

Democratic Services

Riverside, Temple Street, Keynsham, Bristol BS31 1LA
Telephone: (01225) 477000 *main switchboard*
Direct Lines - Tel: 01225 394942 Fax: 01225 394439
Web-site - www.bathnes.gov.uk

Date: 17-Jan-14
E-mail: Democratic_Services@bathnes.gov.uk

To: All Members of the Cabinet

Councillor Paul Crossley	Leader of the Council
Councillor David Dixon	Deputy Leader and Cabinet Member for Neighbourhoods
Councillor Simon Allen	Cabinet Member for Wellbeing
Councillor Tim Ball	Cabinet Member for Homes and Planning
Councillor David Bellotti	Cabinet Member for Community Resources
Councillor Katie Hall	Cabinet Member for Community Integration
Councillor Caroline Roberts	Cabinet Member for Transport
Councillor Dine Romero	Cabinet Member for Early Years, Children and Youth
Councillor Ben Stevens	Cabinet Member for Sustainable Development

Chief Executive and other appropriate officers
Press and Public

Dear Member

Cabinet: Wednesday, 12th February, 2014

You are invited to attend a meeting of the **Cabinet**, to be held on **Wednesday, 12th February, 2014** at **6.30 pm** in the **Council Chamber - Guildhall, Bath**.

The agenda is set out overleaf.

Yours sincerely

Col Spring
for Chief Executive

The decisions taken at this meeting of the Cabinet are subject to the Council's call-in procedures. Within 5 clear working days of publication of decisions, at least 10 Councillors may signify in writing to the Chief Executive their wish for a decision to be called-in for review. If a decision is not called-in, it will be implemented after the expiry of the 5 clear working day period.

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 Col Spring who is available by telephoning Bath 01225 394942 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 normally be received in Democratic Services by 4.30pm the previous Friday but Bank Holidays will cause this to be brought forward).

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 normally be received in Democratic Services by 4.30pm the previous Friday but Bank Holidays will cause this to be brought forward). 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 Col Spring 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 Col Spring 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.

- 7. Officer Support to the Cabinet**
Cabinet meetings will be supported by the Senior Management Team.
- 8. Recorded votes**
A recorded vote will be taken only when requested by a member of Cabinet.

Cabinet - Wednesday, 12th February, 2014

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

4. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

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

(b) The nature of their interest.

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

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

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

6. QUESTIONS FROM PUBLIC AND COUNCILLORS

Questions submitted before the deadline will receive a reply from an appropriate Cabinet member or a promise to respond within 5 days of the meeting. Councillors may ask one supplementary question for each question they submitted, up to a maximum of two per Councillor.

7. STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Councillors and members of the public may register their intention to make a statement if they notify the subject matter of their statement before the deadline. Statements are limited to 3 minutes each. The speaker may then be asked by Cabinet members to answer factual questions arising out of their statement.

8. MINUTES OF PREVIOUS CABINET MEETING (Pages 7 - 14)

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

9. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

This is a standard agenda item, to cover any reports originally placed on the Weekly list for single Member decision making, which have subsequently been the subject of a Cabinet Member requisition to the full Cabinet, under the Council's procedural rules

10. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

This is a standing agenda item (Constitution rule 14, part 4D – Executive Procedure Rules) for matters referred by Policy Development and Scrutiny bodies. The Chair of the relevant PDS Panel will have the right to attend and to introduce the Panel's recommendations to Cabinet.

11. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 15 - 16)

This report lists Cabinet Single Member decisions taken and published since the last Cabinet meeting.

12. RE-STRUCTURING OF THE EARLY YEARS, CHILDREN'S CENTRE AND EARLY HELP (0 - 11 YEARS) SERVICES 2014 - 2016 (Pages 17 - 44)

The Early Years, Children and Youth PDS Panel was asked by Cabinet to consider proposals relating to the restructuring of the Early Years Service. The Panel at its meeting in January 2014 made recommendations which the Cabinet is now asked to consider along with other responses made during the consultation period.

13. REVENUE AND CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS - APRIL 2013 TO DECEMBER 2013 (Pages 45 - 68)

This report presents the third monitoring information for the Authority as a whole for the financial year 2013/14 to the end of December 2013. The report also includes a number of budget transfer requests for both revenue and capital.

14. TREASURY MANAGEMENT MONITORING REPORT TO 31ST DECEMBER 2013 (Pages 69 - 80)

This report gives details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2013/14 for the first 9 months of 2013/14

15. TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY 2014/15 (Pages 81 - 106)

The Local Government Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments

16. BUDGET & COUNCIL TAX 2014/15 AND FINANCIAL PLAN 2014/15 - 2015/16 (Pages 107 - 194)

Cabinet will be asked to agree and set the Council's medium term planning approach and to recommend the 2014/15 Council Tax and Budget to Council. Council will consider the Cabinet's recommendations on 18-Feb-14.

17. ADVICE & INFORMATION STRATEGY 2014-17 (Pages 195 - 206)

The Advice & Information Strategy 2014/17 was consulted on with members of the public, a wide range of agencies and service providers and was considered by the Wellbeing Policy Development & Scrutiny Panel in January 2014. Cabinet will now be

asked to adopt the Strategy

18. VOLUNTARY SECTOR FUNDING APPLICATIONS FOR COMMUNITY TRANSPORT 2014/5 (Pages 207 - 218)

Cabinet will be asked to consider applications from voluntary sector bodies for funding to continue the provision of community transport services in 2014/5

19. POLICY AND DELEGATIONS FOR THE SCRAP METAL DEALERS ACT 2013 (Pages 219 - 230)

The Scrap Metal Dealers Act introduces a new licensing scheme. This report recommends that the function is delegated to the Divisional Director (Environmental Services), and the Council's Licensing Committee.

The Committee Administrator for this meeting is Col Spring who can be contacted on 01225 394942.

Protocol for Decision-making

Guidance for Members when making decisions

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

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

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

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

BATH AND NORTH EAST SOMERSET

CABINET

These minutes are draft until confirmed as a correct record at the next meeting.

Wednesday, 4th December, 2013

Present:

Councillor Paul Crossley	Leader of the Council
Councillor David Dixon	Deputy Leader and Cabinet Member for Neighbourhoods
Councillor Simon Allen	Cabinet Member for Wellbeing
Councillor Tim Ball	Cabinet Member for Homes and Planning
Councillor David Bellotti	Cabinet Member for Community Resources
Councillor Katie Hall	Cabinet Member for Community Integration
Councillor Caroline Roberts	Cabinet Member for Transport
Councillor Dine Romero	Cabinet Member for Early Years, Children and Youth
Councillor Ben Stevens	Cabinet Member for Sustainable Development

83 WELCOME AND INTRODUCTIONS

The Chair was taken by Councillor Paul Crossley, Leader of the Council.

The Chair welcomed everyone to the meeting.

84 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the evacuation procedure as set out in the Agenda.

85 APOLOGIES FOR ABSENCE

There were no apologies for absence.

86 DECLARATIONS OF INTEREST

There were none.

87 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

88 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 7 questions from the following Councillors: Anthony Clarke (3), Liz Richardson, Vic Pritchard (2), Charles Gerrish.

There were no questions from the following members of the public.

[Copies of the questions and responses have been placed on the Minute book as Appendix 1 and are available on the Council's website.]

89 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Councillor Jeremy Sparks in a statement *[a copy of which is attached to these Minutes as Appendix 2 and on the Council's website]* explained that the issue of traffic speeds on the A37 through Clutton was one of the most common issues raised by his constituents. He presented a petition of 76 signatures asking Cabinet to reduce the speed limit from 40mph to 30mph, in line with all other rural parishes on the A37 in the area.

Rosemary Naish (Chair, Clutton Parish Council) in a statement *[a copy of which is attached to these Minutes as Appendix 3 and on the Council's website]* supported the petition presented by Councillor Sparks. She felt that the move would not be costly but would be well received and would improve safety.

Sheila Clarke (Timsbury Road Safety Group) in a statement *[a copy of which is attached to these Minutes as Appendix 4 and on the Council's website]* highlighted the difficulties encountered by residents of two care homes in South Road, Timsbury, during snowy conditions because the road is not gritted. She presented a petition of 597 signatures asking Cabinet to include South Road Timsbury in the gritting route.

David Redgewell (South West Transport Network) in a statement reminded Cabinet of its Equality duty and of its promise given the previous year to grit all Dial-a-Ride routes. On the issue of bus subsidies, he asked the Cabinet to work with other surrounding Councils to persuade the Mayor of Bristol not to withdraw £700K support, which would impact delivery of off-peak services and particularly the Bristol to Bath bus service. He further asked Cabinet to ensure that the Council would comply fully with the law and would phase out high-floor buses, particularly on the numbers 5 and 10 services.

The Chair assured David Redgewell that Leaders of the surrounding authorities were in close negotiations with the Mayor of Bristol over this issue.

Robert Morgan in a statement *[a copy of which is attached to these Minutes as Appendix 5 and on the Council's website]* observed that the Council did not appear to have a Conservation Management Plan for assets in their possession. He asked the Cabinet to ensure that officers would always observe Council policy in their dealings and highlighted a situation in his own experience.

The Chair assured Robert Morgan that he would provide a full and complete response to his statement within 5 days of the meeting.

90 MINUTES OF PREVIOUS CABINET MEETING

On a motion from Councillor Paul Crossley, seconded by Councillor David Dixon, it was

RESOLVED that the minutes of the meeting held on Wednesday 13th November 2013 be confirmed as a correct record and signed by the Chair.

91 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

92 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

The Chair welcomed Councillor Sally Davis (Chair of the Early Years, Children and Youth PDS Panel) and asked her to introduce the Panel's recommendations from its meeting to consider the Call-in of the Cabinet decision on restructuring of the Early Years Service.

Councillor Davis in a statement [*a copy of which is attached to these Minutes as Appendix 6 and on the Council's website*] explained the findings of the Panel. The Panel still felt that the Cabinet had not answered a number of questions. The Panel had upheld the Call-in because members had felt that Cabinet had failed to give enough detail in their previous decision as to when the proposals would be implemented. The Panel had asked that Cabinet reconsider its original decision and that the replacement decision would give more detail of how and when progress would be made.

The Chair thanked Councillor Davis for her explanation and said that Cabinet would fully consider the Panel's recommendations at item 18 of the agenda.

93 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

94 HERITAGE SERVICES COLLECTIONS DEVELOPMENT POLICY

Councillor Ben Stevens introduced the item by reminding Cabinet of the need to maintain the integrity of the Council's collection. The Council had an excellent record and wished to retain accredited status for its museums and galleries. He praised the work of its museum staff and moved the proposals.

Councillor Paul Crossley seconded the proposal. He spoke particularly of the trust built up between the Council and its public donors; although occasionally there was a need to buy or sell items, the Council had always sought to honour the conditions placed upon donations. He praised the museums and art gallery staff for delivering an excellent service.

On a motion from Councillor Ben Stevens, seconded by Councillor Paul Crossley, it was

RESOLVED (unanimously)

(1) To APPROVE the Collections Development Policy.

95 B&NES HOMELESSNESS STRATEGY

Councillor Eleanor Jackson in an *ad hoc* statement reminded the Cabinet that a task and finish group investigation into youth homelessness had been conducted in 2010. She still had to report that there were over 200 "sofa surfers" in the Somer valley however, and probably more in Bath. She asked the Cabinet to stay alert to the problem.

Councillor Simon Allen introduced the item by reminding Cabinet that the Council had a very good track record of supporting homeless adults and young people. This was achieved by working closely with partners. He highlighted some known causes of homelessness and listed a number of ways in which the Council was seeking to help by intervening before people became homeless. He committed the Council to delivering a gold standard service.

He moved the proposals.

Councillor Tim Ball seconded the proposals which he felt were excellent and long-awaited. The report showed that homelessness was preventable. He emphasised that the policy be kept up-to-date.

On a motion from Councillor Simon Allen, seconded by Councillor Tim Ball, it was

RESOLVED (unanimously)

(1) To NOTE the report; and

(2) To APPROVE the Homelessness Strategy 2014-2018.

96 SCHOOLS CARBON REDUCTION PROGRAMME - INVEST TO SAVE LOAN FUND

Councillor Dine Romero moved the recommendations. She explained that good quality data was now available about schools energy usage and was keen to see the benefits of the Invest to Save proposals.

Councillor Paul Crossley seconded the proposals. He felt that a time of climate chaos was ahead and that the solution must come from working with schools to educate young people. He promised a report back at a future date to update Cabinet on progress.

Councillor Ben Stevens expressed the hope that the proposals would lead to the Council winning another award for being proactive in green issues.

On a motion from Councillor Dine Romero, seconded by Councillor Paul Crossley, it was

RESOLVED (unanimously)

(1) To NOTE the progress made in completing energy surveys of all schools as the latest stage of the Schools Carbon Reduction Programme;

(2) To APPROVE capital allocations of £500,000 for the Invest to Save Loan Fund and £290,000 for the Schools Carbon Reduction Grant for inclusion in the Children's Service Capital Programme 2013/14 to assist schools in undertaking energy efficiency measures; and

(3) To DELEGATE to the Strategic Director, People and Communities the approval of loan funding following an assessment of the individual business plans submitted by schools.

97 CHANGE OF CONTROL - THERMAE DEVELOPMENT COMPANY LIMITED

Colin Skellet in an *ad hoc* statement explained why he felt that YTL would be well qualified to operate the spa franchise and would deliver a reliable operation which they would develop in the interest of the company, the Council and the local economy.

Councillor Peter Anketell-Jones in an *ad hoc* statement asked whether the change of operator would have any effect on entrance charges, or on the special offers presently enjoyed by local residents.

Councillor David Bellotti in introducing the item said that the key issue was about the lease for operating the spa. Cabinet would be asked to agree to transfer the operating lease from one company to its parent company. The essential principle was that the Council would not be worse off as a result – of which he was confident. He felt that it would be unreasonable to refuse the transfer. He moved slightly different proposals from those recommended in the report.

Councillor Ben Stevens said that he was satisfied that YTL would be a very capable operator. They had already shown evidence of a strong local commitment and where they were operating elsewhere they had commendably developed the local supply chain. He seconded the proposal.

Councillor Paul Crossley reminded the Cabinet of the difficult times which had led up to the birth of the spa and contrasted those difficulties with the great success of the scheme now. He expressed a debt of thanks to Thermae for operating the spa so successfully which had helped develop the local tourist economy. He emphasised that the asset was not being sold – what was to be transferred if agreed by Cabinet would be the lease to operate the facility.

On a motion from Councillor David Bellotti, seconded by Councillor Ben Stevens, it was

RESOLVED (unanimously)

- (1) To APPROVE in principle the proposed change of control;
- (2) To AUTHORISE and give delegated authority to the Chief Executive, in consultation with the Leader and the Chief Financial and Monitoring Officers, to grant consent subject to any outstanding matters being resolved to her satisfaction; and
- (3) To AUTHORISE the Chief Financial Officer, in consultation with the Chief Executive and Monitoring Officer, to enter into any necessary arrangements or take any other action to give effect to the decision, including finalising the terms of a formal deed of consent.

98 CYCLE CITY AMBITION GRANT BID

Councillor Eleanor Jackson congratulated officers on winning the award. She asked Cabinet if some of the funds might be used to place signage at a particular spot on the cycle track near Radstock, where users of the track had sometimes been confused.

Councillor Caroline Roberts agreed to bear in mind the comments made by Councillor Jackson. She said that the proposals were asking Cabinet to accept £58K match funded so as to make very welcome improvements to the Seven Dials area. She moved the proposals.

Councillor David Dixon agreed with the remarks of Councillor Jackson about the need for signage on the cycle track in Radstock and said he felt the signage should be provided soon. He referred to the proposals moved by Councillor Roberts and said he thought that a £58K investment to get a £1.2M return was excellent news. He felt that the Seven Dials was a very interesting place and the proposed development would make it even better. He seconded the proposal.

On a motion from Councillor Caroline Roberts, seconded by Councillor David Dixon, it was

RESOLVED (unanimously)

(1) To ACCEPT the DfT Cycle City Ambition grant to develop the Seven Dials concept scheme and associated contraflow cycle facilities in Saw Close, Monmouth Street, Westgate Buildings, Lower Borough Walls, New Street and Avon Street into a detailed scheme following consultation;

(2) To DELEGATE authority to the Strategic Director for Place in consultation with the Cabinet Member for Transport to approve and implement a detailed design following consultation and approval of £58,000 match funding by Council; and

(3) To NOTE that implementation of the scheme will be subject to successful completion of statutory processes, including Traffic Regulation Orders and Cycle Track Orders.

99 **ADVICE AND INFORMATION SERVICES STRATEGY**

Joe Scofield in a statement [*a copy of which is attached to these Minutes as Appendix 7 and on the Council's website*] pointed out that large numbers of residents from the Twerton and Whiteway area had been helped by the Citizens Advice Bureau in the previous 3 years. He appealed to Cabinet to sustain the help and support offered to a large number of people.

Lin Patterson in a statement [*a copy of which is attached to these Minutes as Appendix 8 and on the Council's website*] said she felt that the strategy document made a convincing case for continuing the current level of funding for Citizens Advice Bureau. She argued that the CAB had the ability to attract and hold long serving volunteers and had an unrivalled reputation for service.

Councillor Tim Warren in an *ad hoc* statement acknowledged the hard work of officers who had produced the report in such a short timeframe. He felt however that a report to Council in January would have allowed more time to develop a strategy. He felt that the report placed before Cabinet did not address all the points made by Council. He asked a number of questions which he felt remained unanswered. In particular, the report did not explain how the service would be delivered, nor how it would be funded.

Councillor Simon Allen introduced the item. He said that if the strategy were adopted, it would start a 6-week consultation process. He had been pleased that the strategy had come about as a result of democracy in action – as a request from Council. The aim of the Council should be to ensure that people know how and where to get the information and advice they need and are able to maximise their independence by using the knowledge they have gained. The strategy would reflect recent changes in society by protecting vulnerable members of society.

He moved the proposals.

Councillor Katie Hall observed that Councils would soon have a statutory duty to provide certain information and advice services. She therefore warmly seconded the proposals.

On a motion from Councillor Simon Allen, seconded by Councillor Katie Hall, it was

RESOLVED (unanimously)

- (1) To AGREE to consult for a period of 6 weeks from 9th December to 24th January on the draft Advice & Information Strategy 2014-16; and
- (2) To ASK for a report on the outcome of the consultation at its February 2014 meeting, with a view to agreeing and publishing an Advice & Information Strategy 2014-17 in fulfilment of the commitment made at Council on 14 November 2013.

100 CONSIDERATION OF CALL-IN RECOMMENDATIONS: RE-STRUCTURING OF THE EARLY YEARS, CHILDREN'S CENTRE AND EARLY HELP SERVICES

Councillor Liz Hardman in a statement said that the proposed cuts were too deep. She felt that Cabinet had failed to respond adequately to the recommendations of the Panel or of the Minority Report. She had asked for a cost benefit analysis but this had not been provided. She repeated her request that an assurance be given that no cuts would take place before April 2015. She reminded Cabinet that volunteers did a great job but were not obliged to turn up. Rather than allocating money for cycle paths, she would have preferred to use it on keeping Children's Centres running effectively.

Councillor Eleanor Jackson in a statement said that Cabinet would be held to account for cuts in Children's Centres. She asked Cabinet to reconsider its plans because she felt that what was required was a 2-year plan for delivering essential services.

Councillor Dine Romero said that she had already responded directly to all of the Panel's recommendations. Her formal response had been attached as Appendix 2 to the report and she would be asking Cabinet to approve those responses. She had explained to the Panel that not all of the questions can be answered until a model for the future service is confirmed. The Panel also asked for a timetable, which she said has now been provided (Appx 3 of the report). The model would be in place by March 2015. She had not, however, given any assurances that no cuts would be found to be necessary before then.

She moved the proposals.

Councillor Simon Allen seconded the proposal. He confirmed that the whole Cabinet had discussed the issue in depth. He would rather have been able to avoid the current situation but the council was faced with very tough challenges and he reminded those who had Called-in the previous decision that they had offered no alternatives. He supported the approach offered by Councillor Romero and seconded the proposals because it was essential that services should be targeted towards the most vulnerable. He emphasised that no Children's Centre would be closed.

Councillor Ben Stevens supported the proposals. He responded to Councillor Hardman by observing that transferring the one-off capital funding for cycle paths to pay for the recurring revenue costs of Children's Centres was not allowed and not feasible.

Councillor Katie Hall observed that savings had to be found across the Council. She stressed the importance of Early Years intervention but said that a model must be found which would deliver the service within the available budget.

Councillor David Bellotti regretted any reduction to services for children and young people. The current circumstances offered an opportunity to reconsider how services were delivered. Given that central Government had put more funds into

health visors, this would be a good time to refocus the service. He emphasised however that there was no intention to replace all paid staff by volunteers.

Councillor Bellotti thanked Councillor Sally Davis and the PDS Panel for their hard work. He observed that all of the Panel's recommendations had been accepted by Cabinet. The only recommendation not accepted was the one asking Cabinet to reject the budget agreed by Council in February 2013. Cabinet had given assurances that other services would not be cut in order to refinance the Early Years Service. He reminded Cabinet that the Government had not yet confirmed the new Budget settlement, so it was not fair of others to ask Cabinet to commit to particular Budget items at this stage.

Councillor Paul Crossley repeated that the Cabinet did not take any cuts lightly. But the model for delivery of this service was being reconsidered in the light of the Budget agreed by Council in February. Offers to get involved had been received from a number of organisations, which he felt was very promising and would lead to inevitable change, with new partners. He looked forward to all 4 political groups working together to determine the best way forward.

