor Myers asked, regarding the localism agenda, how the service helps people to do things for themselves rather than BANES being responsible. The officer agreed that this was important and this was what the service sought to do.

The Chair reminded the Panel that they would have a report on Carbon Reduction to their May meeting.

Property

Tom McBain, Divisional Director gave a short introduction explaining that there had been increased income through the recession; flexible working implementation and ongoing work on the Keynsham Town Centre Regeneration Scheme. He explained that in the future he would be looking at enhancing capital receipts; the economic climate; a review of trading services and carrying out a zero based budget exercise.

Councillor Paul Myers asked about community groups running community buildings, he explained that there were many opportunities here. The officer agreed but stated that there would have to be a culture change for these community asset transfers. The Strategic Director explained that this was a big challenge and if it was something members felt was worth pushing, the Executive member could take this message away. Councillor Myers stated that he realised it would be on a case by case basis. The Cabinet member agreed and said he was receptive to taking this forward.

Councillor Barratt asked for a breakdown of FTE's for Property.

Risk and Assurance

Jeff Wring, Divisional Director gave a short introduction explaining about the new bunker where information is stored. This new service provides a comprehensive and very fast, plus secure, retrieval system for Council documents and saves valuable office space.

There was some debate around the length of time records are kept.

Transformation

Angela Parratt, Head of Transformation gave a short introduction explaining that the key challenge with the change programme was to maintain momentum.

Councillor Barratt stated that credit should be given to officers as this Council is often held up as a Beacon.

The Chair thanked all for attending. There was some debate around the style of reporting. Members felt that they wanted to know the effects of cuts that had been made.

Members thanked officers for making the Equalities Impact Assessments available.

44 PANEL FUTURE WORKPLAN

The Chairman explained the updated workplan. Members noted the workplan.

The meeting ended at 8.25pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	8 February 2012	AGENDA ITEM NUMBER E2332
TITLE:	Medium Term Service & Resource Planning 2012/13 – 2014/15, & Budget and Council Tax 2012/13	
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 2012/13. This comprises a covering document, plus 6 Annexes</p> <p>Annex 1 Draft Base Revenue Budget 2012/13 – individual service cash limits</p> <p>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>Annex 3 Draft Capital Programme 2012/13-2016/17 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.</p> <p>Annex 4 Minimum Revenue Provision (MRP) Policy</p> <p>Annex 5 Medium Term Service & Resource Plan (MTSRP) Savings Detail</p> <p>Annex 6 Equalities Assessment</p> <p>Appendix 2 - Medium Term Service & Resource Planning Assumptions 2012–2016</p> <p>Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer</p>		

1 THE ISSUE

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

2 RECOMMENDATION

The Cabinet is asked to recommend:

- 2.1 That the Council approve:

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

3 FINANCIAL IMPLICATIONS

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

4 COMMUNITY STRATEGY OUTCOMES

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

5 CORPORATE IMPROVEMENT PRIORITIES

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

6 THE REPORT

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

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

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

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

6.3 It is important to be clear on the process to be followed in setting the 2012/13 Budget. The Monitoring Officer has given specific guidance which is set out at

Appendix 3, and in particular the need for the Council to approve a balanced budget.

- 6.4 The Monitoring Officer has also highlighted the implications arising if it does not prove possible for the Council to set a budget at its meeting on 14th February and any decision having to be deferred until the reserve date on 23rd February. This includes potential delays to the Council Tax billing process.

7 RISK MANAGEMENT

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

8 RATIONALE

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

9 OTHER OPTIONS CONSIDERED

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

10 CONSULTATION

- 10.1 Meetings have been and will continue to be held with staff, trades unions and other stakeholders during the development of service and resource plans which have fed into this budget. This has again included a Budget Fair, enabling cross service consideration of the range of proposals by a range of stakeholders.
- 10.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.
- 10.3 Comments received from consultation, including the Budget Fair, Policy Development and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

11 EQUALITIES

- 11.1 The Council is committed to ensuring that our financial decisions and the budgetary processes are subject to equality impact assessment / equality analysis. Bath & North East Somerset Council can demonstrate that we have analysed its decisions

from an equality perspective by continuing to use the equality impact assessment toolkits. The Council has a written record of the equality considerations that have been taken; our decision-making processes include a consideration of the actions that would help to avoid or mitigate any negative impacts on particular protected groups; our decisions have a stronger evidence base) through the use of equality mapping) making our decision-making processes more transparent.