Councillor Romero affirmed that she would engage with a variety of providers and partners to come up with a model for delivery of a service which would meet the needs of those most vulnerable.

On a motion from Councillor Dine Romero, seconded by Councillor Simon Allen, it was

RESOLVED (unanimously)

- (1) To NOTE the outcome of the call-in by the Early Years, Children and Youth PDS Panel;
- (2) To AGREE the response to each of the recommendations of the Panel report and the Minority report (Appx 2 of the report);
- (3) To AGREE the consultation and decision timeline (Appx 3 of the report); and
- (4) To REQUEST that the Early Years, Children and Youth PDS Panel receive a presentation from Officers on the developing model at its meeting in January 2014.

The meeting ended at 8.13 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

Cabinet Single-Member Decisions and Responses to Recommendations from PDS Panels

published 29-Nov-13 to 31-Jan-14

Further details of each decision can be seen on the Council's Single-member Decision Register at <http://democracy.bathnes.gov.uk/mgDelegatedDecisions.aspx?&dm=3>

Date	Decision Maker
Reference	Title

25-Nov-13 Cllr Simon Allen

E2595 Nomination of Deputy Medical Referee

The Cabinet Member agreed the recommended appointment

03-Dec-13 Cllr Caroline Roberts

E2524 Warminster Road Pedestrian Refuge TRO

The Cabinet Member agreed to implement TRO proposals as advertised

23-Dec-13 Cllrs David Dixon, Paul Crossley

E2603 Replacement Play Area Equipment Programme

The Cabinet Members approved the funding allocations

30-Dec-13 Cllr Paul Crossley

E2601 Alice Park Tea Chalet - Renewal of Lease

The Cabinet Member agreed to renew the lease

14-Jan-14 Cllrs Paul Crossley, David Dixon

E2606 Beechen Cliff and other Open Spaces

The Cabinet Members approved the funding allocations

Date	Decision Maker
Reference	Title

14-Jan-14 Cllr David Dixon

E2613 Review of Hackney Carriage Tariff Rates

The Cabinet Member agreed (a) an increase of 3% on the current fares; (b) to introduce a charge of 10%, to a maximum of £1, on top of the fare for the use of a credit or debit card

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	12th February 2014	EXECUTIVE FORWARD PLAN REFERENCE
		E2593
TITLE:	Re- structuring of Early Years, Children Centre and Early Help (0-11) Services 2014-2016	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1: Relevant Legislation</p> <p>Appendix 2: Design & Commissioning Principles</p> <p>Appendix 3: Impact analysis of proposed model, based on £1.834m budget reduction</p> <p>Appendix 4: Impact of retaining the full £2.335m savings from the Children’s Centre and Early Years budget</p> <p>Appendix 5: Current and proposed Children’s Centre Services, opening hours and posts</p>		

1 THE ISSUE

1.1 The restructuring of the Children’s Centre and Early Years services is a result of the budget reduction agreed by Council in February 2013. Proposals for models of delivering the service within a new budget have been developed over the last 12 months with the assistance of the Early Years, Children and Youth Policy Development and Scrutiny Panel (PDS Panel). This report is the culmination of the work to date and sets out the emerging models and proposals for the delivery of the services to be implemented from April 2015. The next stage is to consult on these proposals.

2 RECOMMENDATIONS

Cabinet is asked to:

- 2.1 Include within its budget proposals to Council, the proposed adjustment which permanently deletes the £500,000 savings originally required from the Early Years and Children's Centres base budget in 2014/15 and subsequent years.
- 2.2 Note and accept the emerging models and proposals for each of the five service areas.
- 2.3 Instruct officers to formally consult on the proposals for these services.
- 2.4 Instruct officers to bring back to Cabinet fully developed models and proposals for the future delivery of each service.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The Council's financial planning to address the on-going reductions to local authority spending resulted in the development of the Medium Term Service Resource Plan (MTSRP) 2013-2016. The Early Years and Children's Centre Services area was identified as a service area where either efficiencies or budget reductions could be made. Originally the proposed savings were profiled as below:

2013 – 14	£ 273,000
2014 – 15	£ 228,000
2015 – 16	£1,834,000
Total	£2,335,000

- 3.2 The Council agreed the MTSRP 2013 – 2016 at its meeting on 16th February 2013, with an amendment which deferred the implementation of budget reductions in Early Years and Children's Centre Services until 2014 – 15. The revised savings profile is set out below:

2013 – 14	£0
2014 – 15	£501,000
2015 – 16	£1,834,000
Total	£2,335,000

- 3.3 The Council, whilst agreeing the MTSRP, also agreed that the Early Years and Children's Centre savings were still subject to more detailed proposals and would require a Budget vote in future years. A request was made to the Early Years, Children and Youth Policy Development and Scrutiny Panel (PDS Panel) to assess the options and implications of making the reductions and make recommendations to Cabinet for consideration and implementation.

- 3.4 The council debated a petition on this topic at its meeting on 17th January 2014 and resolved, subject to Council approval of the 2014-15 budget in February, that the additional £500K proposed by the Cabinet become an on-going part of base budget. In the event of the hub and spoke model being implemented, the majority of this additional funding be directed at supporting and protecting as much as possible the services available in the 'non hub' centre areas, and a particular to vulnerable families recognising that final allocation are determined using a needs-led formula. The proposals in section 5 of this report are therefore made on the basis of a £1.834m reduction rather than the original £2.335 m reduction. The saving would now be profiled as follows:

2015 – 16 £1,835,000

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The relevant legislation about Children's Centres and Early Years is listed at Appendix 1.
- 4.2 Consideration has been given through all the preparatory work to issues relating to need, poverty, disability and disadvantages of children and families. Service reductions have been designed to ensure those children and families most in need of help continue to receive "early help" services.
- 4.3 A full Equalities Impact Assessment (EIA) will be developed to ensure groups affected by the proposed changes are taken into consideration and the impacts minimised. This EIA will be informed by the proposed consultation and will be included in the subsequent report to Cabinet.

5 THE REPORT

- 5.1.1 A Task and Finish group was established as part of the PDS review outlined above and three options were developed, all of which were based on a 'hub and spoke' model of delivery. Officers, along with members of the Task and Finish Group undertook informal consultation with the 5 Children's Centre Boards; the Voluntary Sector Play and Specialist Family Support Services and the 0-11 Multi-Agency Group that reports to the Children's Trust Board. This consultation gave the group a clear understanding of the role the services play in children's and families' lives, and helped inform the development of the emerging models.
- 5.1.2 Following this work, PDS Panel agreed the following recommendations to go to Cabinet.
- i. That the design and commissioning principles (see Appendix 2) are adopted and applied to any future models of service delivery
 - ii. That the approach to Play, Specialist Family Support and the Early Years Foundations Stage are dealt with separately from Children's Centres.
 - iii. That any funding reductions for these services are considered separately in line with service models.

- iv. To recommend a hub and spoke model as the basis for delivery of Children's Centre Services, whilst recognising that the number of hubs, and the level of service at the non-hub Children's Centres, will be dependent upon the scale of budget reductions ultimately agreed by Council in February 2014.
- v. To retain all existing Children's Centre buildings.
- vi. To further explore the potential of a commissioned model and/or an integrated model with health services, acknowledging the need for further market testing of the potential providers.
- vii. To fully undertake a cost benefit analysis of any service changes.
- viii. To propose that Cabinet reconsiders the overall Council budget to determine if alternative areas of saving can be identified. The reasons being:
 - a) Information gained by the Task & Finish Group shows that early support to vulnerable people can lead to savings overall. There is concern that such significant cuts could lead to more costly interventions by statutory services of the council at a later stage.
 - b) A commitment by the Panel to recommend some changes to services to meet part of the potential savings if the Cabinet are prepared to do likewise.

5.1.3 The first 7 recommendations made by the PDS panel were agreed. The proposal to reconsider the overall Council budget and alternative strategies to alleviate part of the planned reduction was agreed but as part of the wider Council budget setting process. Cabinet also agreed a consultation and decision timeline and a request that the PDS Panel receive a presentation from Officers on the developing model at its meeting in January 2014.

5.1.4 The PDS panel received a presentation on the emerging models and proposals for each service area at its meeting on 27th January 2014, and sought clarification on a number of issues.

5.1.5 The services affected by the budget reductions support families with children aged 0-11 as follows:

- Children's Centres (0-4)
- The Early Years Foundation Stage Service (0-4)
- Community Play and Specialist Family Support service (5-13)
- Parent Support Advisors (5-11)
- Commissioned health related service (0-4)

5.1.6 These services provide early intervention and support to families in order to prevent problems and needs escalating, and are part of the Council's Early Help offer.

EMERGING MODELS

6.0 CHILDREN'S CENTRE SERVICES

6.1 The Children's Centre services are specifically aimed at families with children aged 0-4. Their purpose is to improve outcomes for young children and their families, with a particular focus on the most disadvantaged families, in order to reduce inequalities in child development and school readiness. A key role of Children's Centres therefore is to support parents to develop their parenting skills and parenting aspirations. They also have a strong focus on integrated working with partners, particularly Health to improve child and family health and life chances.

6.2 Currently there are 11 Children's Centres dispersed across B&NES, 9 delivered by the council and 2 by a voluntary sector provider, First Steps. These are managed as 4 groups as follows:

- Bath East (Parkside, Weston and St Martins Garden Children Centres)
- Bath West (Twerton and Moorlands Children's Centres)
- Keynsham and Chew Valley Children's Centres
- Somer Valley (Radstock, Midsomer Norton, Paulton and Peasedown St John)

6.3 The emerging model for Children's Centres is as follows:

- To remodel the current four groups into two new groups by centralising and consolidating management support and back office functions, but retain 11 Children's Centres and other community venues for service delivery.
- To group the Children's Centres according to geographical location as follows:

Bath (5 centres)	Parkside (service centre)
	Twerton (service centre)
	Weston
	St Martins Garden
	Moorlands
North East Somerset (6 centres)	Radstock (service centre)
	Midsomer Norton
	Peasedown St John
	Paulton
	Keynsham (service centre)
	Chew Valley

- Commission the management and the running of the buildings separately to the commissioning of the Children's Centre services. This will provide one way of involving other organisations in taking on a greater role in the provision of Children Centre Service, and will allow the two new Children's Centre services to focus on their core role.
 - To establish two service centres for each group, housed in two Children's Centres in each area. For Bath it's proposed that this is Parkside and Twerton and for North East Somerset, it is proposed this is Radstock and Keynsham. These will act as the main bases for Children Centre staff, as well as the Health Visitors based in the catchment area. The rationale for using these buildings is their locations, capacity to accommodate staff, deliver the groups and the fact they are four of the busiest centres. Health Visitors and other partners can still be accommodated in the other Children's Centres as they are currently. The model described is still in essence a hub and spoke model.
- 6.4 It is proposed to commission the two new services to deliver outreach services (home visits and groups), and maintain these at current service levels. The main change is that the service will only be commissioned for families and children with additional needs. No open access or universal groups will be commissioned or funded through this budget from April 2015 onwards. However, they could be delivered voluntarily through other funding sources or by volunteers.
- 6.5 It is proposed to commission a volunteer /peer support programme, Early Years Teacher support and a Link social worker to maintain current service levels within the new Children's Centre Services .The only change is to commission the social worker support from Children's Social Care, rather than commission it as part of the two new Children's Centre services. This model would better support links with social care and "step up and step down" arrangements where families are referred to social care or are referred from social care.
- 6.6 It is proposed that the four Children's Centres housing the service centres are open full time as they are now. The opening times of the other Children's Centres will match the times when the groups and courses are running as a minimum, as this is when families and children access the Children's Centres both to attend the groups, and seek information and advice from staff. The delivery of the groups and courses will remain at the same level as currently provided, however, the frequency of the groups and when they are run varies. Some are weekly, others bi weekly and some are courses which run periodically throughout the year, so it is difficult to be precise about which days and times each of the other Children's Centre will be open. The commitment is to match current levels of targeted work in each centre even if the time/days operated change. In addition there are several groups which are run in community venues to facilitate access in more rural areas with pockets of deprivation, and these too will continue to be provided. It is also too early at this stage to know what additional support could be provided by the building and facilities management function, particularly if it successfully

attracts other services and community groups to use the Children's Centres where there is capacity. With these caveats, the indicative pattern of opening times compared to the current arrangements is shown in Appendix 5, along with current and proposed Children's Centre Services and posts.

- 6.7 In summary the key changes are: (i) back office and management support will be consolidated from four service groups into two; (ii) not all the Children's Centres will be open full time; (iii) universal services will not be commissioned for children and families without additional need and (iv) the management of buildings and facilities will be commissioned separately to the services. An analysis of the changes and impacts is in appendix 3.
- 6.8 The budget reduction and changes required in B&NES, whilst substantial, are on a par with many of the reductions and changes taking places in other parts of the country. Many local authorities have already (or are proposing) to remodel their services and reduce their budgets, published proposals across the country include:
- Portsmouth £1 million from children centres
 - Kent proposing to close 28 out of 97 centres
 - Warwickshire proposed £2.3 million cuts to children's centres
 - Sheffield proposing to reorganise 36 early years centres into 17 children's centre 'areas' in order to save £3.5 million
 - Possible changes to Swindon's 14 children's centres and cuts of £390,000 from the budget
 - South Gloucestershire have already re-structured into Hub and Spoke models and reduced their budgets.

Many local authorities are, or have remodelled their services in a similar way to the approach taken in B&NES.

7.0 EARLY YEARS FOUNDATION STAGE SERVICE

- 7.1 The Early Years Foundation Service is delivered by the local authority. It has a statutory function to ensure sufficient quality preschool places (including childminders), to narrow the gap for children by the end of reception and also to moderate assessments against Early Years Foundation profile. In addition to quality improvement, the service also has a strong inclusion role to ensure children with additional needs and disabilities are able to access quality preschool provision, with additional support where required. The service currently supports 348 different preschool (including childminders) settings provided by a variety of organisations. Collectively these settings have over 900 staff.
- 7.2 The emerging model for the Early Years Foundation Stage service is as follows:
- To develop a business model to charge for non-statutory support and training to preschools to cover the costs

- It is proposed that the service reduces and only targets preschools (including childminders) where they need to improve for instance following a poor Ofsted inspection, where there are welfare concerns or significant numbers of eligible 2 year olds.
- It is proposed to resource the moderation function and support for children with additional needs at the same level. This will ensure the local authority is well placed to support the implementation of the SEND reforms.

7.3 The impact of these proposals is shown in appendix 3.

8.1 COMMUNITY PLAY AND SPECIALIST FAMILY SUPPORT SERVICE

8.1 Two Community Play contracts are currently commissioned from two voluntary sector organisations. One service covers Bath and the other NE Somerset. Each service currently provides after school Community Play sessions, Play days during the holidays, support to communities to develop and run play provision and 1-1 family play inclusion work with children with additional needs.

8.2 Notice of these reductions has been given to the play providers and the organisations are in the process of remodelling their services. The services will be completely funded through Direct Schools Grant from April 2014. The Community Play sessions will reduce and be targeted to children with additional needs and supporting those who come through the family inclusion work. The contracts expire during 2015 and it's proposed to tender for one contract to cover the whole of B&NES.

8.3 A specialist family support service is currently commissioned from a voluntary sector provider to support families with complex needs. These are predominantly families experiencing domestic violence, substance misuse and mental health problems. The service provides intensive outreach support and therapeutic and counselling services and supports around 280 families a year. They also deliver a 'community parents' scheme to offer practical support to other families.

8.4 The specialist family support contract expires during 2015 and the proposal is to tender for a new service at a reduced contract value. A review will be undertaken as part of this process to ensure effective alignment with the Connecting Families service as well as the other Children's Centre and Early Years services to ensure a co-ordinated offer of support to families. A review is required given that the Connecting Families service had not been established at the time of the first contract for Specialist family Support.

9.0 PARENT SUPPORT ADVISORS

9.1 The current service is provided by the local authority and delivered by a team of Parent Support Advisors. Support is provided to parents, children and schools where a child is having difficulties at school. They run parenting programmes and help parents support their children and develop the

confidence to engage well with their child's school to resolve any issues affecting their child's learning.

- 9.2 It is proposed to develop a business model for this service and charge schools and Behaviour and Attendance Panels for the parent advisor service in order to cover costs. This approach builds on the current practice; however there is a risk that this service will reduce significantly if sufficient income cannot be generated.

10.0 COMMISSIONED HEALTH RELATED SERVICES

- 10.1 The Early Years Service currently commissions a Speech and Language service to support preschool settings and a breast feeding support service. It also makes a contribution to the wider Primary Child and Adolescent Mental Health Service. It is proposed to reduce these budgets and reshape these services through the commissioning process as and when the contracts expire.

11.0 RATIONALE

- 11.1 The amendment to the level of budget saving required will make a significant difference to the Council's ability to meet its statutory duties and deliver a service in accordance with the agreed design principles (Appendix 2). The potential additional impact of the full £2.335m saving target is illustrated at Appendix 4.
- 11.2 The emerging model is based on the findings of the PDS Task and Finish Group; models being developed in other local authority areas; the service design and commissioning principles proposed by PDS and agreed in Cabinet in November 2013; and are considered to be the most appropriate model to enable delivery of effective early help and support for children and families within the available resources.
- 11.3 Consultation is a duty of local authorities when making significant change to Children's Centre Provision in their area (see Appendix 1) and can help to ensure we are clear about the impact of the proposed changes as well as gaining further valuable insights from parents and other stakeholders about the aspects of the services that are most important to them. It will also help to raise public awareness of the proposed model and the rationale for proposing it.
- 11.4 It will be important for the Cabinet to properly consider the results of consultation and the completed EIA and any suggested amendments to the proposed model as a consequence of those, before it approves the final model for delivery of the services.

12 OTHER OPTIONS CONSIDERED

- 12.1 The process of initial informal consultation and consideration by PDS and Cabinet as well as full Council debate has helped to shape the emerging proposals as they have been developed – particularly through the agreed design principles and PDS recommendations to Cabinet.

12.2 In particular this has suggested it would not be acceptable to propose the closure of any of the 11 Children’s Centres; and that the model should ensure the focus of resources is on front facing service delivery with efficiencies in back office functions.

13.0 CONSULTATION

13.1 Informal consultation took place during September. The Task & Finish Group visited the Children’s Centre Boards and consulted with 2 voluntary sector Play providers; 1 voluntary sector Family Support services and 1 strategic multi-agency group representing services 0-11 years. Parents/users were present in most of these meetings. 80 parents were consulted individually over August and September for their views, including the benefits of the services.

13.2 The statutory guidance for Children’s Centres states that before making a significant change to services, the Council must formally consult everyone who could be affected by the proposed changes, for example, local families, those who use the centres, children’s centres staff, advisory board members and service providers. Particular attention should be given to ensuring disadvantaged families and minority groups participate in the consultation.

14.0 RISK MANAGEMENT

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

Contact person	Debbie Forward Telephone 01225 395305
Background papers	<ol style="list-style-type: none"> 1. Cabinet 4th December 2013 2. Cabinet 13th November 2013: Restructuring of the Early Years, Children’s Centre and Early Help (0-11 years) Services 2014-2016. 3. Early Years, Children & Youth Policy Development & Scrutiny Panel: Re-structuring of the Early Years, Children’s Centre and Early Help (0-11 years) Services 2014-2016. 4. Council briefing for meeting on 17th January 2014
Please contact the report author if you need to access this report in an alternative format	



The Legislation

Legislation about children's centres and the Early Years Foundation Stage is contained in the Childcare Act 2006 (referred to in this guidance as "the Act")¹. This guidance refers to the following sections of the Act:

- **Section 1:** Duty on local authorities to improve the well-being of young children² in their Area and reduce inequalities between them.
- **Section 2:** Explanation of the meaning of early childhood services.
- **Section 3:** Duty on local authorities to make arrangements to secure that early childhood services in their area are provided in an integrated manner in order to facilitate access and maximise the benefits of those services to young children and their parents.
- **Section 4:** Duty on commissioners of local health services and Jobcentre Plus (as partners') to work together with local authorities in their arrangements for improving the well-being of young children and securing integrated early childhood services (see Chapter 3).
- **Section 5A:** Arrangements to be made by local authorities so that there are sufficient children's centres, so far as reasonably practicable, to meet local need. This section defines what a Sure Start children's centre is and what arrangements and services constitute a children's centre (see chapters 1 and 2).
- **Section 5C:** Duty on local authorities to ensure each children's centre is within the remit of an advisory board, its make-up and purpose (see Chapter 4).
- **Section 5D:** Duty on local authorities to ensure there is consultation before any significant changes are made to children's centre provision in their area (see Chapter 2).
- **Section 5E:** Duty on local authorities, local commissioners of health services and Jobcentre Plus to consider whether the early childhood services they provide should be provided through children's centres in the area (see Chapter 3).
- **Section 98C (Part 3A of the Act):** Duties on local authorities after receiving a report from Ofsted following the inspection of a children's centre. This includes preparing and publishing a written statement (an Action Plan) setting out the action to be taken in response to the report.

Other Related Sections of the Statutory Duties Contained within The Childcare Act 2006 (revised) include:

The act also lays out registration and inspection arrangements, providing for an integrated education and care framework for the Early Years and general childcare registers. The sufficiency, information and outcomes duties came into effect on 1 April 2008 and the remaining provisions came into effect from September 2008.

Sections 6, 8-11 & 13 require local authorities to assess the local childcare market and to secure sufficient childcare for working parents. Childcare will only be deemed sufficient if it meets the needs of the community in general and in particular those families on lower incomes and those with disabled children. Local authorities take the strategic lead in their local childcare market, planning, supporting and commissioning childcare. Local authorities will not be expected to provide childcare direct but will be expected to work with local private, voluntary and independent sector providers to meet local need. Section 7 re-enacts the duty for local authorities to secure a free minimum amount of early learning and care for all 3 and 4 year olds whose parents want it.

Section 12 extends the existing duty to provide information to parents, to ensure parents and prospective parents can access the full range of information they may need for their children right through to their 20th birthday. Local authorities will be required to ensure that this service is available to all parents and that it is pro-active in reaching those parents who might otherwise have difficulty accessing the information service.

Sections 39-48 introduce the Early Years Foundation Stage which will build on and bring together the existing Birth to Three Matters, Foundation Stage and national standards for day care and childminding. This new framework will support providers in delivering quality integrated early education and care for children from birth to age 5.

Sections 31-38 & 49-98 reform and simplify the framework for the regulation of childcare and early education to reduce bureaucracy and focus on raising quality and standards. All providers caring for children up to age 5 will be required to register on the Early Years register and deliver the Early Years Foundation Stage (unless exceptionally exempted). Childcare settings providing for school age children will be judged against a streamlined set of Ofsted Childcare Register standards. These criteria will be compulsory for all settings caring for children under 8. Other providers may join the register on a voluntary basis.

Sections 99-101 allow for the collection of information about young children to inform funding and support the local authority duties under the act.

Service Design & Commissioning Principles for:

1. Together with our partners, to assess and respond early to the needs of individual children, families and communities in order to keep them safe and help them thrive and avoid their needs escalating to specialist (costly) services
2. Using evidence based approaches to reduce inequalities for targeted groups, through tracking individual children's progress
3. Providing a mixed economy of provision that ensures strong integrated working across agencies and settings
4. The voice of the child is heard and listened to
5. Support children to develop secure attachments and emotional resilience
6. Supports children and families to have healthy lifestyles
7. Supports parents to have positive parenting aspirations and parenting skills
8. Supports children across all early years settings to develop well and be ready for school

Model Ensures

9. We meet Statutory Guidance to reach a "Good" Ofsted judgement at Children's Centre Inspections and ensure children develop well and are ready for school
10. Families and communities are enabled to participate fully in their community
11. We focus resources on reducing inequalities and narrowing the gap for those most in need

12. We are able to respond to the emerging “Local Offer” as part of the SEND Reforms for children with additional needs
13. We strengthen the integration and information sharing with health partners
14. There is a linked Social Worker in each Children’s Centre Hub to ensure robust arrangement for the safeguarding and protection of children
15. There is a linked Health Visitor in each Children’s Centre Hub, and where possible, premises remained shared with Health Visitors
16. Value for money by ensuring the effective and efficient delivery of services by targeting 75% of the spend on front facing service delivery and less than 15% on overheads. The model should ensure back office functions are delivered as efficiently as possible

Children's Centre Services

	Key Changes	Benefits	Risks	Mitigating Actions
1	Consolidation of back office and management support from 4 to 2 services	<ul style="list-style-type: none"> Allows efficiencies to be made without adversely affecting front facing service delivery Allows the 2 new services to benefit from economies of scale but within manageable service levels 	<ul style="list-style-type: none"> Reduction required in Children Centre workforce will require redundancies. Extension of line management could make Ofsted requirements for inspections challenging Reduction in opening hours (but not the amount of targeted work) of 7 Children's Centre Buildings 	<ul style="list-style-type: none"> Council and voluntary sector organisational arrangements to support staff and guide change process. Streamline process for Ofsted Inspections so the system is smarter. Provide commissioning support for inspections both at inspections and through performance monitoring process
2	Commissioning the management of the buildings separately to the Children's Centre Services	<ul style="list-style-type: none"> Provides a way of including other organisations in taking a greater role in the provision of Children's Centres. Allows the Children Centre services to focus on their core Children's Centre role rather than managing the buildings. 	<ul style="list-style-type: none"> Capacity of local market 	<ul style="list-style-type: none"> Market testing and development
3	Universal/open access groups and services will not be commissioned or funded from April 2015	<ul style="list-style-type: none"> Resources are prioritised to those children and families in greatest need which is the core purpose of the Children's Centre service 	<ul style="list-style-type: none"> May create stigma for families and children using services Lose benefits of community integration 	<ul style="list-style-type: none"> Potential to deliver open groups voluntarily where funded through other sources or by volunteers
4	Reduction in Children's Centre opening times (but not the	<ul style="list-style-type: none"> Allows targeting of resources to achieve greatest impact 	<ul style="list-style-type: none"> Reduced accessibility to local Children's 	<ul style="list-style-type: none"> Better use of buildings by voluntary sector or other agencies may

	amount of targeted work)	(very few walk-in contacts) <ul style="list-style-type: none"> Maximises capacity to vary and flex the service to respond to changing needs and demands. 	Centre for some families	enable longer opening hours <ul style="list-style-type: none"> Families largely make contact through other universal services such as Health Visitors. This is the largest referral source into Children's Centre Services 4 of the 7 Children's Centres have nurseries on site (St Martin's, Paulton, Chew Valley, Moorlands which means the buildings will be staffed and open as nurseries)
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Early Years Foundation Stage Service

	Key changes	Benefits	Risks	Mitigating Actions
1	The quality improvement function reduces from supporting all preschools and childminder settings to the provision of a targeted service to those at risk	<ul style="list-style-type: none"> Resources prioritised on preschools and childminder settings at risk of failing Targeting those children at risk of not achieving their potential. 	<ul style="list-style-type: none"> Quality and outcomes from Ofsted inspections might fall, with potential loss of funding for eligible children for these settings. Responsibility for securing alternative places in the event of this happening is with the local authority. 	<ul style="list-style-type: none"> Development of good systems for gathering intelligence to inform targeting of support.
2	New model of cost recovery being developed for delivery of non- statutory training and support	<ul style="list-style-type: none"> Opportunity to market services across early years settings in B&NES and other neighbouring authorities and generate income to cover costs. 	<ul style="list-style-type: none"> Settings can purchase support from council or elsewhere 	

Community Play and Specialist Family Support services

	Changes	Benefits	Risks	Mitigating Actions
1	The Community Play Services will provide a reduced level of after school and general play sessions, and those that are provided will focus on children with additional needs linked to the family play inclusion work.	<ul style="list-style-type: none"> Limited resources directed to meeting children with the greatest needs in line with CYPP in 2014-17. The services have increased clarity about their focus and alignment with statutory Children's Social care 	<ul style="list-style-type: none"> Reduction in a visible outdoor community resource. Reduction in universal and open access Play provision. 	<ul style="list-style-type: none"> Can be delivered voluntarily through other funding sources or by volunteers. Providers will be encouraged and supported to bid for supplementary funding
2	The play service will be fully funded from Direct Schools Grant from April 2014	<ul style="list-style-type: none"> Builds on the developing links with schools 	<ul style="list-style-type: none"> Schools may decide to reduce funding further 	<ul style="list-style-type: none"> Ensures schools are aware of the benefits the service delivers. Seek transitional funding for community development work
3	Reduction in the level of community development	<ul style="list-style-type: none"> Enables focus on core role for maximum impact and affordability 	<ul style="list-style-type: none"> Failure to stimulate voluntary or externally funded provision 	<ul style="list-style-type: none"> Seek transitional funding for community development work

	Changes	Benefits	Risks	Mitigating Actions
1	Parent Support Advisers to cease being funded by the Council New model for cost recovery being developed	<ul style="list-style-type: none"> • Opportunity to market services across schools and Behaviour and Attendance panels and neighbouring authority schools. 	<ul style="list-style-type: none"> • Schools can purchase support from council or elsewhere • Income generated may not cover costs. 	<ul style="list-style-type: none"> • Develop marketing strategy and offer costed model to schools • Explore potential to deliver as part of wider package of school support with other council services

Commissioned Health related services

	Changes	Benefits	Risks	Mitigating actions
1	Reduce budgets and reshape services as part of the commissioning process, as and when contracts expire	<ul style="list-style-type: none"> • Opportunity to review and update the service specifications and remodel the new services to ensure effective alignment with all Children's Centres and Early Years Services 	<ul style="list-style-type: none"> • These services will be subject to other funding sources which will determine the level of provision. 	<ul style="list-style-type: none"> • Joint planning and commissioning with the Health commissioners

Impact of retaining the full £2.335m savings from the Children's Centre and Early Years budget

The reduction in the scale of the savings requirement by £500K has helped mitigate the impact of cuts for those families and children in greatest need as shown in the table below.

Service area	£	Impact of reducing the saving required by £500K	Impact of retaining original budget reduction
Children's Centre Services	300,000	<p>Protects the outreach service enabling the new targeted service to be delivered at current capacity to families with additional needs. This means groups and home visits, will continue to be delivered to vulnerable families across B&NES and those living in more rural areas.</p> <p>It also protects the level of Early Years Teacher support, assuring the quality of the delivery of early learning and child development programmes such as Flying Start. This is the core function of the service and key to narrowing the gap</p>	<p>The new outreach service would reduce below current capacity by approximately four or five posts. This would equate to 40 or 50 fewer families with additional needs being supported by the service at any one time through home visits, and between 8 to 10 fewer groups run each week.</p>
Early Years Foundation Service	200,000	<p>Maintains the current level of support to preschool children with additional needs and disabilities. This ensures these children are able to access quality preschools, and where needed additional packages of support are in place. It will also ensure the local authority is well placed to support the implementation of the SEND reforms across all age ranges.</p>	<p>The level of support currently provided to preschools and families with children with disabilities would reduce significantly. This would include the preschool specifically for disabled children. Opportunities would be missed to identify and address needs early, leading to poor educational outcomes for children.</p>

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Current and proposed Children's Centre Services, opening hours & posts

i) Services provided now and proposed

	Current	Emerging Model
1	<p>Support and interventions are currently provided through home visits and groups and this is referred to as the outreach service. The current service is targeted to families and children with additional needs, although some universal / open access groups are run.</p> <p>A snap shot of current caseloads where services are targeted to families and children with additional needs across all Children's Centres was undertaken w/e 17th January 2014. This showed 213 families/children being supported through home visits and 252 families/children supported through the delivery of 33 targeted groups. This is an average of 7/8 children and / or parents at each group.</p> <p>Analysis of the weekly groups show that approximately 13 universal / open access groups are run each week across all Children's Centres, in addition to the targeted work.</p>	<p>The proposal is to commission a fully targeted outreach service from this budget which supports children and families with additional needs.</p> <p>It is not proposed to commission or fund any open access/ universal groups or services from this budget for families and children without additional needs from April 2015.</p> <p>Modelling shows that the new outreach service would have capacity to support around 220 families at any one time through home visits, and deliver the same number of targeted groups.</p>
2	Volunteer and peer support programme. The snap shot w/e 17 th January showed that 72 volunteers were being supported	Volunteer and peer support programme
3	Link social worker	Link Social Worker
4	Early Years teacher support	Early Years teacher support

ii) Universal and targeted services – how it's proposed to target services

Universal services are open access and available to all families and children, irrespective of the level of need. The Health Visitor service which works very closely with Children's Centre services is an example of a universal health care service which is available to all families with expectant mums and with children aged 0-4. They carry out new birth visits and follow up visits to all families and children. Where they identify a family or child with an additional need; where the parents are isolated and struggling to cope, or where a child is not developing well. The Health Visitor will refer the family to the Children's Centre service for support and interventions to address these needs. The largest source of referrals into Children's Centre Services is from the universal Health Visitor Service. Recent analysis over a 12 month period shows that 61% of the

769 families and children referred to Children’s Centre Services are from Health Visitors. This percentage is larger in the Keynsham/ Chew Valley and Bath West groups, where over 70% of referrals are from Health Visitors. It is expected that the proportion of referrals from Health Visitors will continue to increase as integrated working with Children’s Centres continues to improve.

Targeted Services are for those families and children with one or more additional needs, but these needs and risks are not significant enough to meet the criteria for a social worker or statutory intervention. An additional need could be a personal need of the parent or the child, or a need resulting from their circumstances such as poverty, or where they live, or as is often the case a combination of these.

Access to Children’s Centres has historically been through the universal groups run by the Centres themselves such as Stay and Play. The development of the Health Visitor service over the last few years, and the need to respond to those families and children in greatest need, has resulted in Children Centre services becoming increasingly targeted. (Only 8% of referrals are from universal groups)

iii) The current number and roles of Children Centre staff in each group

The staffing information includes the staff who work in the nurseries, where they are run by either B&NES or First Steps as part of the current Children’s Centre Service.

The 9 Children’s Centre Services run by B&NES

Bath East Children’s Centre (St. Martin’s Garden; Parkside & Weston)		
Post Description	FTE	Hours
Admin/Reception	1.00	37.00
Early Years Assistant	0.78	29.00
Lead Outreach Worker	1.00	37.00
Receptionist and Administration Assistant	1.00	37.00
Receptionist/Administrative Assistant	1.00	37.00
Senior Early Years Practitioner	0.40	15.00
Finance and Office Manager	1.00	37.00
Children's Centre Co-ordinator	1.00	37.00
Children's Centre Housekeeper	0.81	30.00
Senior Early Years Practitioner	1.00	37.00
Early Year Practitioner	0.56	21.00
Children's Centre Service Manager	1.00	37.00
Lead Outreach Worker	0.61	22.50
Outreach Worker	0.54	20.00
Early Years Practitioner	1.00	37.00
Outreach Worker - Young Fam and Babies	1.00	37.00
Children's Centre Social Worker	0.81	30.00
Project Worker	1.00	37.00
Children's Centre Co-ordinator	1.00	37.00

Outreach Worker	1.00	37.00
Lead Children Centre Outreach Worker	0.81	30.00
Volunteer Coordinator Manager	0.81	30.00
Lead outreach worker	0.81	30.00
CC Co-ordinator	1.00	37.00
Children's Centre Co-ordinator	1.00	37.00
Senior Early Years Practitioner	0.40	15.00
	Total	22.3 FTE

St. Martin's Garden Children's Centre Nursery		
Post Description	FTE	Hours
Lead Snr Early Years Practitioner	1.00	37.00
Early Years Practitioner	0.73	27.00
Early Years Practitioner	1.00	32.00
Children's Centre Teacher	1.00	37.00
Early Years Assistant	0.78	29.00
Early Years Assistant	0.81	30.00
Early Years Assistant	0.81	30.00
Early Years Assistant	0.43	16.00
Early Years Assistant	0.81	30.00
Play Worker (Children's Centre)	0.76	28.00
Early Years Practitioner	0.86	32.00
Early Years Practitioner	1.00	37.00
Early Years Assistant	0.43	16.00
Children's Centre Co-ordinator	1.00	37.00
Early Years Practitioner	1.00	37.00
Early Years Practitioner	0.42	15.50
Early Years Practitioner	0.81	30.00
Early Years Assistant	0.65	24.00
	Total	14.31 FTE

Keynsham & Chew Valley Children's Centre		
Post Description	FTE	Hours
Children's Centre Service Manager	1.00	37.00
Children's Centre Outreach Worker	0.65	24.00
Lead Children Centre Outreach Worker	0.70	26.00
Children's Centre Receptionist	0.49	18.00
Children's Centre Co-ordinator	0.81	30.00
Lead Outreach Worker	1.00	37.00
Snr Early Years Practitioner	1.00	37.00
Snr Early Years Practitioner	0.49	18.00

Keynsham & Chew Valley Children's Centre		
Post Description	FTE	Hours
Lead Children Centre Outreach Worker	0.20	7.5
Children's Centre Co-ordinator	0.81	30.00
Day Care Social Worker - Early Years	0.50	18.50
Project Worker 1	0.54	20.00
Children's Centre Social Worker	0.41	15
Admin Officer	0.61	22.50
Early Years Practitioner	0.00	CASUAL
Receptionist Clerical Officer	1.00	37.00
	Total	10.2 FTE

Somer Valley Children's Centres (Peasedown St. John, Radstock, Midsomer Norton & Paulton) Children's Centre		
Post Description	FTE	Hours
Lead Outreach Worker	1.00	37.00
Lead Outreach Worker	0.42	15.50
Project Worker	0.57	21.00
Receptionist / Admin Officer	0.51	19.00
Children's Centre Receptionist	1.00	37.00
Snr Early Years Practitioner	1.00	37.00
Snr Early Years Practitioner	1.00	37.00
Children's Centre Receptionist	0.19	7.00
Early Years Assistant	0.41	15.00
Children's Centre Service Manager	1.00	37.00
Children's Centre Receptionist	0.54	20.00
Children's Centre Co-ordinator	1.00	37.00
Receptionist/Clerical officer	0.61	22.50
Children's Centre Co-ordinator	0.61	22.50
Children's Centre Co-ordinator	0.61	22.50
Business Market Manager	0.61	22.50
Lead Children Centre Outreach Worker	0.61	22.50
Lead Children Centre Outreach Worker	0.81	30.00
Early Years Practitioner	1.00	37.00
Children's Centre Co-ordinator	0.81	30.00
Office Manager	1.00	37.00
Caretaker	0.41	15.00
	Total	16.89 FTE

Radstock Children's Centre Nursery		
Post Description	FTE	Hours
Early Years Assistant	0.43	16.00

Early Years Practitioner	1.00	37.00
Early Years Practitioner	1.00	37.00
Receptionist/Clerical Officer	0.54	20.00
Early Years Practitioner	0.91	33.50
Housekeeper	0.67	25.00
Early Years Assistant	1.00	37.00
Children's Centre Qualified Teacher	0.53	19.50
Early Years Assistant	1.00	37.00
Children's Centre Co-ordinator	0.95	35.00
Children's Centre Co-ordinator	0.68	25.00
Early Years Practitioner	0.51	19.00
Office Manager	0.43	16.00
Early Years Assistant	0.61	22.50
Early Years Assistant	0.68	25.00
Early Years Practitioner	1.00	37.00
Early Years Assistant	0.84	31.22
Snr Early Years Practitioner	1.00	37.00
Early Years Practitioner	1.00	37.00
Early Years Assistant	0.68	25.00
Early Years Practitioner	1.00	37.00
Total 16.45 FTE		

The two Children's Centres delivered by First Steps

Post	Team	Hours
Children's Centre Co-ordinator	Family Services	37.50
Family Link/ Group Worker	Family Services	37.5
Family Link/ Group Worker	Family Services	21
Senior Practitioner, Family Services	Family Services	22.50
Senior Practitioner, Family Services	Family Services	30.00
Family Link/ Group Worker	Family Services	18
Senior Practitioner, Family Services	Family Services	22.5
Administrator/ Receptionist	HQ, Admin & Ancillary	18.00
Caretaker	HQ, Admin & Ancillary	15.00
Senior Receptionist	HQ, Admin & Ancillary	37.50
Development Officer/PA to the Chief Executive	HQ, Admin & Ancillary	22.00
Finance Officer	HQ, Admin & Ancillary	25.00
Administrator/ Receptionist	HQ, Admin & Ancillary	37.50
Senior Administrator	HQ, Admin & Ancillary	35.00
Chief Executive	HQ, Admin & Ancillary	37.50
Finance and Administration Manager	HQ, Admin & Ancillary	37.50
Administrator/ Receptionist	HQ, Admin & Ancillary	15.00
Maternity Cover Administrator/ Receptionist/ Housekeeping Assistant	HQ, Admin & Ancillary	15.00
Senior Nursery Nurse	Moorlands	37.50
Cook	Moorlands	27.50

Post	Team	Hours
Senior Practitioner	Moorlands	32.00
Nursery Assistant	Moorlands	35.50
Senior Nursery Nurse	Moorlands	34.00
Assistant Manager	Moorlands	37.50
Nursery Assistant	Moorlands	31
Senior Practitioner	Moorlands	37.50
Nursery Nurse	Moorlands	28.75
Nursery Nurse	Moorlands	30
Nursery Nurse	Moorlands	35.00
Nursery Assistant	Moorlands	37.5
Children's Services Manager	Moorlands	33.50
Nursery Assistant	Moorlands	22.50
Trainee Nursery Nurse (Nursery Assistant)	Moorlands	37.5
Senior Nursery Nurse	Moorlands	22.00
Children's Services Manager	Twerton	37.5
Nursery Assistant	Twerton	32.00
Nursery Nurse	Twerton	25
Nursery Nurse	Twerton	22.00
Nursery Nurse	Twerton	16.00
Assistant Manager, Children's services	Twerton	37.50
Nursery Nurse	Twerton	37.50
Nursery Assistant	Twerton	37.5
Senior Practitioner	Twerton	37.50
Senior Practitioner	Twerton	37.50
Cook	Twerton	28.33
Nursery Nurse	Twerton	30.00
Senior Practitioner	Twerton	34.00
Nursery Nurse	Twerton	37.50
Nursery Nurse	Twerton	37.50
Senior Nursery Nurse	Twerton	30.00
Senior Nursery Nurse	Twerton	37.50
Senior Practitioner	Twerton	37.50
Nursery Assistant	Twerton	25.00
Nursery Assistant	Twerton	23.00

There are a total of 49.4 FTE posts in the 9 Children's Centres delivered by B&NES and 11.8 FTE in the two centres delivered by First Steps. 61.2 FTE posts in total.

Number and type of posts in the Children's Centre Service in the emerging model

When the new services are commissioned in 2015, the number and type of posts will not be prescribed, only the expected outcomes, delivery targets and quality standards.