11.2 During October 2011 Divisional Directors attended a workshop where they received further briefing on the Public Sector Equality Duty (PSED) and carried out a practical task identifying possible reductions in services and the effect those reductions may have on vulnerable people and groups. They considered possible 'mitigations', where initiatives could limit the adverse effects of the reductions in services. During November/ December 2011 all Policy Development and Scrutiny Panels received a briefing on the PSED and financial decision making. Strategic Directors received a briefing paper on PSED and discussed initial results of equality impact assessments on MTSRP / service planning proposals.

11.3 A summary report is appended to the budget report describing how we have addressed the PSED so far. This report enables us to make our decision making process as transparent as possible; telling 'the story' of the budget decisions; making information available for comment and engagement.

12 ISSUES TO CONSIDER IN REACHING THE DECISION

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

13 ADVICE SOUGHT

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

Contact person	Tim Richens, Divisional Director – Finance (01225) 477468
Sponsoring Cabinet Member	Councillor David Bellotti, Cabinet Member for Community Resources
Background papers	Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels Draft Service Action Plan Reports to Policy Development & Scrutiny Panels in January 2012 Financial Settlement 2012/13 to 2013/14, CLG website
Please contact the report author if you need to access this report in an alternative format	

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THE BUDGET PROPOSAL OF THE CABINET 2012/2013

Executive Summary

Budget Headlines

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

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

The proposed revenue budget will:-

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

A capital programme which will provide for:-

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

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

The Budget Context

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

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

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

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

The Local Government Finance Settlement

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

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

Table 1: Reduction in Government Grant Funding

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

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

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

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

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

The Budget Proposal

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

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

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

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

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

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

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

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

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

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

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

Table 2: 2012/13 Savings Analysis

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

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

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

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

Schools Funding

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

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

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

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

Council Tax

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

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

Business Rates

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

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

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

Reserves

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

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

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

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

The Medium Term

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

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

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

Structure of the Budget Proposal

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

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

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

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

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

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

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

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

Section 1 – The Revenue Budget for 2012/2013

Introduction & Process

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

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

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

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

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

Approach to the Budget

Corporate Assumptions

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

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

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

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

Fees and Charges

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

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

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

Government Grant

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

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

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

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

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

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

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

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

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

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

Schools Funding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Headroom

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

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

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

On-going Headroom Allocations - £350k

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

One-off Headroom Allocations - £1,922k

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

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

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

Local Area Agreement – Performance Reward Grant

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

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

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

Summary of the Revenue Budget Proposal

The proposed revenue budget for 2012/2013 represents:

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

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

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

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

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

Section 2 - Future Years

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

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

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

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

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

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

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

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

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

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

Council Change Programme

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

The programme includes:

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

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

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

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

Section 3 – The Capital Budget for 2012/13

Introduction

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

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

This Budget proposal:

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

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

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

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

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

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

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

B) Recommended Programme for 2012/13

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

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

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

For Approval

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

For Provisional Approval (Subject to)

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

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

Funded By

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

Funding

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

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

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

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

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

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

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

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

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

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

Significant Elements of the Capital Programme

Highways Structural Maintenance

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

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

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

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

Local Transport Improvement Schemes

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

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

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

20 MPH Schemes

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

Rossiter Road

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

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

Bath Transportation Package

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

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

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

Victoria Bridge

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

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

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

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

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

LED Street Lighting Programme

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

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

River Safety

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

Beechen Cliff Woodland & Other Open Spaces Improvements

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

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

Odd Down Playing Field

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

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

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

Paulton Library Relocation

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

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

Completion is expected by around September 2012.