It will be up the provider to decide the best staffing model to deliver these requirements. However, analyse of current service levels and modelling work to cost

the emerging models suggests a minimum of 47 FTE posts could be provided. Staffing costs are generally lower in the voluntary sector, so the number of posts could increase if this were to be the case.

iv) Current and proposed Children Centre Opening Times

Bath	Current	Hours	Proposed	Hours	Change
Parkside	M-F 9-4/4.30	35.5	Service Centre - open full time	35.5	0
Twerton**	M-F 8-6	50	Service Centre - open full time	50	0
Moorlands**	M-F 8-5.30	45	Mon pm; Thurs:pm*	7	38
St Martins**	M-F 9-4.30	35	Tu am; Thur pm, Fri 9-4	14.5	20.5
Weston	M-F 9-4.30	35	M pm; Tu pm; Thu pm	10.5	24.5
NE Somerset					
Midsomer Norton	M-F 8.30 - 4/4.30	39.5	M 8.30-4.00, Tu am; W pm, Th 9-4	22	17.5
Radstock**	M-F 8.30-4/4.30	39.5	Service Centre - open full time	39.5	0
Paulton**	Wed/Thur 8.30-4.30	16	W am; Th am	6	10
Peasedown	Mon-Weds 8.30-4.30	24	Weds am;*	3	21
Keynsham**	M-F 9-5	35	Service Centre - open full time	35	0
Chew Valley**	M-F 9-5	35	M9-4, Tu am;Weds 9-12,Th 11-2.30	18.5	16.5
		389.5		238.5	148
%				62	
Notes: Moorlands has a large nursery. One additional room is available in the Centre to run groups and activities. Other community venues are also used in area. * days and times vary ** these Children's Centres have nurseries located on site and all are open full time, except Keynsham which is part time.					

The opening times of the 7 Children's Centres which are not 'service centres' will match the times when the groups and courses are running. The emerging model will not affect the delivery of these.

To provide receptionist cover for every Children's Centre to allow it to be open every day would cost £294,000 per annum, it should be noted that whilst the Centre would be open there would be no additional groups funded by the Council.

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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	12th February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2558
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2013 to December 2013	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report</p> <p>Appendix 1: Revenue & Capital Monitoring Commentary Appendix 2: Revenue Monitoring Statement: All Council Spending Appendix 3: Capital Monitoring Statement: All Council Spending Appendices 4(i) & 4(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2013/14 Appendices 5(i) & 5(ii): Capital Virements & Capital Programme by Portfolio 2013/14</p>		

1 THE ISSUE

1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2013/14 to the end of December 2013.

2 RECOMMENDATION

The Cabinet agrees that:

2.1 Strategic Directors should continue to work towards managing within budget in the current year for their respective service areas, and to manage below budget where possible by not committing unnecessary expenditure, through tight budgetary control.

2.2 This year's revenue budget position as shown in Appendix 2 is noted.

2.3 The capital expenditure position for the Council in the financial year to the end of September and the year end projections detailed in Appendix 3 of this report are noted.

2.4 The revenue virements listed for approval in Appendix 4(i) are agreed.

2.5 The changes in the capital programme listed in Appendix 5(i) are noted.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 The annual medium term financial planning process allocates scarce resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2013 through the Budget setting process.

5 THE REPORT

5.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.

5.2 For revenue, where overspent, services are normally expected to seek compensating savings to try and bring budgets back to balance.

5.3 Appendix 1 highlights significant areas of forecast over and under spends in revenue budgets. Appendix 2 outlines the Council's current revenue financial position for the 2013/14 financial year to the end of December 2013 by Cabinet Portfolio. The current forecast outturn position is for an underspend of £1,945,000 which equates to 0.61% of gross budgeted spend (excluding Schools).

5.4 The forecast outturn position includes the delivery of £11.63m savings required as part of the approved budget for 2013/14.

5.5 There is an exceptional return being generated this year by the Heritage estate, in particular the Roman Baths. This is based on the exceptional increase in visitors following on from the Olympics last year. This is supplemented by significant additional benefits being achieved from the Council's recent debt restructuring.

5.6 The Council's financial position, along with its financial management arrangements and controls, are fundamental to continuing to plan and provide services in a managed way, particularly in light of the medium term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

5.7 Revenue budget virements which require cabinet approval are listed in Appendix 4(i). Technical budget adjustments are also shown in Appendix 4(i) for information purposes as required by the Budget Management Scheme.

5.8 Appendix 3 outlines the current position for the 2013/14 Capital budget of £84.904m (excluding contingency), with a current forecast spend of £55.51m which is £29.394m less than the budget.

5.9 Previously approved changes to the capital programme are listed in Appendix 5(i), while Appendix 5(ii) provides the updated capital programme allocated by Portfolio.

6 RATIONALE

6.1 The report is presented as part of the reporting of financial management and budgetary control required by the Council.

7 OTHER OPTIONS CONSIDERED

7.1 None

8 CONSULTATION

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

9 RISK MANAGEMENT

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

9.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

Contact person	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> Tim_Richens@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk
Background papers	<i>Budget Management Scheme</i>
Please contact the report author if you need to access this report in an alternative format	

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REVENUE BUDGET MONITORING APRIL 2013 TO DECEMBER 2013

- 1.1 Appendix 2 outlines the Council's current financial position for the 2013/14 financial year to the end of December 2013 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an underspend of £1,945,000 before one-off costs, or 0.61% of the gross expenditure budget (excluding Schools).
- 1.2 The forecast outturn position includes the delivery of £11.63m savings required as part of the approved budget for 2013/14.
- 1.3 Within the current £1,945,000 forecast underspend figure, there are areas of over and under spending which are detailed below along with planned management actions being taken to reduce any overspends. The Council has also incurred a range of one-off costs relating to the delivery of planned savings. The funding for these costs may be offset against the projected underspends.

1.4 Leader's Portfolio – forecast £37,000 underspend

There is a £44,000 forecast overspend in Legal Services as detailed savings proposals are reviewed. This is offset against underspends of £14,000 in People Services and £59,000 in Human Resources salary budgets.

This Portfolio includes an approved use of reserves of £500,000 to cover the delayed implementation of the Council's Corporate Travel Plan arrangements. This will be reviewed pending the actual outturn position.

1.5 Community Resources Portfolio – forecast £795,000 underspend

The forecast overspend on this portfolio is made up of the following variances:

Support Services: There is an overspend of £252,000 in Property and Facilities, mainly due to Commercial Estate income being forecast £323,000 below budget following a delay in achieving anticipated rental income. This is being partially offset by reduced spend in repairs & maintenance, and salary savings within Property Services. Elsewhere within Support Services, there are underspends of £75,000 Finance due to recharges to the Change Programme, and £54,000 in Customer Services due to salary savings pending a service restructure.

Corporate costs: £885,000 forecast underspend, mainly due to £600,000 forecast net savings in debt costs and interest following the recent repayment of council borrowing. There are also additional savings of £80,000 in the cost of external auditors since the Government's rationalisation of the external audit regime, a £125,000 favourable adjustment to prior years' Housing Benefit subsidies, and the Council Tax Freeze Grant is £50,000 higher than originally budgeted for.

1.6 Wellbeing Portfolio – forecast on target

Net spending pressures of £126,000 in purchasing budgets for Older People Services (including Physically Disabled) and £188,000 in Learning Difficulties, due to an increase in the demand of packages, have been offset within the Portfolio by Section 256 funding received from the PCT in 2013/14, and carried forward funding from 2012/13 for growth in purchasing budgets. Fairer Contributions Income from personal contributions is now forecast to be £20,000 above budget.

1.7 Early Years, Children & Youth Portfolio – forecast £45,000 overspend

Within this portfolio, there is a £99,000 forecast overspend resulting from an individual remand case, estimated to cost £500 per day. This has been partially offset by salary and training savings across services. There are several demand-led budgets which could impact on this should they increase over the coming months, including Looked After Children, Parent & Baby Placements and remand care.

1.8 Homes & Planning Portfolio – forecast £192,000 underspend

The underspend in this Portfolio is due to £169,000 underspend in Planning Services due to increased volumes of planning applications, and £23,000 in Building Control and Land Charges, due to staffing savings and increased income. Building Control income is being closely monitored in case of under recovery throughout the year.

1.9 Sustainable Development Portfolio – forecast £1,110,000 underspend

The majority of this forecast underspend is due to a favourable income forecast in Heritage Services, with the trading surplus forecast now £903,000 above the annual target level of £4.054m.

Admission income and visitor numbers are 10% above estimates and previous year figures at the Roman Baths site. Retail gross surplus in Heritage Services is also higher than expected.

Within Tourism & Destination Management there is also forecast to be additional income from the Council's share of trading activity profit for the year. This is currently forecast to be £115,000 higher than projected.

1.10 Neighbourhoods Portfolio – forecast £178,000 underspend

There is a £393,000 forecast net underspend in Waste Services, due to one off underspends from inflation savings on the waste contract, lower disposal tonnages, staffing turnover savings and a delay in service supported debt costs being charged to the service following delays in the procurement process of new vehicles.

This is offsetting overspends of £104,00 in Public Protection due to savings targets not being fully achieved, £63,000 in Neighbourhoods partially resulting from overspending in public conveniences, £20,000 in Leisure Services due to staffing

overspends, and £25,000 in Library Services, due to income shortfall and IT centralisation pressures.

1.11 Transport Portfolio – forecast £179,000 underspend

There is a £191,000 underspend in Park & Ride due to increased income being reimbursed for concessionary fares, unbudgeted income from bus penalties and renegotiated bus contract. There are also underspends totalling £213,000 in Transport Design & Projects & Transportation Planning, due to more accurate concessionary fares charging and staffing / project under-spending. This is offsetting £70,000 unexpected expenditure on on-going Transport Schemes within Highways. There are also potential upcoming pressures in Highway Maintenance dependant on the winter weather.

Parking Services is currently forecast £150,000 overspent, with £100,000 of this being a shortfall in bus gate income. On-going work is being undertaken to closely monitor the current & future income budgets.

1.12 The Council has requested that the delivery of the key savings for the 2013/14 budget, including potential impacts, should be included as part of the regular budget monitoring. The following table provides a narrative on key savings:

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<u>Wellbeing</u>			
Savings achieved through a reduction in the “non-statutory” services funded as part of the “Supporting People & Communities Programme”.	152	152	On track to meet savings target, a number of voluntary organisations that have been funded to provide these non-statutory services have had their funding reduced and contracts agreed to enable this to happen.
<u>Early Years, Children & Youth</u>			
Reductions in Children’s Commissioned Services.	178	157	Commissions ceased where planned, with staffing issues still to be finalised. Forecast that full saving will be achieved by year-end.
<u>Neighbourhoods</u>			
Public Protection - consolidate services, review elements for delivery with a view to minimising service provided.	303	166	Current savings achieved through Voluntary Redundancies, vacancies and supplies and services savings. Plans are being reviewed for remaining target.

Community Resources			
Property - reduction in staffing levels to facilitate a 20% reduction target. Reduction in Repairs & Maintenance budgets.	721	721	Target for 2013-14 is already achieved and further plans are being worked up and costed for the achievement of 2014-15 target. Budget has been reduced and staff working towards new target.
Property Services – increased revenue income through investment in Commercial properties	550	250	Arises from the potential to invest in properties with secure returns that exceed those available through usual treasury management opportunities. Future acquisitions need to be linked to the enhancement of the Council's estate and to therefore achieve wider property objectives.
Capital & Debt Charges	1,700	1,700	Complete. Following the proposal that was agreed in June, the loan repayments took place in July and August.
Leader			
Corporate Travel Plan - review of business travel & reimbursement arrangements across the Council.	500	0	The project is to support changes in the business travel practices of staff, reducing journeys and carbon emissions A revised proposal is currently being agreed with managers, staff and unions which will impact on savings deliverable in the current year.
ICT - rationalisation of systems, improved procurement, implementation of IT strategy & Consolidation of budgets. In-sourcing of ICT function.	350	350	Following a review of insourcing and ICT budget centralisation, these savings are confirmed for 2013/14.

CAPITAL BUDGET MONITORING – APRIL 2013 TO DECEMBER 2013

1.13 The 2013/14 Capital Programme approved by Council in February 2013 was £58.07m (excluding contingency). Since then, £14.9m of spend on existing capital projects has been approved, along with re-phasing of £12.14m as recommended in the 2012/13 Outturn Report on 10th July 2013.

1.14 The approved Capital Programme for 2013/14 is currently £84.904m (excluding contingency), and is detailed in Appendix 5(ii). Changes to the Capital Programme since July Cabinet are shown in Appendix 5(i).

1.15 Progressing Capital Projects Update

- **Keynsham Regeneration** – Project remains on-time and on-budget. Window installations are progressing as planned to the Offices and Civic Centre. Mechanical and electrical first fix works have commenced. Solar PVs have been ordered for both the Office and Civic Centre roofs. The tower crane has been removed.
- **Bath Transport Package – Lansdown Park and Ride**
Bus shelter structure complete. Sports pitch remedial works on-going, wet weather has hindered operations.

Newbridge Park and Ride

Planning permission for the Park & Ride has been granted. The contractors continue to manage the on-going Environmental works. Detailed design work is currently progressing.

Real Time Information (RTI)

68 buses have already been fitted out ready with the RTI equipment. Equipment has now been installed on Wiltshire buses and will be installed on Wessex buses by March 2014. On street displays installation work is due to be undertaken during Summer 2014.

Bus Stops

Contractors are delivering the Bus Stop construction; currently 184 stops have been upgraded. The Bus Stop programme is expected to complete in March 2015

Victoria Bridge – Listed Building Consent now granted and pre-start conditions discharged.

- o Main Contractor stage 1 pre-construction services underway.

- o Works completion anticipated Q3 2015.

- o It is anticipated that access will be maintained over the bridge for the majority of the works period and a small number of short stoppages of the Bridge will be required.

- **Rossiter Road** – The capital budget available to bring the scheme to completion is £1.835m. The detailed design of the scheme is being progressed, with highways surfacing costs met from highways capital maintenance budget. The scheme is scheduled for delivery in 2014/15 and procurement is underway, which will finalise cost estimates.
- **Grand Parade and Undercroft** -
Project remains on-time and on-budget. A positive response has been received from the planning pre-application. Soft market testing is ongoing with encouraging feedback so far. Marketing literature is being finalized.

- **Revolving Infrastructure Fund Schemes – Gas Tanks**

Gas Holder has been decommissioned and Hazardous Storage License revoked. Wales and West have now completed the demolition tendering.

- **Flood Alleviation**

Project has completed the pre-application process. Further environmental work is being undertaken as part of the environmental statement. B&NES & Environment Agency held a 2nd successful stakeholder workshop in October 2013. Design team working towards a planning application in the new year.

- **London Road Regeneration** - The project is nearing design completion. Following comments from the cycling group a review of the scheme has taken place and revisions to the layout are now being considered by the design team before submission to the Highway Authority for approval.

- **Batheaston Footbridge and Bridleway** - Contractor appointed with work commencing October 2013, planned completion is now delayed due to disruption on the flood plain.

- **Heritage Investment**

The catering development created a new facility for Roman Baths visitors in response to customer feedback requesting additional catering facilities and in order to increase further the “secondary spend” (catering income) generated from visitors. The refurbishment of the Pump Room façade forms part of a rolling programme of works to conserve the infrastructure of the Roman Baths historic monument. All neighbours, ward councillors and key partners were advised of the work before it started. The Temple Precinct scheme continues the programme to redevelop and refurbish visitor facilities and provide step-free access for Roman Baths visitors. All three projects form part of the integrated five year business strategy for Heritage Services approved by Cabinet in April 2013.

Portfolio Summary Monitor	CURRENT YEAR 2013/14 FORECAST OUTTURN					ADVERSE / FAVOURABLE
	REVENUE SPENDING For the Period APRIL 2013 to DECEMBER 2013	Forecast Gross Expenditure	Forecast Gross Income	Net Forecast Actual	Annual Current Budget	
	£'000	£'000	£'000	£'000	£'000	£'000
Leader	14,738	(5,750)	8,988	9,025	(37)	FAV
Community Resources	45,936	(41,803)	4,133	4,929	(795)	FAV
Wellbeing	103,535	(42,158)	61,378	61,378	0	ON TARGET
Early Years, Children & Youth	159,066	(131,379)	27,687	27,642	45	ADV
Homes & Planning	7,400	(3,047)	4,353	4,545	(192)	FAV
Sustainable Development	15,384	(18,126)	(2,743)	(1,632)	(1,110)	FAV
Neighbourhoods	27,732	(7,304)	20,427	20,605	(178)	FAV
Transport	28,548	(21,701)	6,847	7,025	(179)	FAV
TOTAL COUNCIL	402,338	(271,268)	131,071	133,516	(2,445)	FAV
Remove Corporate Travel Plan Reserves Drawdown					500	
REVISED TOTAL COUNCIL	402,338	(271,268)	131,071	133,516	(1,945)	FAV

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Capital Monitoring Statement: All Council Spending

Appendix 3

Capital Monitor Apr 2013/14 - Dec 2013/14 Summary by Senior Manager	Current Year		Prior Years	Budget				Forecast				Variance			
	Actuals £' 000's	Commitments £' 000's	Actual Spend to Date £' 000's	Total Spend £' 000's	Budget 2013/2014 £' 000's	Budget 2014/2015 £' 000's	Budget 2015/2016 £' 000's	Total Scheme Budget £' 000's	Forecast 2013/2014 £' 000's	Forecast 2014/2015 £' 000's	Forecast 2015/2016 £' 000's	Forecast 2016/2017 £' 000's	Total Scheme Forecast £' 000's	Current Year £' 000's	Scheme £' 000's
Place	9,156	15,692	24,848	35,491	40,267	17,799	2,603	96,610	24,443	22,474	11,071	1,560	95,039	(15,823)	(1,571)
Resources	11,923	12,915	24,838	16,938	31,795	13,614	33	62,673	20,728	17,845	5,239	0	60,976	(11,067)	(1,697)
People & Communities	4,749	1,388	6,137	58,126	12,842	2,273	20	73,261	10,338	4,480	317	35	73,297	(2,504)	36
Total	25,828	29,995	55,823	110,555	84,904	33,687	2,656	232,544	55,510	44,799	16,627	1,595	229,312	(29,394)	(3,232)
Corporate Budgets	0	0	0	0	2,805	0	0	2,805	0	0	0	0	0	(2,805)	(2,805)
GRAND TOTAL	25,828	29,995	55,823	110,555	87,709	33,687	2,656	235,350	55,510	44,799	16,627	1,595	229,312	(32,199)	(6,037)

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2013/2014 Revenue Virements for Approval

Appendix 4 (i)

<u>REF NO</u>	<u>REASON/ EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
The following virements are reported for approval under the Budget Management Scheme rules.											
LOG 13#04	Keynsham New Build & New Ways of Working Management	Leader	Improvement & Performance		75,311	Community Resources	Strategic Director - Resources		75,311	Budget for deleted Divisional Director - Improvement & Performance transferred to cover work on for New Ways of Working & Keynsham New Build.	Budget virement is on-going.
LOG 13#05	New Ways of Working	Leader	Improvement & Performance		76,220	Community Resources	Strategic Director - Resources		76,220	Performance staff now spending part of their time working for New Ways of Working project.	Budget virement is one off.
OVERALL TOTALS				0	151,531			0	151,531		

2013/2014 Revenue Virements for Information

REF NO **REASON/ EXPLANATION** **CABINET MEMBER** **TRANSFER FROM** **Income (£'s)** **Expenditure (£'s)** **CABINET MEMBER** **TRANSFER TO** **Income (£'s)** **Expenditure (£'s)** **DESCRIPTION** **ONGOING EFFECTS**

The following virements have either been previously approved, are technical in nature or are below limits within BMS that require approval, and therefore are reported for information only.

REF NO	REASON/ EXPLANATION	CABINET MEMBER	TRANSFER FROM	Income (£'s)	Expenditure (£'s)	CABINET MEMBER	TRANSFER TO	Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
INFO 13#32	Centralisation of IT Budgets	Leader	Council Solicitor & Democratic Services		45,959	Leader	Council Retained ICT Budgets		171,787	Additional consolidation of the Council's IT budgets as part of the MTSRP savings delivery.	Budget virement is ongoing.
		Community Resources	Improvement & Performance		102,498	Wellbeing	Adult Services		1,160		
		Neighbourhoods	Customer Services Neighbourhood Services		19,490						
INFO 13#33	Finance Support Budgets	Community Resources	Property Services		8,345	Community Resources	Finance		8,345	Further realignment of Finance Support budgets within service areas following the recent Finance restructure, bringing them all within the Finance cash limit.	Budget virement is ongoing.
INFO 13#34	Audit Shared Service	Community Resources	Risk & Assurance Services		33,540	Community Resources	Strategic Director - Resources		33,540	Income from shared Audit management with North Somerset Council.	Budget virement is ongoing.
INFO 13#35	Workplaces - Divisional Director charges	Community Resources	Property Services		50,375	Community Resources	Strategic Director - Resources		50,375	Divisional Director - Property & Facilities costs recovered from Workplaces.	Budget virement is ongoing.
INFO 13#36	People Services Cash Limit Creation	Leader	Improvement & Performance		589,011	Leader	People Services		589,011	Creation of People Services cash limit following the transfer back into the Council in July 2013.	Budget virement is ongoing.
INFO 13#37	Geographic Information System	Homes & Planning	Building Control and Land Charges		15,816	Transport	Highways - Network Maintenance		15,816	Correction to virement 13#31 in relation to removal of GIS recharge budget in Highways - reported the wrong way around previously.	Budget virement is ongoing.

OVERALL TOTALS	0	870,034	0	870,034	0	870,034
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Portfolio Cash Limits 2013/14 - Revenue Budgets
Appendix 4(ii)

CABINET PORTFOLIO	Service	Nov'13 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Feb'14 Revised Cash Limits £'000
Leader	Policy & Partnerships	1,472			1,472
	Council's Retained ICT Budgets	4,491	172		4,663
	People Services		589		589
	Council Solicitor & Democratic Services	1,652	(46)		1,606
	Improvement & Performance	2,038	(692)	(152)	1,195
	PORTFOLIO SUB TOTAL	9,653	23	(152)	9,525
Community Resources	Finance	1,640	8		1,648
	Support Services Change Programme	(4)			(4)
	Customer Services	2,510	(19)		2,491
	Risk & Assurance Services	1,008	(34)		974
	Property Services	521	(59)		462
	Corporate Estate Including R&M	5,431			5,431
	Commercial Estate	(12,443)			(12,443)
	Traded Services	(84)			(84)
	Strategic Director - Resources	(28)	84	152	208
	Corporate items (Tourism Levy, Trading Opps, Community Use of Assets & Corporate Travel Plan)	(500)			(500)
	Hsg / Council Tax Benefits Subsidy	305			305
	Capital Financing / Interest	4,078			4,078
	Unfunded Pensions	1,709			1,709
	Corporate Budgets incl. Capital, Audit & Bank Charges	1,604			1,604
	New Homes Bonus Grant	(1,977)			(1,977)
	Magistrates	17			17
	Coroners	305			305
Environment Agency	205			205	
	PORTFOLIO SUB TOTAL	4,297	(19)	152	4,429
Wellbeing	Adult Services	60,831	1		60,832
	Adult Substance Misuse (Drug Action Team)	546			546
	PORTFOLIO SUB TOTAL	61,377	1		61,378
Early Years, Children & Youth	Children, Young People & Families	16,940			16,940
	Learning & Inclusion	17,257			17,257
	Health, Commissioning & Planning	(113,838)			(113,838)
	Schools Budget	107,283			107,283
	PORTFOLIO SUB TOTAL	27,642			27,642
Homes & Planning	Planning Services	2,187			2,187
	Building Control & Land Charges	350	(16)		334
	Housing	2,024			2,024
	PORTFOLIO SUB TOTAL	4,561	(16)		4,545
Sustainable Development	Arts	512			512
	Tourism & Destination Management	707			707
	Heritage including Archives	(4,054)			(4,054)
	Project Delivery	181			181
	Regeneration, Skills & Employment	1,021			1,021
	PORTFOLIO SUB TOTAL	(1,632)			(1,632)

Portfolio Cash Limits 2013/14 - Revenue Budgets
Appendix 4(ii)

CABINET PORTFOLIO	Service	Nov'13 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Feb'14 Revised Cash Limits £'000
Neighbourhoods	Service Delivery - Overheads	904			904
	Waste Services	11,021			11,021
	Public Protection	562			562
	Neighbourhood Services	5,138	(5)		5,133
	Libraries & Information	1,977			1,977
	Sports & Active Leisure	888			888
	Community Safety	120			120
	PORTFOLIO SUB TOTAL	20,610	(5)		20,605
Transport	Transport Design & Projects	881			881
	Transportation Planning (incl. Public Transport)	5,783			5,783
	Park & Ride	(682)			(682)
	Highways - Network Maintenance	7,455	16		7,471
	Transport Services	(140)			(140)
	Parking Services	(6,288)			(6,288)
	PORTFOLIO SUB TOTAL	7,010	16		7,025
	NET BUDGET	133,516			133,516

Sources of Funding

Council Tax	71,342			71,342
Revenue Support Grant*	31,106			31,106
Retained Business Rates	20,262			20,262
Collection Fund Deficit (-) or Surplus (+)	168			168
Council Tax Freeze Grant	740			740
Balances	9,899			9,899
Total	133,516			133,516

Capital Virements - Additions & Reductions 2013/2014

Appendix 5 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP13#46 - 2013	Cycle Schemes (excludes Batheaston Footbridge)	3rd Party Contribution	6,000		Place - Transport		6,000	Approved by Technical Adjustment October 2013
CAP13#47 - 2013	Transport Improvement Programme	Revenue	4,000		Place - Highways		4,000	Approved by Technical Adjustment October 2013
CAP13#48 - 2013	LAA Performance Reward Grant	Government Grant	8,415		Resources - Support Services		8,415	Approved by Technical Adjustment October 2013
CAP13#49 - 2013	Wansdyke Sports Centre Refurbishment	Revenue	80,000		Place - Tourism, Leisure & Culture		80,000	Approved by Divisional Director - Resources / Cabinet Member for Community Resources
CAP13#51 - 2013	Two Tunnels	3rd Party Contribution	159,580		Place - Transport		159,580	Approved by Technical Adjustment November 2013
CAP13#52 - 2013	IT Public Service Network	3rd Party Contribution	138,000		Resources - Support Services		138,000	Approved by Technical Adjustment November 2013
CAP13#53 - 2013	IT Asset Refresh	Service Supported Borrowing	172,000		Resources - Support Services		172,000	Approved by Technical Adjustment November 2013
CAP13#54 - 2013	Two Tunnels Element 3	Government Grant	80,000		Place - Transport		80,000	Approved by Cabinet July 2013
CAP13#55 - 2013	Two Year Old Provision	Government Grant / 3rd Party Contribution - S106	34,316		People & Communities - Children's Services		34,316	Approved by Cabinet November 2013
CAP13#56 - 2013	Empty Properties CPO	Capital receipt / Corporate Supported Borrowing	440,350		People & Communities - Adult's Services		440,350	Approved by Cabinet November 2013
OVERALL TOTALS			1,122,661	1,122,661	0	0	1,122,661	-1,122,661

Capital Virements - Additions & Reductions 2013/2014

Appendix 5 (i)

REF NO REASON / EXPLANATION TRANSFER / FUNDING FROM

Income (£'s) Expenditure (£'s) TRANSFER TO

Notes

Capital Virements - Additions & Reductions Future Years

Appendix 5 (i)

REF NO REASON / EXPLANATION TRANSFER / FUNDING FROM

Income (£'s) Expenditure (£'s) TRANSFER TO

Notes

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP13#50 - 2013	Odd Down Playing Field 2014/2015	3rd Party Contribution	123,400		Place - Tourism, Leisure & Culture		123,400	Approved by Technical Adjustment November 2013
CAP13#55 - 2013	Two Year Old Provision 2014/2015	Government Grant / 3rd Party Contribution - S106	202,936		Place - Tourism, Leisure & Culture		202,936	Approved by Cabinet November 2013

OVERALL TOTALS								
			326,336	0			0	326,336
				326,336			-326,336	

Capital Programme by Directorate - 2013/2014
Revised Capital Cash Limits by Directorate

	2013/2014		2013/2014
CAPITAL SCHEME	Revised Budget After 13 November 2013 Cabinet	Approvals to 12 February 2014 Cabinet	Budget at 12 February 2014 Cabinet
Place	£000	£000	£000
Planning & Transport			
Local Sustainable Transport Fund	666		666
BTP - Pre Construction Costs	77		77
BTP Property	203		203
BTP Main Scheme	10,788		10,788
Local Transport Improvement Schemes	1,301	(31)	1,270
Smart Card E Purse for WofE	261		261
5 Arches	26		26
Rossiter Road	791		791
20mph Schemes	383		383
Better Bus Fund	256	(40)	216
Greater Bristol Metro	124		124
Batheaston Footbridge	694		694
Cycle Routes	220	81	301
Two Tunnels	0	240	240
	15,790	250	16,040
Environmental Services			
Highways			
Highways Structural Maintenance	4,772		4,772
Victoria Bridge	1,923		1,923
Waste			
Vehicle Replacements - Waste	485		485
Parking			
Pay & Display Machines / Parking Systems / Permit Processing	150		150
Neighbourhoods			
Vehicle Replacement - Neighbourhoods	258		258
Haycombe Crematorium Chapel Refurbishment	54		54
Haycombe Cemetery	19		19
Allotments	110		110
River Avon Safety Fencing	109		109
Beechen Cliff Woodlands	484		484
	8,364	0	8,364

Capital Programme by Directorate - 2013/2014
Revised Capital Cash Limits by Directorate

	2013/2014		2013/2014
CAPITAL SCHEME	Revised Budget After 13 November 2013 Cabinet	Approvals to 12 February 2014 Cabinet	Budget at 12 February 2014 Cabinet
	£000	£000	£000
Regeneration			
NRR Infrastructure	1,291		1,291
Creative Hub	245		245
BDUK Broadband	460		460
London Road Regeneration - Public Realm Implementation	783		783
London Road Regeneration - Public Realm Grant Scheme	200		200
Radstock Capital Schemes	340		340
Bath Enterprise Area - Flood Mitigation	250		250
River Corridor Fund	100		100
Southgate - Council	115		115
Public Realm - Wayfinding	169		169
Public Realm - High Street	547		547
Public Realm - Northumberland Place	130		130
Public Realm - Pattern Book	160		160
Public Realm - Street Furniture	37		37
Public Realm - Team Costs	38		38
	4,864	0	4,864
BWR			
BWR - Council Project Team	552		552
BWR - Affordable Housing	1,380		1,380
BWR - Infrastructure	2,334		2,334
BWR - Windsor Gas Tanks	1,500		1,500
BWR - Destructor Bridge	1,800		1,800
	7,566	0	7,566
Tourism Leisure & Culture			
Roman Baths Site Development - Catering / Infrastructure / Stone Cleaning	199		199
Beau Street Coin Hoard	90		90
Visitor Management System	100		100
Assembly Rooms Dilapidations	120		120
Hetling Spring Borehole	139		139
Odd Down Playing Field - Cycle Track	22		22
Odd Down Playing Field - Pitch and Changing Rooms	1,567		1,567
Temple Precinct	886		886
Pump Room Gas Supply (Roof)	230		230
Wansdyke Sports Centre Refurbishment	0	80	80
	3,354	80	3,434
Total Approved	39,937	330	40,267
People and Communities			

Capital Programme by Directorate - 2013/2014
Revised Capital Cash Limits by Directorate

CAPITAL SCHEME	2013/2014		2013/2014
	Revised Budget After 13 November 2013 Cabinet	Approvals to 12 February 2014 Cabinet	Budget at 12 February 2014 Cabinet
	£000	£000	£000
Children's Services			
Schools Capital Maintenance Programme	1,205		1,205
Schools Capital Maintenance Programme	0		0
Carbon Reduction Project			
Ralph Allen Applied Learning Centre	1,092		1,092
Wellsway Sports Hall (inc 6 court)	79		79
Devolved Capital 2013/2014	1,741		1,741
Seed Challenge	1		1
School Travel Plans	6		6
Private Capital	180		180
Specialist Schools	80		80
Early Years / Extended Services / Twerton S106	93		93
Writhlington BSF	196		196
Writhlington ALC	47		47
Children's Services Capital Schemes	5		5
Children's Services Capital Schemes Managed by Property	261		261
Aiming High for Disabled Children	53		53
BN - Oldfield Park Infants Expansion	4		4
Oldfield Co Ed Capital Improvements	26		26
Peasedown St John - ALC	35		35
St Gregory's / St Mark's 6th Form	1,376		1,376
Culverhay (Bath Community College) Co-Ed Capital Improvements	14		14
Radstock Nursery Provision / Trinity Primary	171		171
Schools Carbon Reduction Scheme - Lighting	2		2
Margaret Coates Centre Expansion	30		30
Youth Projects	9		9
BN 2012/2013 Schemes			
Weston All Saints Primary / Castle Primary / Paulton Infant / Farrington Gurney Primary / St Saviour's Infant / St Saviour's Junior / Paulton Junior	3,437		3,437
Chew Magna Primary	181		181
Bathampton Primary Land Purchase	30		30
St Michael's Primary BESD Unit	131		131
Moorlands Junior	70		70
Two Year Old provision	0	34	34
	10,553	34	10,587
Adult Social Services & Housing			
Disabled Facilities Grant	1,042		1,042
Adult PSS Capital Grant	385		385
Housing Association Grant	144		144
Occupational Therapy Equipment	100		100
Supported Housing Development	77		77
Carefirst Module for Personal Budgets	16		16
Gypsy and Traveller's Site	50		50
Empty Properties CPO - Affordable Housing	0	440	440
	1,814	440	2,254
Total Approved	12,367	475	12,842

Capital Programme by Directorate - 2013/2014
Revised Capital Cash Limits by Directorate

	2013/2014		2013/2014
	Revised Budget After 13 November 2013 Cabinet	Approvals to 12 February 2014 Cabinet	Budget at 12 February 2014 Cabinet
	£000	£000	£000
CAPITAL SCHEME			
Resources and Support Services			
Property & Facilities			
Corporate Estate Planned Maintenance	835		835
Disposals Programme - Minor	338		338
Key Disposal Programme	250		250
DDA Works	153		153
Commercial Estate Investment Fund	200		200
Saw Close Development	258		258
Bluecoat House	7		7
South Road Car Park MSN	155		155
Victoria Hall	660		660
Grand Parade & Undercroft	430		430
Combe Down Stone Mines (HCA)*	72		72
Paulton Library Relocation	29		29
	3,387	0	3,387
Support Services			
Customer Services System	961		961
Agresso System	6		6
Desk Top Service - VDI Technology	1,468		1,468
Windows 7 Upgrade	400		400
Policy & Partnerships	229	8	238
IT Public Service Network	0	138	138
IT Asset Refresh	0	172	172
	3,064	318	3,382
Workplaces Programme			
Workplaces Programme Delivery	564		564
Lewis House (inc Comms Hub & OSS)	245		245
The Hollies	46		46
Keynsham Regeneration & New Build	24,171		24,171
	25,026	0	25,026
Total Approved	31,477	318	31,795
TOTAL APPROVED	83,781	1,123	84,904
Contingency	2,805		2,805
GRAND TOTAL	86,587	1,123	87,709
Sources of Funding (£'000)			
Government Supported Borrowing	0	80	80
EU/Government Grant	13,664	8	13,673
Capital Receipts (inc RTB)	4,034	355	4,389
Revenue	758	84	842
Service Supported Borrowing / Unsupported Borrowing / Corporate Supported Borrowing (Headroom) (inc Inter Yr Adjustments)	65,469	292	65,761
s106 Contribution	1,939		1,939
Other 3rd Party	722	304	1,026
Total	86,587	1,123	87,709

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	12th February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2559
TITLE:	Treasury Management Monitoring Report to 31st December 2013	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Performance Against Prudential Indicators Appendix 2 – The Council’s Investment Position at 31st December 2013 Appendix 3 – Average monthly rate of return for 1st 9 months of 2013/14 Appendix 4 – The Council’s External Borrowing Position at 31st December 2013 Appendix 5 – Arlingclose’s Economic & Market Review Q3 of 2013/14 Appendix 6 – Interest & Capital Financing Budget Monitoring 2013/14 Appendix 7 – Summary Guide to Credit Ratings</p>		

1 THE ISSUE

1.1 In February 2012 the Council adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.

1.2 This report gives details of performance against the Council’s Treasury Management Strategy and Annual Investment Plan 2013/14 for the first nine months of 2013/14.

2 RECOMMENDATION

The Cabinet agrees that:

2.1 the Treasury Management Report to 31st December 2013, prepared in accordance with the CIPFA Treasury Code of Practice, is noted

2.2 the Treasury Management Indicators to 31st December 2013 are noted.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 This report is for information only.

5 THE REPORT

Summary

- 5.1 The average rate of investment return for the first nine months of 2013/14 is 0.48%, which is 0.07% above the benchmark rate.
- 5.2 The Council's Prudential Indicators for 2013/14 were agreed by Council in February 2013 and performance against the key indicators is shown in **Appendix 1**. All indicators are within target levels.

Summary of Returns

- 5.3 The Council's investment position as at 31st December 2013 is given in **Appendix 2**. The balance of deposits as at 30th September 2013 & 31st December 2013 are also set out in the pie charts in this appendix.
- 5.4 Gross interest earned on investments for the first nine months totalled £283k. Net interest, after deduction of amounts due to West of England Growth Points, B&NES PCT Pooled Budgets and schools, is £221k. **Appendix 3** details the investment performance, the average rate of interest earned over this period was 0.48%, which is 0.07% above the benchmark rate of average 7 day LIBID +0.05% (0.41%).
- 5.5 Funds held on behalf of the West of England Revolving Infrastructure Fund are not included in the summary above.

Summary of Borrowings

- 5.6 The Council has now implemented the restructuring of its Public Works Loan Board debt portfolio by utilising Council's cash flow, which, as can be seen above, is currently earning very low rates of interest. The rescheduling of £50 million of borrowing was completed during the second quarter of 2013/14.
- 5.7 Current forecasts project that the savings in the current year will meet the additional £500K savings target in the Council's 2013/14 approved budget, as well as generating an additional £600k saving. This is achieved by netting off the loss of interest earned on the cash balance against the reduced interest payments made to the Public Works Loan Board.
- 5.8 The Council's total borrowing was £70 million as at the 31st December 2013. The Council's Capital Financing Requirement (CFR) as at 31st March 2013 was £141.8 million with a projected total of £201 million by the end of 2013/14 based on the capital programme approved at February 2013 Council. This represents the Council's need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.

5.9 Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment, for which there is a provision in the Council's revenue budget. The amount of residual debt outstanding as at 31st March 2013 apportioned to Bath & North East Somerset Council is £15.14m. Since this borrowing is managed by Bristol City Council and treated in the Council's Statement of Accounts as a deferred liability, it is not included in the borrowing figures referred to in paragraph 5.8.

5.10 The borrowing portfolio as at 31st December 2013 is shown in **Appendix 4**.

Strategic & Tactical Decisions

5.11 As shown in the charts at Appendix 2, investments continue to be focussed on UK banks that have either already or are likely to receive support from the UK Government should they experience financial difficulties. As at 31st December 2013, £18.0m was invested with AAA rated Money Market funds to increase diversification whilst maintaining strong counterparty rating.

5.12 The Council continues to not invest with banks in countries within the Eurozone. The Council's investment counterparty list does not include any banks from the countries most affected by the Eurozone debt situation (Portugal, Ireland, Greece, Spain and Italy).

5.13 The Council's average investment return is running below the budgeted level of 0.75% due to the continued reduction in current market rates. Also, in line with the debt restructuring strategy, the majority of the remaining cash balance is required for short term cashflow, so cannot be locked into the slightly higher longer term rates. The reduced return is more than offset by the reduced interest payments, as set out in **Appendix 6**.

Future Strategic & Tactical Issues

5.14 Our treasury management advisors economic and market review for the third quarter 2013/14 is included in **Appendix 5**.

5.15 The Bank of England base rate has remained constant at 0.50% since March 2009.

Budget Implications

5.16 A breakdown of the revenue budget for interest and capital financing and the forecast year end position based on the period April to December is included in **Appendix 6**. This is currently forecast to be £600k underspend for 2013/14, resulting from the recent debt rescheduling. This has been factored into the budget plans for 2014/15 and beyond.

6 RATIONALE

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

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

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

8.2 Consultation was carried out via e-mail.

9 RISK MANAGEMENT

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

9.2 The Council's lending & borrowing list is regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment & Borrowing advice is provided by our Treasury Management consultants Arlingclose.

9.3 The 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. In February 2012, the Council's treasury advisors provided training to the Corporate Audit Committee to carry out this scrutiny.

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

Contact person	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> Tim.Richens@bathnes.gov.uk Jamie.Whittard@bathnes.gov.uk
Background papers	<i>2013/14 Treasury Management & Investment Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt

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

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	£'000	£'000
Borrowing	201,000	70,000
Other long term liabilities	2,000	0
Cumulative Total	203,000	70,000

2. Operational limit for external debt

The operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	£'000	£'000
Borrowing	167,000	70,000
Other long term liabilities	2,000	0
Cumulative Total	169,000	70,000

3. Upper limit for fixed interest rate exposure

This is the maximum amount of total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	£'000	£'000
Fixed interest rate exposure	201,000	50,000*

* The £20m of LOBO's are quoted as variable rate in this analysis as the Lender has the option to change the rate at 6 monthly intervals (the Council has the option to repay the loan should the rate increase)

4. Upper limit for variable interest rate exposure

While fixed rate borrowing contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping flexibility through the use of variable interest rates. This is the maximum amount of total borrowing which can be at variable interest rates.

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	£'000	£'000
Variable interest rate exposure	60,000	20,000

5. Upper limit for total principal sums invested for over 364 days

This is the maximum amount of total investments which can be over 364 days. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	£'000	£'000
Investments over 364 days	50,000	0

6. Maturity Structure of new fixed rate borrowing during 2013/14

This indicator is set to control the Council's exposure to refinancing risk.