Schools Capital Investment

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

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

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

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

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

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

Gypsy and Travellers Site

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

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

Affordable Housing

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

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

Workplaces Programme including Keynsham Regeneration

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

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

The scheme includes:

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

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

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

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

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

Customer Services System

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

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

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

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

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

Public Realm

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

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

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

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

Bath Western Riverside

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

London Road Regeneration

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

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

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

Norton Radstock Regeneration

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

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

Creative Hub

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

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

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

Broadband Development UK (BDUK)

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

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

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

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

Enterprise Area Enabling

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

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

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

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

Minimum Revenue Provision (MRP) & Depreciation Policy

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

Prudential Indicators

The Capital Prudential Indicators are shown in table 7 below.

Table 7: Capital Prudential Indicators.

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

Borrowing limits

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

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

Section 4 – Revenue & Capital Reserves and Contingencies

A) Significant Earmarked Reserves

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

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

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

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

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

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

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

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

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

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

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

Table 8: Projected Significant Earmarked Reserves

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

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

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

B) Unearmarked Revenue Reserves -

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

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

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

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

C) Adequacy of reserves

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

Table 9: Projected Non-Earmarked Revenue Reserves

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

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

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

D) Capital Risk Contingency

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

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

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

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

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

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

E) Governance

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

Section 5 – Council Tax

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

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

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

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

The figures above exclude parish, fire and police precepts.

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

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

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

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

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

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

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

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

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

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

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

Special Expenses

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

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Proposed Base Revenue Budget 2012/13 Cashlimits by Cabinet Portfolio

APPENDIX 1 ANNEX 1

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

Proposed Base Revenue Budget 2012/13 Cashlimits by Cabinet Portfolio

APPENDIX 1 ANNEX 1

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

Sources of Funding

Council Tax	77,427	77,427
Formula Grant	43,539	43,539
Collection Fund Deficit (-) or Surplus (+)	591	(591)
Council Tax Freeze Grant	1,920	1,920
Balances	5,881	(5,881)
Total	129,358	122,886

Council Tax - Calculation

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

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

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

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

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

(b) The adequacy of the proposed financial reserves.

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

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

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

The key points to highlight are:

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

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

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

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

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

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

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

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

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

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

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

Processes

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

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

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

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

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

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

Robustness of Estimates

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

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

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

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

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

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

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

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

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

The Capital Budget

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

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

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

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

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

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

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

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

Estimated Available Revenue Reserves

Earmarked Revenue Reserves

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

Non-Earmarked Revenue Reserves

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

Table: Projected Non-Earmarked Revenue Reserves

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

Assessment of Adequacy of Reserves

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

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

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

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

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

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

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

The recommendations of the Council's s151 Officer are:

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

	PY Spend pre 11/12 £'000	Forecast Outcome 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Replacing from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000
SERVICE DELIVERY												
FOR APPROVAL												
Planning & Transport												
Local Sustainable Transport Fund	40	40	40		230	230					230	270
Waste Depot Fuel System Replacement	1,538	375	1,913		220	220					220	220
CMTAS schemes					184	184					184	2,097
BTP - Pre Construction Costs	5,413	1,122	6,535	1,005	55	1,060					1,060	7,595
BTP - Main Scheme	650	899	1,549	122	0	122					0	0
BTP Property	7,601	2,436	10,037	1,127	689	1,816	0	0	0	0	1,816	1,671
												11,853
Environmental Services												
Highways					3,821	3,821					3,821	3,821
Highways Structural Maintenance					114	114					114	114
Waste					65	65					65	65
Vehicle Replacements - Waste												
Parking												
Parking Vehicle Fleet Replacement												
Neighbourhoods					45	45					45	45
Vehicle Replacement - Neighbourhoods					130	130					130	130
Haycocks Crematorium Chapel Refurbishment					125	125					125	125
Allotment	0	0	0	0	4,300	4,300	0	0	0	0	4,300	4,300
Tourism, Leisure & Culture					17	17					17	1,107
Roman Baths Site Development - Catering	406	684	1,090		200	200					200	200
Heritage Infrastructure Development	0	225	225		50	50					50	275
Healing Spring Borehole					366	366					366	366
Odd Down Playing Field - Cycle Track					172	172					172	172
Paulton Library Refurbication	406	909	1,315	0	805	805	0	0	0	0	805	2,120
	8,007	3,345	11,352	1,127	5,794	6,921	0	0	0	0	6,921	6,921
Total Approved												