	Upper Limit	Lower Limit	2013/14 Actual as at 31st Dec. 2013
	%	%	%
Under 12 months	50	Nil	0
12 months and within 24 months	50	Nil	0
24 months and within 5 years	50	Nil	0
5 years and within 10 years	50	Nil	0
10 years and above	100	Nil	100

7. Average Credit Rating

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

	2013/14 Prudential Indicator	2013/14 Actual as at 31st Dec. 2013
	Rating	Rating
Minimum Portfolio Average Credit Rating	A	AA

APPENDIX 2

The Council's Investment position at 31st December 2013

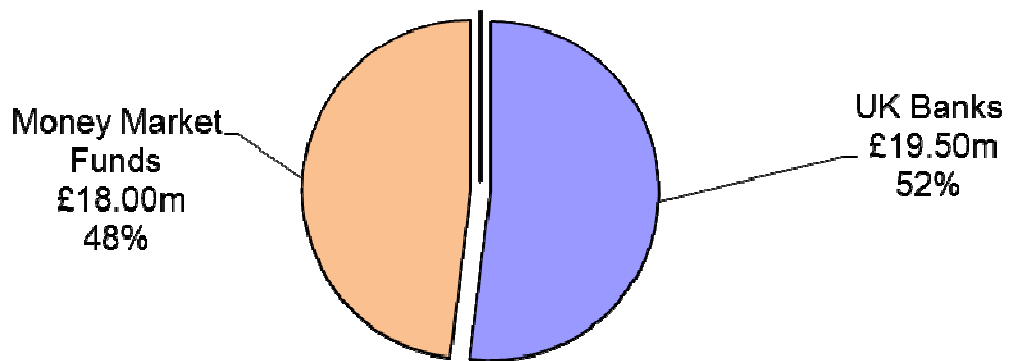
	Balance at 31st December 2013
	£'000's
Notice (instant access funds)	22,500
Up to 1 month	5,000
1 month to 3 months	10,000
Over 3 months	0
Total	37,500

The investment figure of £37.5 million is made up as follows:

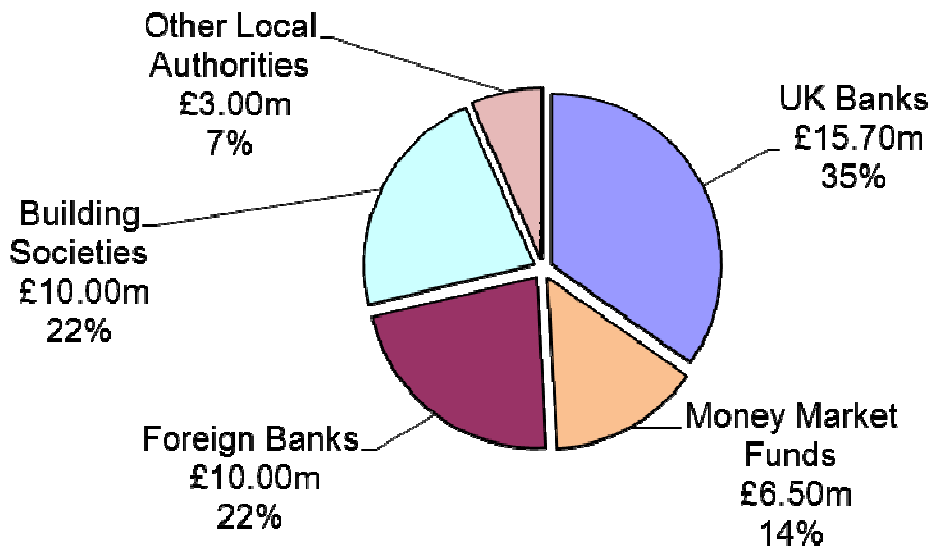
	Balance at 31st December 2013
	£'000's
B&NES Council	19,364
B&NES PCT	8,756
West Of England Growth Points	686
Schools	8,694
Total	37,500

The Council had an average net positive balance of £78.3m (including Growth Points & B&NES PCT Funding) during the period April 2013 to December 2013.

**Chart 1: Council Investments
as at 31st December 2013 (£37.5m)**



**Chart 2: Council Investments
as at 30th September 2013 (£45.2m)**



**Chart 3: Council Investments per Lowest Equivalent
Long-Term Credit Ratings (£37.5m) -
31st December 2013**

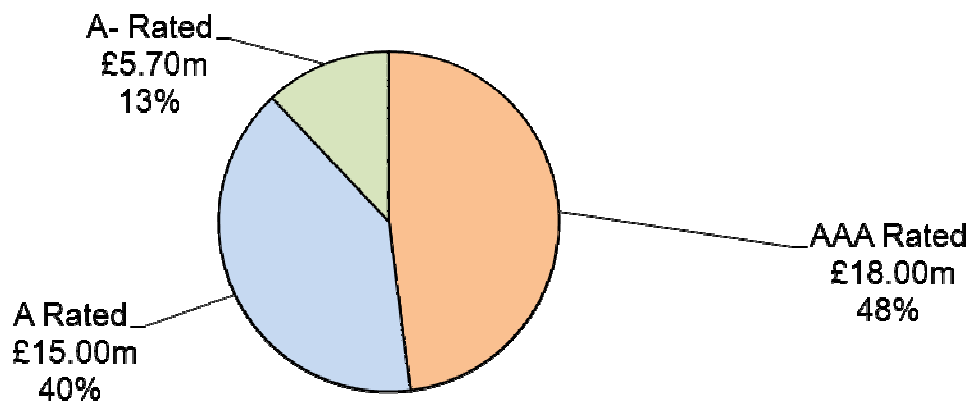
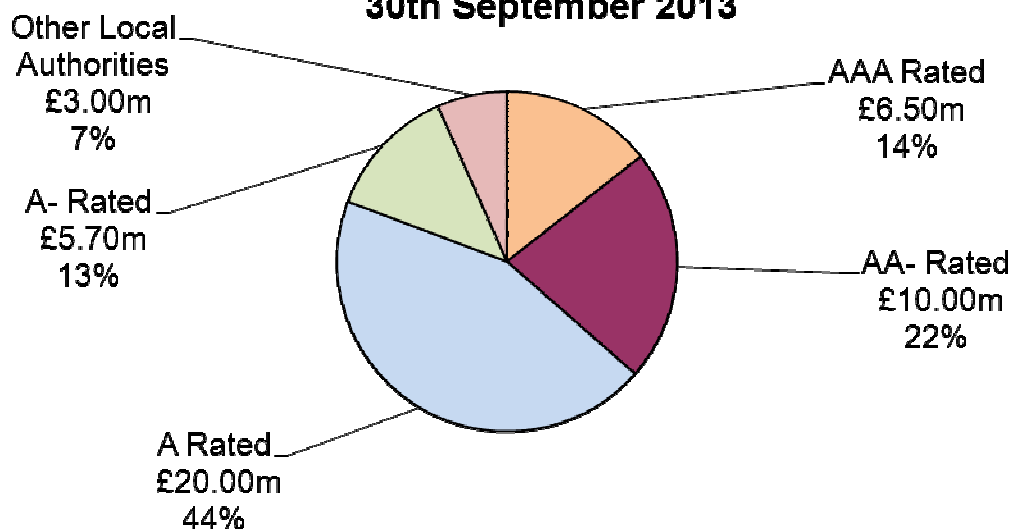


Chart 4: Council Investments per Lowest Equivalent Long-Term Credit Ratings (£45.2m) - 30th September 2013



APPENDIX 3

Average rate of return on investments for 2013/14

	Apr. %	May %	Jun. %	Jul. %	Aug. %	Sep. %
Average rate of interest earned	0.49	0.48	0.47	0.50	0.49	0.49
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.42	0.41	0.41	0.41	0.41	0.40
Performance against Benchmark %	+0.07	+0.07	+0.06	+0.09	+0.08	+0.09

	Oct. %	Nov. %	Dec. %	Average for Period
Average rate of interest earned	0.44	0.46	0.48	0.48
Benchmark = Average 7 Day LIBID rate +0.05%	0.40	0.40	0.40	0.41
Performance against Benchmark %	+0.04	+0.06	+0.08	+0.07

APPENDIX 4
Council's External Borrowing at 31st December 2013

LONG TERM	Amount	Fixed Term	Interest Rate	Variable Term	Interest Rate
PWLB	10,000,000	30 yrs	4.75%	n/a	n/a
PWLB	5,000,000	25 yrs	4.55%	n/a	n/a
PWLB	5,000,000	50 yrs	4.53%	n/a	n/a
PWLB	5,000,000	20 yrs	4.86%	n/a	n/a
PWLB	10,000,000	18 yrs	4.80%	n/a	n/a
PWLB	15,000,000	50 yrs	4.96%	n/a	n/a
KBC Bank N.V*	5,000,000	2 yrs	3.15%	48 yrs	4.50%
KBC Bank N.V*	5,000,000	3 yrs	3.72%	47 yrs	4.50%
Eurohypo Bank*	10,000,000	3 yrs	3.49%	47 yrs	4.50%
TOTAL	70,000,000				

*All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.50%. The lender has the option to change the interest rate at 6 monthly intervals, however at this point the borrower also has the option to repay the loan without penalty.

APPENDIX 5
Economic and market review for July 2013 to December 2013 (Arlingclose)

Growth: The flow of credit to households and businesses slowly improved but was still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.1% in November 2013 helped consumers. There was hope it might allow real wage increases (i.e. after inflation) to slowly turn positive, improve confidence and aid future consumer spending.

Stronger UK growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices, mainly stoked by government initiatives to boost mortgage lending, lead markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. Unemployment was 7.4% in the three months to October 2013. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, economic growth was likely to only be gradual.

Monetary Policy: There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively. On the probability of unemployment reaching the 7% threshold under the MPC's Forward Guidance, the November Inflation Report attached only a two-in-five chance to the rate having reached the 7% level by the end of 2014. The corresponding figures for the end of 2015 and 2016 were around three-in-five and two-in-three respectively. These forecasts brought forward market expectations of a bank rate rise, although the MPC repeatedly emphasised that the 7% threshold was not an automatic trigger for a rate rise.

A fragile economic recovery, subdued inflation and depressed bank lending resulted in the European Central Bank cutting the repo rate from 0.50% to 0.25%. ECB President Mario Draghi strengthened the Bank's pledge to keep interest rates low for as long as necessary and warned that it was too soon to say the euro region is out of danger.

In the US, following the clear momentum witnessed in its economy – despite the political impasse which resulted in a partial government shutdown during the quarter - the 'tapering' of asset purchases was announced by the Federal Reserve in December. Tapering will commence in January 2014 and with the Fed reducing its monthly purchases from \$85bn to \$75bn a month. Financial markets reacted in a predictably ebullient manner with risk assets such as equities rallying toward higher levels whilst government bond prices reversed, leading to higher yields.

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2013/14 (April to December)

April to December 2013	YEAR END FORECAST			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	4,947	4,097	(850)	FAV
- Internal Repayment of Loan Charges	(6,584)	(6,584)		
- Ex Avon Debt Costs	1,388	1,388		
- Minimum Revenue Provision (MRP)	4,782	4,782		
- Interest on Balances	(455)	(205)	250	ADV
Sub Total - Capital Financing	4,078	3,478	(600)	FAV

APPENDIX 7

Summary Guide to Credit Ratings

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

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	12th February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2560
TITLE:	Treasury Management Strategy Statement and Annual Investment Strategy 2014/15	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report: Appendix 1 - Treasury Management Strategy 2014/15 Appendix 2 - Annual Investment Strategy 2014/15 Appendix 3 - Authorised Lending List</p>		

1 THE ISSUE

- 1.1 In February 2012, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be scrutinised by an individual / group of individuals or committee.
- 1.2 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
- 1.3 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4 This report is tabled to be scrutinised by the Corporate Audit Committee at the 4th February 2014 meeting, following which any recommendations will be reported back verbally as an update to this report.

2 RECOMMENDATION

The Cabinet agrees to:

- 2.1 recommend the actions proposed within the Treasury Management Strategy Statement (Appendix 1) to February Council for approval.
- 2.2 recommend the Investment Strategy as detailed in Appendix 2 to February Council for approval.

2.3 recommend the changes to the authorised lending lists detailed in Appendix 2 and highlighted in Appendix 3 to February Council for approval.

The Cabinet is also asked to:

2.4 Note the Treasury Management Indicators detailed in Appendix 1 and delegate authority for updating the indicators prior to approval at Full Council on 18th February 2014 to the Divisional Director – Business Support and Cabinet Member for Community Resources, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 These are detailed in paragraphs 1.1 – 1.3 above.

5 THE REPORT

Background

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

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

5.3 The suggested strategy for 2014/15 in respect of the following aspects of the treasury management function is based on the Treasury Officers’ views on interest rates, supplemented with leading market forecasts provided by the Council’s treasury advisor.

The strategy covers:

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

5.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32

requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby the impact on the revenue budget from: -

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

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

- 5.5 The revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, adopted by Council in February 2012, requires the Treasury Management Strategy and policies to be scrutinised by an individual / group of individuals or committee. This report is tabled to be scrutinised by the Corporate Audit Committee at the 4th February 2014 meeting, following which any recommendations will be reported back verbally as an update to this report.

2014/15 Treasury Management & Annual Investment Strategy

- 5.6 The Strategy Statement for 2013/14 set Prudential Indicators for 2013/14 – 2015/16, which included a total borrowing requirement at the end of 2013/14 of £141.8 million. At the end of December 2013, external borrowing was at £70 million, with no further borrowing planned in the 2013/14 financial year. External borrowing has reduced by £50 million during 2013/14 following completion of the debt repayment programme.
- 5.7 The proposed Treasury Management Strategy is attached as Appendix 1 and includes the Treasury Management Indicators required by the Treasury Management Code. The indicators contained within this report are currently draft and could be affected by changes made to the capital programme, following decisions on the budget report which is also on the agenda for this meeting. It is therefore requested that the Cabinet grant delegated authority to the Divisional Director – Business Support and the Cabinet Member for Community Resources to agree any changes to the indicators prior to reporting for approval at Full Council on the 18th February 2014.
- 5.8 Although the indicators provide for a maximum level of total borrowing, this should by no means be taken as a recommended level of borrowing as each year affordability needs to be taken into account together with other changes in circumstances, for example revenue pressures, levels and timing of capital receipts, changes to capital projects spend profiles, and levels of internal cash balances.
- 5.9 The budget report, which is also on the agenda, includes appropriate provision for the revenue costs of the capital programme in accordance with this Treasury Management Strategy.
- 5.10 Appendix 1 also details the Council's current portfolio position as at 31st December 2013, which shows after the netting off of the £37.5 million investments, the Council's net debt position was £32.5 million.

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

5.12 The Counterparty listing in Appendix 3 includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in Appendix 2 as at 31st December 2013 are included in the listing in Appendix 3.

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

6 RATIONALE

6.1 This report is a statutory requirement.

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

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

8.2 Consultation was carried out via e-mail.

9 RISK MANAGEMENT

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

9.2 The Council's lending & borrowing list is regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions. Investment & Borrowing advice is provided by our Treasury Management consultants Arlingclose.

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

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

Contact person	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> Tim_Richens@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk
Background papers	<i>2013/14 Treasury Management & Investment Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

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APPENDIX 1

TREASURY MANAGEMENT STRATEGY – 2014/2015

Introduction

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

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

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

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

Treasury Borrowing Limits for 2014/15 to 2016/17

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

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

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

Treasury Management Indicators for 2014/15 – 2016/17

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

Security: average credit rating

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

	2014/15
Minimum Portfolio average credit rating	A

Liquidity

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

	2014/15
Total cash available within 3 months	£15m

Interest rate exposures

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

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

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

Maturity structure of borrowing

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

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within five years	75%	0%
Five years and within 10 years	100%	0%
10 years and above	100%	0%

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

Principal sums invested for periods longer than 364 days

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

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

Borrowing limits

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

The Operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements. This level also factors in the proposed approach to use internal cash-flow and future capital receipts as the preferred financing method for the capital programme.

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

Current Portfolio Position

The Council's treasury portfolio position at 31st December 2013 comprised:

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

* The market loans are 'lenders options' or LOBO's. These are fixed at a relatively low rate of interest for an initial period but then revert to a higher rate of 4.5%. When the initial period is over the loans are then classed as variable, as the lender has the option to change the interest rate at 6

monthly intervals, however at this point the borrower has the option to repay the loan without penalty.

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

External Context & Prospects for Interest Rates (Arlingclose Ltd)

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

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

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

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

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

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

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

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

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

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

Arlingclose Interest Rate Forecasts

Arlingclose central interest rate forecast – December 2013

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

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

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

Borrowing Strategy

The Council currently holds £70 million of long-term loans (a decrease of £50m on the previous year) as part of its strategy for funding previous years' capital expenditure, and we will continue to monitor appropriate opportunities for borrowing in line with the overall Capital Financing Requirement.

The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2014 is expected to be £171 million, and is forecast to rise to £215 million by March 2015 as capital expenditure is incurred. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

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

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

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

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

Sources of borrowing

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

- Public Works Loan Board
- any institution approved for investments that meets the investment criteria (this includes other local authorities)
- any other bank or building society approved by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds (except the Avon Pension Fund)
- Public or Private Bond Placement
- Special purpose companies created to enable joint Local Authority bond issues.

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

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

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

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

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

Policy on use of Financial Derivatives

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

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

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

Derivative counterparties

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

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APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment Policy

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

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

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

Avon Pension Fund Investments

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

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

West of England Revolving Investment Fund (RIF)

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

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

Approved Investment Counterparties

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

Counterparty		Cash limit	Time limit
UK Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£15m each	10 years
	AA+		5 years
	AA		
	AA-	£10m each	2 years
	A+		
	A		
Foreign Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£7.5m each	5 years
	AA+		3 years
	AA		2 years
	AA-	£2.5m each	18 months
	A+		1 Year
	A		6 months
The Council's current bank account (NatWest) if below the criteria above.		£10m	next day
UK Central Government Including Debt Management Agency Deposit Facility (irrespective of credit ratings)		unlimited	30 years
UK Local Authorities (irrespective of credit rating)		£10m each	30 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is [A-] or higher		£5m each	5 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is [BBB-] or higher and those without credit ratings		£2m each	2 years
UK building societies not meeting the above criteria that have a minimum asset size of £4bn and a long-term rating of BBB or above.		£2m each	3 months
Money market funds and other pooled funds	Average monthly fund size £2bn or above	£10m each	n/a
	Average monthly fund size between £1bn-£2bn	£5m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser		£5m each	1 year

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

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

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

Current account bank

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

Registered Providers

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

Building Societies

The Council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. The Council will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging

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

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

Money market funds

These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Other Pooled Funds

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

Other Organisations

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

Risk Assessments & Credit Ratings

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

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

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

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

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

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

Foreign countries

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

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

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

Specified Investments

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

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

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

Non-Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown below.

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

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

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

Investment instruments

Investments may be made using any of the following instruments:

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

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

Liquidity management

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

Planned investment strategy for 2014/15

Investments are made in three broad categories:

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

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

Medium-term funds which may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks and building

societies. Preference will continue to be given to investments with UK banks with approved credit ratings.

Cash that is not required to meet any liquidity need can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local authority services. Decisions on making longer term investments (i.e. over 1 year) will be considered during the year after taking account of the interest rate yield curve, levels of core cash and the amount of temporary internal borrowing related to funding of capital spend. A wider range of instruments, including structured deposits, certificates of deposit, gilts and corporate bonds may be used to diversify the portfolio. The use of external fund managers that have the skills and resources to manage the risks inherent in a portfolio of long-term investments may be considered.

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

Review Reports

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

Other Matters

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

Treasury management advisers

The Council's has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues,, although responsibility for final decision making remains with the Council and its officers. The services received include:

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

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

Investment training

The needs of the Council's treasury management staff for training in investment management are assessed every year as part of the staff performance development review process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment of money borrowed in advance of need

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

The total amount borrowed will not exceed the 2014/15 authorised borrowing limit of £215 million. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

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Proposed Counterparty List
2014/15

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

**Proposed Counterparty List
2014/15**

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

Summary Guide to Credit Ratings

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

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	12 February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2592
TITLE:	Medium Term Service & Resource Planning 2014/15 – 2015/16, & Budget and Council Tax 2014/15	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
<p>Appendix 1 – The Budget and Council Tax Proposal of the Cabinet 2014/15. This comprises a covering document, plus 5 Annexes</p> <p>Annex 1 Draft Base Revenue Budget 2014/15 – 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 2014/15-2018/19 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.</p> <p>Annex 3i Schools Planned Maintenance Programme 2014/15</p> <p>Annex 3ii Corporate Estate Planned Maintenance Programme 2014/15</p> <p>Annex 3iii Transport Improvement Programme 2014/15</p> <p>Annex 4 Minimum Revenue Provision (MRP) Policy</p> <p>Annex 5 Comparative English Unitary Authority Council Tax Levels 2013/14</p> <p>Appendix 2 – Variations to Budget</p> <p>Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer</p> <p>Appendix 4 – Council Pay Policy Statement</p> <p>Appendix 5 – Community Asset Transfers</p>		

1 THE ISSUE

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

2 RECOMMENDATION

The Cabinet is asked to recommend:

2.1 That the Council approve:

- a) The General Fund net revenue budget for 2014/15 of £119.926m with no increase in Council Tax.
- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2014/15.
- c) The adequacy of reserves at Appendix 1 Table 8 with a risk-assessed level of £10.5m.
- d) The individual service cash limits for 2014/15 summarised at Appendix 1 Table 4 and detailed in Annex 1.
- e) That the specific arrangements for the governance and release of reserves, including invest to save proposals, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Community Resources and the Chief Executive.

2.2 That the Council delegates the sign-off of the Better Care Plan on behalf of the Council to the Health & Wellbeing Board in consultation with the Chief Executive, the Leader and the Cabinet Member for Community Resources.

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

2.4 That the Council include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils and the Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.

2.5 That the Council notes the Section 151 officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves (Appendix 1, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 1.

2.6 That in relation to the capital budget the Council:

- a) approves a capital programme of £65.865m for 2014/15 and notes items for provisional approval in 2014/15 and the programme for 2015/16 to 2018/19 as shown at Appendix 1, Annex 3 including the planned sources of funding .
- b) delegates implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 3i to Annex 3iii to the relevant Strategic Director in Consultation with the appropriate Cabinet Member.
- c) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4

d) approves the Capital Prudential Indicators as set out in Appendix 1 Table 6.