FOR PROVISIONAL APPROVAL

	PY Spend pre 11/12 £'000	Forecast Outturn 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Replasing from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000	Subject to
Planning & Transport													
Local Transport Improvement Schemes					1,373	1,373		1,723	1,723	1,723	7,767	7,767	Detailed project plan awaited
Local Sustainable Transport Fund - WoE					0	0					0	0	Detailed project plan awaited & subject to funding confirmation from DfT (pending Bid)
20mph Schemes					500	500					500	500	Detailed project plan awaited
Rossiler Road	111	89	200		1,600	1,600					1,800	1,800	Subject to scheme redesign & planning consent
Smart Card E Purse for WoE		94	94		306	306					306	400	Business case required & detailed project plan awaited
BTP - Pre Construction Costs					6,008	6,008	9,989	5,453	245		21,695	21,695	Outcome of DfT decision of main scheme approval
BTP - Main Scheme		183	294	0	9,767	9,767	11,214	7,176	1,968	1,723	31,868	32,162	
Environmental Services													
Highways													
Highways Structural Maintenance					1,000	1,000	3,667	3,435	3,300	3,300	13,702	13,702	Awaiting funding confirmation from DfT & annual project plan
Highways Structural Maintenance - Top Up					1,297	1,297	1,062	81			2,440	2,440	Business case required & detailed project plan awaited
Victoria Bridge	0	847	847		750	750	1,250				2,000	2,000	Business case required
LED Street Lighting Replacement Programme					100	100					100	100	Detailed project plan awaited
River Safety													
Neighbourhoods													
Vehicle Replacement - Neighbourhoods					296	296	82	587	142	216	1,241	1,241	Business case required annually
Allotments					70	70		104			186	186	Business case required annually & awaiting \$1.06 funding confirmation
Play Equipment					300	300					300	300	Business case required & detailed project plan awaited
Newbridge Hill - Contaminated Land					500	500					500	500	Detailed project plan awaited
Sydney Gardens Restoration & Future Management					4,017	4,017	6,357	4,207	3,442	3,516	21,539	22,386	Detailed project plan awaited & awaiting funding confirmation from HLF
Beechen Cliff Woodland & Other Open Spaces Improvements	0	847	847	0	4,017	4,017							Detailed project plan awaited & subject to property negotiations
Tourism, Leisure & Culture													
Heritage Infrastructure Development					200	200	1,250	100	100	100	500	500	Business cases required
Roman Baths Development - Phase 2					1,232	1,232	1,450	1,350			1,232	1,232	Business cases required
Odd Down Playing Field Development					1,629	1,629	19,021	12,733	5,510	5,339	58,036	4,629	Business case required & detailed project plan awaited
Total Approved Subject To	111	1,030	1,141	0	15,433	15,433	19,021	12,733	5,510	5,339	64,957		
Total Capital Programme	8,118	4,375	12,493	1,127	21,227	22,354	19,021	12,733	5,510	5,339	64,957		
Funded by:													
Government/EU Grant					11,538	11,538	9,476	6,787	5,250	5,023	38,074		
Revenue Contribution					108	108	8,086	3,957	260	316	110		
Borrowing				1,127	8,171	9,298	900	1,989	0	0	21,915		
3rd Party Income (inc s106 receipts)				0	1,410	1,410	559	0	0	0	4,299		
Capital Receipts				1,127	21,227	22,354	19,021	12,733	5,510	5,339	64,957		
Total													

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 year Capital Programme Total	Overall Project Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PY Spend pre 11/12							
Forecast Outturn 11/12							
Actual / Projected spend pre 12/13							
Projected Rephasing from 11/12 to 12/13							
Budget Required 2012/13							
Budget 2012/13							
	1,189	52				1,000	1,000
	1,902					1,957	2,446
						1,942	3,101
						1,816	3,760
						3	313
						3	313
						405	460
	138					405	460
						636	2,005
		1,050				200	273
		1,102				2,200	2,791
	3,229	1,102	0	0	0	10,159	
Total Approved	5,640	5,992	9,057		0	10,159	

CHILDRENS SERVICES
FOR APPROVAL

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

FOR PROVISIONAL APPROVAL

2012/13	2013/14	2014/15	2015/16	2016/17	5 year Capital Programme Total	Overall Project Total	Subject to
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
208	0	0	0	0	0	0	Awaiting detailed project plan & confirmation of funding from DoE
0	0	0	0	0	0	0	Awaiting detailed project plan
0	0	0	0	0	0	0	Awaiting detailed project plan
208	0	0	0	0	0	0	Awaiting detailed project plan
Total Approved Subject To	208	0	0	0	0	0	
Total Capital Programme	560	6,859	7,419	16,530	1,000	21,632	

Funded by:

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

0	0	0	0	0	0	0
3,229	5,369	1,000	1,000	1,000	9,369	9,369
	300				300	300
	7,050				11,381	11,381
	582				582	582
	0				0	0
3,229	13,301	1,000	1,000	1,000	21,632	21,632

	2012/13	2013/14	2014/15	2015/16	2016/17	5 year Capital Programme Total £'000	Overall Project Total £'000
Resources & Support Services							
Property & Facilities							
Corporate Estate Planned Maintenance	905	905	905	905	905	905	905
Risk Assessment/Disabled Access (DDA)	552	552	552	552	552	552	552
Disposals - Blue Coat House	10	10	10	10	10	10	10
Disposal Cost of Sales	280	280	280	280	280	280	280
Property Developments - Saw Close	184	184	184	184	184	184	184
Total	1,931	1,931	1,931	1,931	1,931	1,931	2,044
Support Services							
Customer Services System	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Total	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Workplaces Programme							
Workplaces Programme Delivery	731	731	731	731	731	731	7,063
Lewis House (inc Comms Hub & OSS)	404	404	404	404	404	404	5,372
Hollies	32	32	32	32	32	32	2,095
Keysham Regeneration & New Build	7,067	7,067	7,067	7,067	7,067	7,067	34,175
Total	8,229	8,229	8,229	8,229	8,229	8,229	48,695
Total Approved	11,235	11,235	11,235	11,235	11,235	11,235	40,437
FOR PROVISIONAL APPROVAL							
Property & Facilities							
Corporate Estate Planned Maintenance	905	905	905	905	905	905	3,620
Risk Assessment/Disabled Access (DDA)	552	552	552	552	552	552	2,208
Property Developments	1,457	1,457	1,457	1,457	1,457	1,457	5,828
Total	3,620	3,620	3,620	3,620	3,620	3,620	11,656
Support Services							
Change Programme Invest to Save Projects	240	240	240	240	240	240	240
Keysham S106	240	240	240	240	240	240	240
Total	480	480	480	480	480	480	480
Total Approved Subject To	4,100	4,100	4,100	4,100	4,100	4,100	12,136
Total Capital Programme	11,475	11,475	11,475	11,475	11,475	11,475	46,505
Funded by:							
Government/EU Grant	0	0	0	0	0	0	0
Revenue Contribution	0	0	0	0	0	0	0
Borrowing	9,304	9,304	9,304	9,304	9,304	9,304	38,506
3rd Party Income (inc s106 receipts)	240	240	240	240	240	240	240
Capital Receipts	1,931	1,931	1,931	1,931	1,931	1,931	7,759
Total	11,475	11,475	11,475	11,475	11,475	11,475	46,505