- 2.7 That the Council agree the Council's proposed pay policy statement, including the arrangements for senior severance practice, as set out at Appendix 4.
- 2.8 That the Council notes the approach to Community Assets as set out in Appendix 5.
- 2.9 Authorise the Council's Section 151 Officer, in consultation with the Cabinet Member for Community Resources, to make any necessary changes and presentational improvements to the draft budget proposal for submission to Council.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

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

5 THE REPORT

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

- Its medium term service and resource planning financial assumptions which set the basis for the draft budget proposal for 2014/15.

- Its draft budget proposal for 2014/15 (Appendix 1). This provides the detail of the second year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2014/15, together with capital commitments for future years, and recommends a level of Council Tax for 2014/15.
- 5.2 The budget proposal builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the significant financial challenge facing the public sector. The budget proposals include:
- A net £3.5m or 2.9% decrease in the non-schools budget to £119.926m
 - An increase in the DSG estimated at £1.1m with total funding of £117.7m (including academies). The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Additional resources are also provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
 - A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.
 - These budget proposals are set out in detail at Appendix 1.
- 5.3 It is important to be clear on the process to be followed in setting the 2014/15 Budget. The Monitoring Officer has given specific guidance which is set out at Appendix 3, and in particular the need for the Council to approve a balanced budget.
- 5.4 The Monitoring Officer has also highlighted the implications arising if it does not prove possible for the Council to set a budget at its meeting on 18th February and any decision having to be deferred until the reserve date on 27th February. This includes potential delays to the Council Tax billing process.
- 5.5 The Council's pay policy statement as required under The Localism Act 2011 legislation is set out at Appendix 4.
- 5.6 The budget proposal also sets out the proposed approach to Community Asset transfers in Appendix 5.

6 RATIONALE

- 6.1 The rationale for the recommendations is contained in the supporting paper to this report.
- 6.2 The Council's Section 151 Officer is the Divisional Director – Business Support. As Section 151 Officer his duties include ensuring a prudent and balanced budget is set on time which properly takes into account the financial constraints and risks facing the Council.

7 OTHER OPTIONS CONSIDERED

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

8 CONSULTATION

8.1 Meetings have been and will continue to be held with staff, trades unions and other stakeholders during the development of service and resource plans which have fed into this budget. This has included four Budget Fair's (Bath, South Bath, Keynsham and Midsomer Norton), enabling cross service consideration of the range of proposals by a range of stakeholders.

8.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.

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

9 RISK MANAGEMENT

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

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

Contact person	Tim Richens, Divisional Director – Business Support (01225) 477468
Background papers	Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels during November 2013. Consultation Response Summary – Report to Resources PDS 10 th February 2014 Financial Settlement 2014/15 to 2015/16, 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 2014/2015

Budget Headline

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

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

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

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

The Budget Context

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

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

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

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

Table 1: Reduction in Government Grant Funding

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

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

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

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

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

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

Structure of the Budget Proposal

Section 1 sets out the approach to the revenue and capital budget and the build-up of the recommended revenue budget for 2014/2015. Annex 1 provides the breakdown of the Budget for 2014/2015.

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

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

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

Section 5 sets out the implications of the revenue budget for Council Tax levels for 2014/2015.

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

	2014/15	2015/16
Revenue Budget Funding:	£m	£m
Council Tax	72.632	72.782
Council Tax Freeze Grant	0.800	1.590
Revenue Support Grant	26.462	19.505
Retained Business Rates (after tariff)	20.954	21.237
Reserves & Collection Fund Surplus	(0.922)	0.232
Total Funding	119.926	115.345
Net Revenue Budget Spend	119.926	115.345
Capital Programme – for approval	65,865	3,800
Capital Programme - for provisional approval (subject to)	35,817	30,750

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

Section 1 – The Revenue Budget for 2014/2015

The Budget Proposal

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

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

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

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

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

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

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

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

Corporate Assumptions

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

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

Government Grant Funding

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

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

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

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

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

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

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

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

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

Retained Local Business Rates

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

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

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

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

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

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

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

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

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

Social Fund

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

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

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

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

Schools Funding

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

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

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

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £39.9m in 2014/2015 leaving £77.8m payable to the Council.

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

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

The Better Care Fund

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

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

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

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

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

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

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

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

Variation Budget Savings

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

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

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

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

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

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

Full details of the variations are set out at Appendix 2

Resource Allocation including Recurring and One-Off Funding

The Cabinet has considered the allocation of recurring and one-off funding to meet resourcing priorities. This recurring or one-off funding is created from a number of sources and can only be finalised once all assumptions and calculations are completed for the proposed Budget. These sources include:-

- Changes in financial planning assumptions
- Variations in grant settlement
- Full year effect of savings proposals
- Adjustments to corporate finance items
- Calculation of the Council Tax Base
- Calculation of the Retained Local Business Rates
- One-off funding provisions and variations, for example the council tax collection fund surplus (or deficit).

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

On-going Resourcing Allocations - £1.4M

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

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

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

One-off Headroom Allocations - £1.6M

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

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

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

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

Council Tax

The local government financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). This financial support (in the form of a grant) for 2014/2015 is stated as being included in baseline funding for 2014/15 and beyond. The income from the grant is equivalent to a 1% increase in council tax.

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

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

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

Future Years

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

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

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

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

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

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

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

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

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

Revenue Budget Proposal – The Headline Numbers

The proposed revenue budget for 2014/2015 represents:

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

We are recommending a net revenue budget for 2014/2015 of £119.926m. Table 3 below, and Annex 1 to this Appendix, show the build-up of the recommended 2014/2015 revenue budget, compared to the rolled forward base budget from the current year.

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

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

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

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

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

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

Section 2 – West of England City Region Deal

Background

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

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

The Revenue Budget 2014/2015

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

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

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

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

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

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

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

Economic Development Fund and the Capital Programme

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

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

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

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

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

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

Section 3 – The Capital Budget for 2014/2015

Introduction

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

This Capital programme proposals:

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

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

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

The presentation of the Capital Programme retains the clear separation of schemes for **Full Approval** and those which are for **Provisional Approval**.

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

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

Recommended Programme for 2014/2015

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

The proposed programme assumes total capital payments and funding in 2014/2015, comprising both the programme for Full Approval of £65.865m and a programme for Provisional Approval (subject to) of £35.817m, as shown in

APPENDIX 1

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

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

For Approval

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

For Provisional Approval (Subject to)

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

Grand Total	101,682	34,550	22,564	4,373	231	163,399
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Funded By

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

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

Funding

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

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

The Capital Programme assumes the following achievement of capital receipts:

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

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

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

New Schemes within the Capital Programme

Highways Structural Maintenance

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

This will be used to address a programme of priority works across all highway asset groups namely carriageways, footways, structures (bridges, retaining walls, embankments & culverts), drainage and electrical infrastructure as identified through on-going inspection, monitoring and evaluation. Further detail on proposed schemes will be considered by Cabinet in April 2014 for decision.

Highways Surfacing – Additional Funding

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

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

Highways Structures – Additional Funding

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

Footway Improvement in the Highways – Additional Funding

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

Flood Protection in Chew Magna

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

Weston Flood Protection Scheme for Provisional Approval of £2M

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

Cycling and Walking Schemes

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

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

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

Royal Victoria Park Skate Park and Open Space Improvements

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

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

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

Improvements at the Sandpits for Provisional Approval of £40K

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

Queen Square improvements for Provisional Approval of £100K

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

Litter Bins for Provisional Approval of £20K

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

Play Equipment for Provisional Approval of £100K

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

Great Dell Walkway for Provisional Approval of £25K

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

Public WC Conversions

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

Leisure Centre Capital Maintenance.

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

Local Transport Improvement Schemes for Full Approval of £1.429m

The Local Transport Improvement Schemes budget is included at £1.429m funded from remaining government grant and section 106 contributions. The 2014/2015 schemes proposals will focus on supporting the Joint Local Transport Plan approved with our WoE partner authorities and the 5 key transport goals of Reducing Carbon Emissions, supporting Economic Growth, Promoting Accessibility, contributing to better safety, security and health and finally improve quality of life & a healthy natural environment. A detailed list of proposed priorities for this funding is attached at Annex 3(iii)

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

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

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

Digital BANES for Provisional Approval of £350K

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

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

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

Midsomer Norton Business Centre for Provisional Approval of £1.325m

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

River Corridor Fund - for Provisional Approval of £340K

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

Schools Capital Investment

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

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

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

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

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

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

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

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

Community Partnership Grants for Provisional Approval of £1M

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

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

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

Cleveland Pools for Provisional Approval - £200K

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

Property Specific Developments

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

1 to 3 James Street West - £175K

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

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

7 to 9 Lower Borough Walls – £75K

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

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

Cattlemarket/Cornmarket - £50K

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

Roseberry Place £50K

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

Commercial Estate Development Fund - £200K

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

Englishcombe Lane – £30K

Disposal of the site for development

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

Grand Parade and Undercroft – Phase 2 £1M

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

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

Grand Parade and Undercroft – Phase 3 £3.7M

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

Bath Quays North - £1.0M

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

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

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

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

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

Financial System Upgrades for Provisional Approval of £203K

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

IT Asset Refresh for Full Approval of £283K

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

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

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

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

Emerging Capital Schemes

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

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

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

Bath Primary School Provision

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

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

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

Leisure Facilities

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

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

City Deal – Economic Development Fund Schemes

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

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

Keynsham CPO

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

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

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

Economic Development Schemes

Digital B&NES

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

Creative Workspace

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

MSN High Street

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

Roman Baths – The Archway Centre

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

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

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

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

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

The project will achieve a number of other objectives including:

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

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

Minimum Revenue Provision (MRP) Policy

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve a MRP Policy in advance each year. The policy defines how the Council will make a prudent minimum revenue provision for all new unsupported borrowing. The Council is recommended to approve the statement in Annex 4 which includes an update from last year to cover treatment of any potential loans made to third parties that are required to be treated as capital expenditure.

Prudential Indicators

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

Table 6: Capital Prudential Indicators.

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

Gross Debt and the Capital Financing Requirement

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

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

Borrowing limits

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

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

Section 4 – Revenue & Capital Reserves and Contingencies

Significant Earmarked Reserves

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

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

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

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

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

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

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

The Restructuring and Severance Reserve – the significant financial challenge facing the Council has and will continue to lead to job losses as savings and efficiencies are delivered. The MTSRP indicated that around 300 posts would be lost over the period to 30 March 2015 including through redundancy. This is likely to continue for several years beyond this period and the associated severance costs may be significant. This reserve will be available to meet these costs, avoiding the need for subsequent additional service savings purely to pay such severance costs. This approach will be regularly reviewed to ensure it is being applied appropriately.

The Affordable Housing Reserve – this reserve is currently committed to fund the Council's contribution to affordable housing including within the Bath Western Riverside development although this position will be reviewed as part of the 2015/2016 budget process.

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

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

Table 7: Projected Significant Earmarked Reserves

	Revenue Budget Contingency	Transformation Investment Reserve	Restructuring & Severance Reserve	Affordable Housing Reserve	Financial Planning Reserve
	£'000	£'000	£'000	£'000	£'000
Estimated Available Reserves	711	3,604	3,676	3,000	2,754
Transfers between Reserves	676				
Estimated Reserves @ 1st April 2014	1,387	3,604	3,676	3,000	2,754
Allocation in 2014/2015	0	-1,000	-1,372	-1,778	+1,525
Balance C/F	1,387	2,604	2,304	1,222	4,279
Allocation in 2015/2016	0	-1,000	-2,130	-819	TBC
Balance C/F	1,387	1,604	174	403	TBC
Allocation in 2016/2017	0	-1,000	-174	-85	TBC
Balance C/F	1,387	604	Nil	318	Nil (est)

Unearmarked Revenue Reserves

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

Table 8 below details the proposed movement in the level of unearmarked reserves over the period of the medium term service and resource plans. This analysis includes the proposed use of reserves to support invest to save proposals included within the Budget, specifically:

- The Workplaces Project – requires total cumulative revenue investment of £3.2m over the period to 31 March 2016 with repayment of the reserves commencing in 2016/17 from the on-going revenue savings of around 10%.

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

Adequacy of reserves

The s151 officer's report on the robustness of estimates and adequacy of reserves is set out at Annex 2. This provides a reserves strategy to maintain non-earmarked General Fund reserves at £10.5m based on a thorough risk assessment. The projected reserve levels are set out in Table 8 below.

Table 8: Projected Non-Earmarked Revenue Reserves

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

Based on anticipated invest to save commitments mainly associated with the Workplaces project, the Non-Earmarked Reserves will begin to be repaid in 2016/17 and at no point will reduce below the risk assessed minimum level of £6M.

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

Capital Risk Contingency

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

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

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

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

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

Governance

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

Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2014/2015.

The financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The proposed Budget provides for a zero increase in Council Tax for 2014/2015. **Table 9** explains the calculation of this figure:

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

Description	Amount	Comments
Recommended Net Revenue Budget	£119,926k	See Annex 1
Less grant, retained business rates, reserves and estimate of Collection Fund surplus	£47,294k	See Annex 1 Sources of Funding
To be funded by Council Tax	£72,632k	
Tax base (Band D properties equivalent)	60,433.33	Approved by the Section 151 Officer in December 2013
Recommended Council Tax at Band D for 2014/15	£1,201.85	
2013/14 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 Police & Crime Commissioner provided an updated draft of the Medium Term Financial Plan to the Avon & Somerset Police and Crime Panel on 11th December 2013. This update included the proposal to increase Council Tax by 2% for 2014/15. The Final budget and precept proposal will be presented to the Police and Crime Panel at their meeting on 5th February 2014.

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

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

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

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

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

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

Council Tax charges (Band D) made by	Charge made now 2013/14 £	Proposed Charge 2014/15 £	% 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 5 th February 2014.
Avon Fire & Rescue	64.02	TBC	Final decision to be taken on 7 th February 2014
Total excluding parishes	1,433.90	TBC	
Parishes (average)	34.45	TBC	Not known at time of writing
Total	1,468.35	TBC	The 2014/15 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 18th February 2014, and so the necessary updated information will be set out in the report.

Special Expenses

As part of the 2013/2014 Budget preparation process no special expenses were declared (with the exception of Parish and Town Council precepts). It is proposed that this policy remains unchanged for the 2014/2015 budget.

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Portfolio Cash Limits 2014/15 - Revenue Budgets

APPENDIX 1 ANNEX 1

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

Portfolio Cash Limits 2014/15 - Revenue Budgets

APPENDIX 1 ANNEX 1

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

Sources of Funding

Council Tax	71,342						1,290	72,632
Revenue Support Grant*	31,106			31,106			(4,644)	26,462
Retained Business Rates	20,262			20,262			692	20,954
Collection Fund Deficit (-) or Surplus (+)	168	(168)					1,011	1,011
Council Tax Freeze Grant	740			740			60	800
Balances	9,899	(9,899)					(1,933)	(1,933)
Total	133,516	(10,067)		123,450			(3,524)	119,926

Council Tax - Calculation

Council Tax Debit £'000	71,342							72,632
Taxbase (No. of Band D equivalent properties)	59360.17							60433.33
Band D Charge £	£1,201.85							£1,201.85
%age Increase	0.00%							0.00%

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

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

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

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

(b) The adequacy of the proposed financial reserves.

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

Summary Report of the Chief Finance officer and Divisional Director – Business Support:

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

I am satisfied that, in general, the requisite management processes exist within the Council to deliver this budget, and to identify and deal with any problems which may unexpectedly arise throughout the year.

The key points to highlight are:

- Un-earmarked reserves are at a prudent levels and this Budget proposes to maintain this position. This reserve will also be utilised for invest to save initiatives going forwards but at no point is the reserve planned to fall below the risk assessed minimum level.
- This Budget recognises the challenges over the medium term financial planning period and makes some provisions for this.
- Sound financial planning processes are in place, and there is member scrutiny at appropriate stages
- Revenue spend is closely monitored on a risk assessed basis and integrated finance and performance management reports are produced monthly.

- Challenging inflation targets continue to be set which will require the focus on commissioning and procurement to be maintained to help ensure they are fully delivered.
- The new and additional income targets assumed within the Budget proposals will increase the overall risk to the budget should they not be fully achieved.
- The retained local business rates have been budgeted at prudent levels allowing for anticipated appeals risk.
- Capital schemes are managed through an integrated project management, risk and financial management process.
- The intense external pressures on public finances require annually decreasing budgets and this will need to be closely managed.

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

The significant commitment in the capital programme for 2014/2015 will require sound monitoring, review and programming of schemes for projects to meet delivery and funding expectations. Where projects form part of partnership arrangements, satisfactory partnership governance processes will need to be in place.

On the matter of unearmarked reserves, I have continued to evidence the requisite level by use of internal risk assessment. The Council is maintaining its unearmarked reserves at the appropriate risk assessed level. The 2014/15 recurring budget contains no reliance on the use of unearmarked reserves although some of these reserves (above a minimum level) will be utilised on an Invest to Save basis under the parameters set out in Appendix 1.

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

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

From 2001/2, the Council adopted a risk management approach, which assesses the level of unearmarked reserves required against a corporate assessment of the risk being carried. The assessed risk suggests reserves of

£10.5M for 2014/2015 with a minimum level of £6M, excluding earmarked reserves.

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

- Recognise the need to continue to regularly review the level of reserves in the light of the regularly updated corporate risk assessment
- Recognise that in any use of reserves to fund 'one-off' corporate priorities on an invest to save basis, the Council needs to be clear that the overall level of reserves remains adequate and that the relevant business cases for such expenditure are fully scrutinised and monitored appropriately.
- Recognise that where there is a draw down on risk assessed reserves taking them below the minimum level, for whatever reason, this is repaid within 3 years.
- Maintain a rigorous approach to financial monitoring, particularly at this time when a significant level of savings is expected to be delivered in the financial year ahead.
- Ensures that capital schemes are funded prudently and do not rely excessively on revenue funding and do not create unaffordable revenue consequences including maintenance and other running costs
- Maintain a prudent approach to budgeting for capital receipts, given due consideration to the prevailing market conditions and the need to optimise value over the medium term.
- The Cabinet Members, Strategic Directors and budget holders achieve their cash limits for 2013/14.

Processes

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

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

- Specific guidance to Directorates on developing their budgets.
- A Council wide risk assessment.

- The continuing use of budget monitoring and financial outturn information to identify risks.
- The Council's s151 Officer and his staff providing advice throughout the process of budget preparation and budget monitoring.
- The Directors' review of the robustness of their budgets and budget sensitivities.

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

Corporate and departmental processes will continue to develop over the MTSRP period to reflect the challenging financial position of the public sector. This will include the on-going implementation of risk assessed budget monitoring and enhancements to processes for monitoring implementation and delivery of savings.

Robustness of Estimates

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

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

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

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

- Significantly reducing Government Grant funding
- Changes to government funding

- The on-going impact of welfare and benefits reforms including Local Council Tax Support
- Priorities as set out in the Corporate Plan
- Low levels of interest rates
- Demand and price pressures in Adult Social Care
- Demand and price pressures in Children’s Social Care
- Realising and maximising capital receipts
- Need for capital investment in priority schemes

The assumptions used for the 2014/15 Budget and MTSRP period will require the forecasts for future years to be reviewed in light of actual circumstances. This will be undertaken early in each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the autumn of each financial year.

Given all these factors I, as the Council's Section 151 Officer, consider the estimates for 2014/15 to be sufficiently robust, and the reserves adequate, to be recommended for approval by the Council.

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

It remains likely that further service improvement and reasonable Council Tax levels, will only be achievable in the medium term through continued development of different ways of working, and clear prioritisation between services.

The Capital Budget

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

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

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

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

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

The WoE City Region Deal

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

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

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

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

Estimated Available Revenue Reserves

Earmarked Revenue Reserves

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

Non-Earmarked Revenue Reserves

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

Table: Projected Non-Earmarked Revenue Reserves

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

Assessment of Adequacy of Reserves

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

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

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

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

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Directors have been requested to be prudent in their assumptions and should have clear action plans to deliver such savings.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with certain emergencies over and above a threshold set by the Government.
- The extent to which the Council is dependent on traded income.
- The risk of major litigation, both current and in the future.
- Risks in the inter-relation between the Council and other partner authorities and organisations.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The need to retain a general contingency to provide for any unforeseen circumstances or emergencies, which may arise.
- The need to retain reserves for general day-today cash flow needs.