Subject to
Awaiting annual detailed project plan
Awaiting annual detailed project plan
Individual schemes progressing through capital approval process

Awaiting detailed project plans & business cases

	PY Spend pre 11/12 £'000	Forecast Outturn 11/12 £'000	Actual / Projected spend pre 12/13 £'000	Projected Replanning from 11/12 to 12/13 £'000	Budget Required 2012/13 £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000	2016/17 Budget £'000	5 year Capital Programme Total £'000	Overall Project Total £'000
Approved												
Disabled Facilities Grant	0	0	0	0	1,000	1,000	0	0	0	0	1,000	1,000
Total Approved												
FOR PROVISIONAL APPROVAL												
Disabled Facilities Grant												
Affordable Housing			0	379	500	0	1,000	1,000	1,000	1,000	4,000	4,000
Adult PSS Capital Grant					387	766	700	700	700	700	3,300	3,300
Traveller & Gypsy Sites				379	250	250	775	775	1,700	1,700	1,800	766
Total Approved Subject To	0	0	0	379	1,137	1,516	2,475	2,475	1,700	1,700	9,866	1,800
Total Capital Programme	0	0	0	379	2,137	2,516	2,475	2,475	1,700	1,700	10,866	
Funded by:												
Government/EU Grant				379	809	1,188	422	422	422	422	2,876	
Revenue Contribution				0	478	478	478	478	478	478	2,390	
Borrowing				0	750	750	1,475	1,475	700	700	5,100	
3rd Party Income (inc s106 receipts)				0	100	100	100	100	100	100	500	
Capital Receipts				0	0	0	0	0	0	0	0	
Total				379	2,137	2,516	2,475	2,475	1,700	1,700	10,866	

Schemes progressing through capital approval process

Subject to

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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 year Capital Programme Total	Overall Project Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development & Major Projects								
FOR APPROVAL								
Combe Down Stone Mines (HCA)*	148,140	143,165	110	1,022			1,324	150,489
Combe Down Stone Mines (Council)		0					0	0
Public Realm - Wayfinding	1,319	1,945					146	2,081
Public Realm - Preparatory Project	344	761					310	1,071
Public Realm - High Street	18	325					1,676	2,001
Total	149,821	152,136	110	1,022	0	0	3,156	155,652
NPR Infrastructure	0	1,080					1,080	1,200
Southgate - Council	715	808					107	915
Total	715	1,187	0	0	0	0	1,187	2,115
BWR								
BWR Council Project Team	521	764	234	234	154		1,124	1,888
BWR - Affordable Housing	1,000	2,000	1,000	1,000	1,000	450	4,900	6,900
BWR - Infrastructure	744	3,454	2,200	3,000	1,154	450	4,046	7,500
Total	2,265	3,953	3,434	3,934	1,154	450	10,070	14,400
Total Approved	152,801	159,342	3,544	4,056	1,154	450	14,713	
FOR PROVISIONAL APPROVAL								
Public Realm - Transforming Spaces (Broad St, Queens Sq, Cheap St)	0	0	2,554	3,783	2,039	2,114	10,500	604
Public Realm 2013/14 - 2016/17	0	0	2,554	3,783	2,039	2,114	11,103	11,103
Total	0	0	5,108	7,566	4,078	4,228	21,603	11,707
London Road Regeneration								
Radio City Regeneration								
Creative Hub								
BDJK			150	150	0	0	750	750
Enterprise Area			150	150	0	0	500	500
Total	0	0	300	300	0	0	1,250	1,250
Total Approved Subject To	0	0	2,704	3,943	2,039	2,114	13,329	13,329
Total Capital Programme	152,801	159,342	6,248	7,999	3,193	2,564	28,042	
Funded by:								
Government/EU Grant								
Revenue Contribution								
Borrowing								
3rd Party Income (inc s106 receipts)								
Capital Receipts								
Total	152,801	159,342	6,248	7,999	3,193	2,564	28,042	
Subject to								
Awaiting detailed project plan & availability of Capital Receipts								
Awaiting detailed project plan & availability of Capital Receipts								
Awaiting detailed project plan								
Awaiting detailed project plan								
Awaiting detailed project plan								
Awaiting detailed project plans & funding availability (Growing Places)								
Total	604	604	2,704	3,943	2,039	2,114	13,329	13,329
Corporate								
FOR APPROVAL								
Capital Contingency								
Total Capital Programme	0	0	0	0	0	0	2,579	2,579

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

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

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Council MRP Policy

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

For all Government Supported Borrowing

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

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

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

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

Where-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 1 – Annex 5

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

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

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

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

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including the Somer Housing Group. The adoption of a similar protocol in B&NES will not impact on service users.

244			Sub Total – Additional Income						
12/13 Saving £000	13/14 Saving £000	14/15 Saving £'000s	How to be achieved ?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl O&S Panel feedback)	
Reduced Service Levels and Discontinued Services									
			Sub Total – Reduced Service Levels & Discontinued Services						
Other									
1000			Slippage on 2011/12 Developments	L	None	None	Slower than planned implementation of some reablement services compared to the original joint health & social care programme as a consequence of timescales for developing proposals, specifying service developments and going through appropriate procurement process.		
1000			Sub Total – Other						
3588	o/s	o/s	TOTAL SAVINGS						

IMPACT OF PROPOSED BUDGET CHANGES

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

Saving Items

PROPOSED REDUCTIONS TO BALANCE BUDGETS (excluding one off reversals)

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

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

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

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

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

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

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

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

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

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

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

MEDIUM TERM SERVICES & RESOURCES PLAN
RESOURCES & SUPPORT SERVICES BLOCK
PROPOSED REDUCTIONS TO BALANCE BUDGETS

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

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

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

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

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

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

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

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

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

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

MEDIUM TERM SERVICES & RESOURCES PLAN

Development & Major Projects SERVICES BLOCK

PROPOSED REDUCTIONS TO BALANCE BUDGETS

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

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

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

MEDIUM TERM SERVICES & RESOURCES PLAN

CORPORATE & AGENCY BUDGETS

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

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

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

Consideration of Equalities as part of the Budget Process

Background

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

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

Public Sector Equality Duty

9. It is unlawful to discriminate against an individual because of their protected characteristics in the Equality Act 2010.

10. The equality duty enables equality matters and good relations to be integrated into day-to-day council business. Compliance with the duty is a legal obligation; we must, in the exercise of our functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

11. Having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

12. The protected characteristics are: age, disability, sex, gender reassignment, pregnancy and maternity, race, sexual orientation, religion or belief and marriage and civil partnership.

Equality impact assessments / equality analysis

13. The Council has a written record of the equality considerations that have been taken; our decision-making processes include a consideration of the actions that would help to avoid or mitigate any negative impacts on particular protected groups; our decisions have a stronger evidence base through the use of equality mapping, making our decision-making processes more transparent.

14. Equality analysis / impact assessments are available to view at <http://www.bathnes.gov.uk/communityandliving/equality/Pages/Equality%20Impact%20Assessments.aspx>

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

FINANCIAL PLANNING ASSUMPTIONS

1. Context – The Financial Challenge

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

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

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

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

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

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

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

2. Summary of Budget approach for 2012/2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Council Tax

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

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

4. Government Grants

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

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

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

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

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

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

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

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

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

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

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

5. Medium Term Service and Resource Plans

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

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

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

6. Reserves

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

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

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

7. Pensions

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

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

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

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

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

8. Pay

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

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

9. Other Assumptions

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

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

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

BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

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

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

Vernon Hitchman
Divisional Director – Legal & Democratic Services (Monitoring Officer)

Resources PD&S Panel

6th February 2012

**Analysis of Corporate Budgets
2011/2012 to 2012/2013**

CORPORATE BUDGET ANALYSIS (1)

Budget Heading	Description	2011/12 Budget (£'000)	2012/13 Budget (£'000)	Budgeting Details
Capital Charges	Cost of Debt and Minimum Revenue Provision in support of the council's capital programme. Includes Corporate Supported Borrowing provision and is net of Service Supported Borrowing Income. Also include the Council's contribution towards Ex-Avon Debt costs.	7,793	8,400	2011/12 budget allowed for borrowing of £90m @ 4.31% (full year) and a further £35m @ 5% (part year); 2012/13 funds £120m @ 4.43% (full year) and a further £30m @5% (part year). Includes Minimum Revenue Provision in accordance with Council MRP Policy.
Interest Receivable	Interest earned on the Council's cash flow balances.	(500)	(532)	2011/12 budget equates to average cash balance of £50m earning 1%; 2012/13 budget equates to average cash balance of £53m earning 1%
Unfunded Pensions	Cost of historic pensions liabilities relating to pre Local Government Reorganisation retired staff.	1,709	1,709	A gradual fall in numbers is anticipated going forwards. For 2012/2013 this reduction is projected to be offset by significant inflationary increases in payments to remaining payees, hence no change in budget.

CORPORATE BUDGET ANALYSIS (2)

Budget Heading	Description	2011/12 Budget (£'000)	2012/13 Budget (£'000)	Budgeting Details
Carbon Trading Levy	Under the Carbon Reduction commitment the Council will have to purchase carbon credits equivalent to its emissions each year.	300	300	Estimate based upon provisional data – actual will depend on recorded emission data at reporting dates.
Pensions Adjustment	Future Service Pensions Cost stable, funding for historic deficit as per 2010 now a cash top up reflecting reducing employee base. To be reviewed at 2013 valuation.	440	436	Cash sum required as per Actuarial report.
External Audit Fees	Cost of Audit Commission external Audit activities. Includes scale fee, claims audit and investigation / Audit Commission Act referrals.	398	398	Reductions to main scale fee offset by increased claim fees for 2012/2013.
Environment Agency Levy	The Environment Agency is a levying body for its flood defence function under the Water Resources Act 1991.	205	205	Levy expected to remain unchanged for 2012/2013.

CORPORATE BUDGET ANALYSIS (3)

Budget Heading	Description	2011/12 Budget (£'000)	2012/13 Budget (£'000)	Budgeting Details
Coroners	<p>The coroner service is funded by the partnership of four local authorities:</p> <ul style="list-style-type: none"> ▪ Bath and North East Somerset Council ▪ Bristol City Council ▪ North Somerset Council ▪ South Gloucestershire Council <p>Bristol City Council acts as the 'lead' authority.</p>	362	305	Budget reduction proposed by Bristol City Council following a review of the Coroner Service.
Corporate Electricity Contract Inflation	The Council's corporate electricity contract is due for renewal on 1 st April 2012 following a 3 year fixed contract.	0	210	Budget on an estimated increase of 40% for half hourly metered sites and 22% for non-half hourly metered sites based on other recent local authority tender prices achieved.
Green Initiatives	Cabinet proposed budget addition to support Green Initiative and the Green Deal	0	100	Cabinet Budget growth proposal.
Election Costs 2011/2012	Cost of local elections 2011/2012	250	0	Estimated expenditure based upon historic cost. No election budgeted for 2012/2013.

CORPORATE BUDGET ANALYSIS (4)

Budget Heading	Description	2011/12 Budget (£'000)	2012/13 Budget (£'000)	Budgeting Details
Pay Award Provision	Provision for cost of annual pay awards.	360	0	No budgeted provision for 2012/2013 based on national pay freeze.
Community Enablement Fund	Set up of Community Enablement Fund	359	0	One-off provision in 2011/2012 to establish Community Enablement Fund.
Housing and Council Tax Benefit Subsidy	The net cost to the Council where the subsidy claim does not cover costs, for example claim error.	355	305	Reduced provision based on actual previous expenditure experience.
Other	Misc	206	-438	
Total		£12,237	£11,398	

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