The recommendations of the Council's s151 Officer are:

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

Project Title	PY Spend pre 2013/2014	Forecast 2013/2014	Actual / Spend pre 2014/2015	Projected Re-phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description
					Budget Required 2014/2015	Budget Total 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018		Budget 2018/2019	Total Cost 5 Years	Borrowing / Capital Receipts	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning & Transport														
Full Approval														
BTP - Main Scheme	3,973	5,150	9,123	5,638	10,592	1,449								
BTP - Property	1,430	116	1,546	87	87									
Rossliter Road	278	140	418	651	1,417									
SWIEP E-Purse	140	6	146	255	567									
Local Sustainable Transport Fund	239	666	925	40	567									
Bathonian Bridge	216	654	870	57	1,574									
Network - the Greater-Bristol Metro Project	0	67	67	105	1,534	8								
Transport Improvement Programme					1,216									
Cycle City Ambition														
Provisional Approval														
Transport Improvement Programme														
Park and Ride East of Bath														
Sub Total - Planning & Transport	6,296	6,799	13,095	6,833	16,083	3,272	0	0	0	0	0	16,072	10,006	0
Environmental Services														
Full Approval														
20mph Schemes	117	349	466	34	104									
Victoria Bridge	1,059	930	2,019	983	1,388									
Neighbourhood Services - Vehicles incl Tracking / Cleansing Equipment	0	258	258	578	578									
Allocments	15	17	32	93	93									
Beechen Cliff Woodland & Other Open Spaces Improvements	16	4	20	480	310	40	40							
Highways Maintenance - Vehicles	0	0	0	325	325									
Provisional Approval														
Highways Maintenance Block	0	0	0	3,435	3,435	3,300	300							
Highways Maintenance Block - Additional Funding	0	0	0	353	353									
Waste Services - Vehicles	0	0	0	0	0	278	46							
Neighbourhood Services - Vehicles	0	0	0	0	0	555	586							
Parking - Vehicle Replacement Programme	0	0	0	15	15									
Parking - Metro System Replacement	0	0	0	0	0	45	85							
Parking - Metro System Replacement	0	0	0	0	0	50	350							
Parking - Replacement Hand Held Computer Terminal	0	0	0	0	0	0	0							
Bus Lane Camera Replacement	0	0	0	0	0	80	80							
Neighbourhoods - Raycombe Cemetery Floral/Cafe	0	0	0	100	100									
Neighbourhoods - Bin and Bench Replacement	0	0	0	50	50									
Synley Gardens	0	0	0	250	250									
Cycling and Walking Schemes	0	0	0	0	0									
East of Bath Skate Park	0	0	0	250	250									
Royal Victoria Park Open Space Improvement	0	0	0	50	50									
Queen Square Improvements	0	0	0	100	100									
East of Bath Skate Park	0	0	0	100	100									
Improvements at the Sandpits	0	0	0	40	40									
Grill Bins and Snow Warden Equipment	0	0	0	50	50									
Litter Bins	0	0	0	20	20									
Play Equipment	0	0	0	325	325									
Great Dail Walkway	0	0	0	25	25	115								
Public WC Conversions	0	0	0	100	100									
Highway Surfacing	0	0	0	1,000	1,000									
Highway Structures	0	0	0	1,000	1,000									
Footway Improvements in Highways	0	0	0	200	200									
Flood Protection in Chew Magna	0	0	0	200	200									
Western Flood Alleviation Scheme	0	0	0	200	200									
Sub Total - Environmental Services	1,237	1,558	2,795	2,000	13,021	6,280	1,361	96	0	0	0	12,420	12,458	0
Tourism, Leisure & Culture														
Full Approval														
Odd Down Playing Fields Development	6	218	224	1,349	1,349									
Beau Street Can Hoard	50	0	50	90	90									
Visitor & Till Management System	0	100	100	100	100									
Temple Preinct	65	886	951	100	100									
Heritage Infrastructure Development	0	0	0	100	100									
Provisional Approval														
Heritage Infrastructure Development	0	0	0	0	0	100	100							
Beau Street Can Hoard	0	0	0	198	198									
Leisure Centre Capital Maintenance	0	0	0	0	0	500	500							
Roman Bann Development Phase 2	0	0	0	0	0	600	700							
Sub Total - Tourism, Leisure & Culture	121	1,204	1,325	1,609	1,937	600	700	0	100	0	0	1,894	1,443	0

PLACE

Project Title	PY Spend pre 2013/2014	Forecast Outturn 2013/2014	Actual / Projected Spend pre 2014/2015	Projected Re-Phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description
					Budget Required 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018	Budget 2018/2019		Total Cost 5 Years	Borrowing / Capital Receipts	Grants / External Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BWR & Regeneration														
Full Approval														
BWR - Council Project Team	948	444	1,392	108	342	154								
BWR - Affordable Housing	3,070	1,343	4,413	37	1,037	1,000	450							
BWR - Infrastructure	3,366	950	4,316	1,384	3,184	600	90							
BDUK	0	0	0	600	0									
Public Realm High Street	983	507	1,490	40	40									
NFR Infrastructure	284	277	561	1,014	1,014									
London Road Regeneration	17	534	551	449	449									
Strategic Flooding Solution / BEA Flood Mitigation	0	350	350	-100	4,850	4,750	1,000							
BWR - Relocation of Gas Holders	0	1,690	1,690	-190	2,600	2,410								
BWR - Replacement of Destructor Bridge	0	1,646	1,646	154	154									
Provisional Approval														
Bath Quays Footbridge Construction		0	0	250	2,500									
River Corridor Fund		0	0	340	340									
Digital B&NES		0	0	350	350									
Midsomer Norton Business Centre		0	0	125	1,225	1,200								
Sub Total - Regeneration SMTs & Major Projects	8,668	7,741	16,409	3,746	13,349	2,984	540	0	0	20,169	4,295	6,080	9,814	
Total PLACE	-16,322	-17,302	-33,624	14,188	34,148	13,106	12,083	1,461	96	74,462	34,681	29,987	9,814	
PEOPLE & COMMUNITIES														
Children's Services														
Full Approval														
St Gregs, St Marks 6th Form	1,000	1,304	2,304	72	72									
Schools Capital Maintenance Programme	0	0	0	1,000	1,000									
Schools Devolved Capital	0	0	0	355	355									
Weston All Saints Primary - Basic Need	36	485	521	724	680	1,404								
Castle Primary - Basic Need	6	123	129	475	651	20								
Paulton Infant - Basic Need	19	546	565	330	20									
St Saviour's Junior - Basic Need	11	331	342	895	1,488									
Short Breaks for Disabled Children	20	53	73	72	72									
School Ethic Invest to Save Fund	0	0	0	375	375	415								
Early Years 2yr Olds Funding / S106	0	34	34	203	203									
Provisional Approval														
Schools Capital Maintenance Programme		0	0	795	795									
Schools Capital Maintenance Programme		0	0	978	978	1,000								
Schools Capital Need Schemes		0	0	176	6,375	6,694								
United Nursery - Basic Need		0	0	250	250	150								
Paulton Infant - Basic Need		0	0	65	65	715								
Universal Infant Free School Meals		0	0	353	353									
Sub Total - Children's Services	1,092	2,875	3,967	2,860	8,560	8,675	7,149	65	0	24,449	572	23,877	0	
Adult Social Care & Housing														
Full Approval														
PSS Grant Unallocated	0	0	0	385	385									
Gypsy & Traveller Sites	0	80	80	0	0									
Disabled Facilities Grant		0	0	1,000	1,000									
Provisional Approval														
Disabled Facilities Grant		85	85	465	550	1,000								
Affordable Housing		0	0	1,775	2,470									
Gypsy & Traveller Sites		165	165	1,545	3,325	1,000								
Sub Total - Adult Social Care & Housing	0	165	165	1,545	4,870	1,000	1,000	1,000	0	7,870	2,735	5,135	0	
Total PEOPLE & COMMUNITIES	1,092	3,040	4,132	4,235	13,430	9,675	8,149	1,065	0	32,319	3,307	29,012	0	

Project Title	PY Spend pre 2013/2014	Forecast Outturn 2013/2014	Actual / Projected Spend pre 2014/2015	Projected Re-phasing from 2013/2014 to 2014/2015 and Future Years	Budget					Overall Project Total	Total 5 Year Funding			Comment / Project Description		
					Budget Required 2014/2015	Budget Total 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget 2017/2018		Budget 2018/2019	Total Cost 5 Years	Borrowing / Capital Receipts		Grants / External Funding	RIF / Development Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Property Services																
Full Approval																
Workplaces Programme Delivery	3,453	458	3,911	106	3,220	4									Fully approved	
Keysham Regeneration & New Build	4,703	16,855	21,558	7,316	12,616										Fully approved	
Lewis House (Inc Comms Hub & OSS)	5,313	7	5,320	237	5,320										Fully approved	
The Hollies	1,782	1	1,783	45	45										Fully approved	
Corporate Estate Planned Maintenance	556	704	1,260	131	1,036										Proposed for full approval	
Dispose Programme (Minor)	356	285	641	53	53										Fully approved 2013/2014	
Key Disposal Programme	0	122	122	128	128										Proposed for full approval	
Commercial Estate Investment Fund	0	50	50	150	350										Fully approved 2012/2013	
Saw Close Development	22	48	70	210	210										Fully approved February 2013	
South Road Car Park, MSN	0	135	135	20	20										Fully approved May 2013	
Grand Parade & Undercroft	0	439	439	-9	4,835										Proposed for full approval	
Equality Act Works					552										Proposed for full approval	
Engliscombe Lane					20										Proposed for full approval	
Callenmarket/Commarket					35										Proposed for full approval	
Roseberry Place					25										Proposed for full approval	
1 - 3 James Street West					135										Proposed for full approval	
7 - 9 Lower Borough Walls					55										Proposed for full approval	
Provisional Approval																
Corporate Estate Planned Maintenance					0											Detailed project plan required
Equality Act Works					0											Detailed project plan required
Dispose Programme (Minor)					50											Business case and detailed project plan required
Acquisitions - Future Revenue Generation					10,000											Business case and detailed project plan required
Bath Quays					1,000											Business case and detailed project plan required
Grand Parade and Undercroft - Phase 2					1,000											Business case and detailed project plan required
Grand Parade and Undercroft - Phase 3					1,000											Business case and detailed project plan required
Sub Total - Property Services	16,185	19,105	35,290	8,387	27,226	10,471	1,682	1,657	0	49,423	49,273	150	0			
Support Services																
Full Approval																
Desktop & Service - VDI Technology	0	853	853	582	-310											Fully approved February 2013
Customer Services System	114	499	613	462	462											Fully approved February 2012
IT Asset Refresh (Servers and Network)		33	33	139	283											Proposed for full approval
Provisional Approval																
ICT Strategic Communities - IT System Replacement					350											Business case and detailed project plan required
People & Communities - IT System Replacement					250											Business case and detailed project plan required
Biomass Energy Efficiency Fund					250											Business case and detailed project plan required
Green Investment & Job Opportunities Fund					500											Business case and detailed project plan required
New Customer Payments & Library Kiosks					1,000											Business case and detailed project plan required
Aggresso System Development & 5.6 Upgrade					145											Business case and detailed project plan required
IT Asset Refresh (Servers and Network)					143											Business case and detailed project plan required
Civica Income Management System Developments					60											Business case and detailed project plan required
Sub Total - Support Services	114	1,385	1,499	1,383	2,171	1,297	650	190	135	5,826	5,826	0	0			
Strategy & Performance																
Full Approval																
LAA Performance Reward Grant	171	89	260	149	149											Fully approved September 2011
Provisional Approval																
Community Partnership Grants			0		1,000											Detailed project plan required
Cleveland Pools			0		200											Detailed project plan required
Sub Total - Strategy & Performance	171	89	260	149	1,200	0	0	0	0	1,349	1,200	149	0			
Total RESOURCES & SUPPORT SERVICES	16,470	20,579	37,049	9,819	30,597	11,768	2,332	1,847	135	56,598	56,299	299	0			
Capital Contingency		2,430	2,430													
Grand Total	33,884	43,351	77,235	28,342	73,940	34,550	22,564	4,373	231	163,399	94,287	59,298	9,814			

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Appendix 1 Annex 3i

Schools Capital Planned Maintenance Budget 2014/15		
School	Project	Value
Westfield Primary School	Resurface playground	£101,342
Chew Valley School	Renew north-facing low-level windows to classrooms	£58,900
Chew Valley School	Replace & repair spalling concrete Phase 1	£14,500
Moorlands Junior School	Renew hot water circulation pipework	£17,400
Chew Valley School	(Re-)surface tarmacadam roads - Phase 1	£38,000
Southdown Infant School	Replacement of remaining original windows, window walling and timber cladding to toilet area	£102,400
Newbridge Primary School	Renew flat roof covering Phase 1 - north of main corridor and Phase 2 - single storey main corridor, entrance area, dining area, old Kitchen area	£85,000
St Martins Garden Primary School	Replace all water stained damaged internal ceilings with new suspended ceiling	£40,450
Marksbury CofE Primary School	Replace damaged roof support walls and treat woodworm. Re-roof slate pitched roof	£53,600
Pensford Primary School	Refelt and batten pitched roof - replace damaged lead flashings fascia/soffit	£73,700
St Martins Garden Primary School	Repair boundary wall as various areas have deteriorated over the last 2 years	£20,000
Moorlands Junior School	Replace aluminium framed windows and doors - Phase 2	£88,200
Whitchurch Primary School	Replace defective roof covering to pitched roofs Phase 1	£80,000
Bathampton	Resurface Playground	£16,800
	Fees	£120,000
	Contingency	£89,708
Total		£1,000,000

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Appendix 1 Annex 3ii

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

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

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Transport Improvement Programme Draft for Consultation 2014/15

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

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

Appendix 1 Annex 3iii

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

Council MRP Policy

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

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

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COUNCIL TAX LEVELS 2013/2014
All of England Unitary Councils

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

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

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

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

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BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

PROCESS

1. It is important to be clear on the process to be followed in setting the 2014/15 Budget. This paper sets out the guidance provided by the Council's Monitoring Officer.
2. The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.
3. The Cabinet can, in its absolute discretion, receive from any political group that so wishes, an alternative budget proposal to that published in the Cabinet agenda papers. It can only consider such proposals if it is satisfied that they have been discussed with the Council's statutory officers and relevant Directors and that an impact statement from Officers about such proposals is available.
4. All proposals that the Cabinet meeting is prepared to consider will therefore be cleared with the Section 151 Officer, the Monitoring Officer, and relevant Strategic / Divisional Directors beforehand.
5. The Cabinet will formulate a budget proposal and Council Tax recommendation to the Council meeting on 18th February 2014. Such budget proposal may either take the form of a composite proposal or may include agreed core proposals and options for allocating parts of the budget.
6. The Council has available to it at the budget setting meeting two options. It can object to specific parts of the proposals and if it does so must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet the reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively it is, of course, open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.
7. Council may then determine the budget on the basis of the Cabinet's recommendations as set out in paragraph 5 above plus any insignificant changes adopted as amendments at the Council meeting. The constitution provides that the meeting itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget so as to require reconsideration by the Cabinet.
8. However if a significant proposal is accepted on a vote at Council, from those notified at the Cabinet meeting, this stands as a formal objection within the terms of the law and will be referred to the Leader for him to secure consideration by the Cabinet and report back to the Council meeting on 27th February 2014.
9. When the Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the Council Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts

as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed that has been the subject of consideration under the process outlined in paragraphs 6 to 8.

10. In setting the budget the Council is required to approve a full budget resolution including the police, fire and parish precepts and the proposed Council revenue and capital budgets for 2014/15. That budget will include within it the overall proposed Council cash limits for 2014/15 including the provision for inflation, the proposed use of balances in the 2014/15 budget (if any) and the resulting budget requirement and Council Tax for Bath and North East Somerset including any recommendations for special expenses. The Council will also approve the borrowing limits for 2014/15 and prudential indicators.
11. Legally, the Council must set a balanced budget for the forthcoming year and determine the level of Council Tax. If a budget is not set by the date of the reserve budget-setting meeting (27th February), this will lead to a delay in billing and a loss in council tax cash flow. It is highly likely that this will also translate into a higher level of uncollectable debt and debt collection costs and in addition this will significantly impact on council tax performance indicators. A delay until 27th February will also compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will be delayed also with negative cash flow impacts.
12. The final Council Tax set will encompass all parish and police and fire precepts (that is the money we collect on behalf of the parishes, fire and police and pay to them).

Vernon Hitchman

Divisional Director – Legal & Democratic Services (Monitoring Officer)

Appendix 4: Pay Policy Statement 2014 -15

Purpose and scope

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

Definitions

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

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

Statutory Chief Officers are:

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

Appendix 4: Pay Policy Statement 2014 -15

Non- Statutory Chief Officers are:

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

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

General principles & practice

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

Principles:

- 3.2 Bath & North East Somerset Council values all its employees and aims to apply a consistent and fair approach to pay and benefits in line with the following principles:
- ❖ To work within financial constraints and use those limited funds in the most effective way to support the Council in the provision of quality cost effective services and its workforce needs
 - ❖ To aim for consistency and fairness in the processes used to manage pay and benefits, as appropriate to service delivery and in line with its commitment to remaining within the framework of the relevant national pay and conditions agreements
 - ❖ To promote an equal pay agenda by ensuring that pay and job evaluation systems, processes and systems meet legislative requirements and to actively work towards reducing any unjustified gender pay gaps
 - ❖ To ensure that pay and benefits processes and policies are transparent and accessible to all employees
 - ❖ To be mindful of the market in making decisions about pay and benefits
 - ❖ To take account of affordability in the introduction and maintenance of any changes to pay structure
 - ❖ To be clear about the recognition and reward of performance, whether at whole organisation, service, team or individual level
 - ❖ To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts. To enable the Council to attract and retain its employees and in order to do so,

Appendix 4: Pay Policy Statement 2014 -15

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

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

Practice:

3.3 Basic pay is determined through

- The job role and it's accountability in the overall context of the Council's services and responsibilities using the HAY job evaluation process which is based on objective criteria and free from discriminatory bias.
- Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments including Chief Officers and their Deputies.
- The terms of the relevant national agreements on pay and conditions of service.
- The amount available for the pay review process is also impacted by what the Councils which are party to the national agreements can collectively afford.
- A comprehensive pay and grading structure has been adopted that positions the Council against median salary benchmarking compared to a national data base maintained by the Hay Group, is affordable and offers recruitment and retention incentive. This is kept under review.
- The outcome of reviews into the local pay and grading structures are determined within the terms of this policy and the Council's constitutional arrangements.

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

3.4 Pay on appointment

- Staff are normally appointed at the bottom scale point of the grade at which the post has been evaluated.
- Managers have discretion to appoint at a higher scale point within the grade band if the appointee can demonstrate that they are currently earning more than the minimum salary for the grade or there are other extenuating circumstances such as difficulties in attracting suitable applicants.

3.5 Pay review dates

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

3.6 Honoraria & other allowances

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

Appendix 4: Pay Policy Statement 2014 -15

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

3.7 Re-employment of former local government employees

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

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

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

Equal pay

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

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

Ensuring consistency

5.1 The Council seeks to ensure consistency through the following processes:

- All departments are provided with the same quality of internal support in the job evaluation process.

Appendix 4: Pay Policy Statement 2014 -15

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

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

Pensions

- 6.1 Subject to the provisions of the relevant scheme, all directly employed staff who are the subject of this policy and are otherwise eligible are enrolled into a contributory statutory pension scheme. They may choose to opt out of membership. The Council has published a statement of policy in respect of discretionary provisions available within the relevant scheme in accordance with statutory requirements. This statement is available on the Avon Pension Fund Web site www.avonpensionfund.org.uk/employers/discretionarypolicies
- 6.2 The Council has in place a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working shorter hours. The Council considers all proposals on their individual merits but would not take any action beyond that authorised by existing policy without reference to the appropriate Council decision making body.

Senior pay

- 7.1 The remuneration of the Chief Executive and other senior management appointments in the Council (see Annex 1) is undertaken by external analysts using the Hay Job Evaluation process. Levels of pay have been market-related by being compared to a national data base maintained by the Hay Group of similar posts in a wide range of public and not for profit sector organisations. The pay structure for Chief Officers takes account of the clearly defined additional 'statutory responsibilities' (see section 2 above). Five pay bands will be available for the most senior officers as set out in the Annex 1.
- 7.2 Any increases in pay rates will be in line with those negotiated nationally by Joint Negotiating Committees (JNC's) for Chief Executives and Chief Officers respectively. The pay policy, whilst agreed in advance of the financial year to which it relates, can be amended during the course of the year to incorporate a pay award negotiated nationally or for other reasons.
- 7.3 Where there is a pay range for a job the Council's adopted aim is to offer an appointment to the minimum point of the appropriate salary band. In order to secure the services of the best candidate it may be necessary to offer a higher amount. In these circumstances approval by the employing Director or members of the appointing Member committee as appropriate, in consultation with the Head of Human Resources, is required.

Appendix 4: Pay Policy Statement 2014 -15

- 7.4 Where a pay band consists of a number of different salary points, any progression to the next incremental point is subject to satisfactorily meeting performance criteria agreed in advance with the Chief Executive or Strategic Director, as appropriate (in consultation with the Group Leader(s)). Any increase is paid from 1 April subject to 12 months service in that pay band and the maximum not being exceeded.
- 7.5 This is no provision for the Council to pay any bonuses, charges, fees or allowances, benefits in kind to senior employees or any other employees other than expenses necessarily incurred in the performance of their duties.
- 7.6 Other conditions of service are those determined nationally by the JNC's specifically for these appointments or, as locally determined for all other Council staff.
- 7.7 Senior staff are not differentiated from other members of staff in terms of remuneration on resignation or termination. The Council's general arrangements for severance and scheme for discretionary payments apply to this staff group as to all employees.
- 7.8 Proposed severance packages in excess of £100,000 (this threshold includes [but not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) are referred to the Restructuring Implementation Committee for consideration.
- 7.9 The Council's threshold level for disclosure of senior staff salaries will be at the minimum point of the senior civil service pay scale and above as at 31 March.

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

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

Publication

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

Further information

For further information on the Council's pay policy please contact the Council's Human Resource Service email human_resources@bathnes.gov.uk. Tel: 01225 477203

Appendix 4: Pay Policy Statement 2014 -15

Annex 1

SENIOR MANAGEMENT PAY & GRADING

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
CHIEF EXECUTIVE & HEAD OF PAID SERVICE		
Band 1	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £145,000 to £155,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy - No variable element within the remuneration package. - All other conditions in accordance with overall Council pay policy.
STRATEGIC DIRECTORS		
Band 2	Fixed/Spot	<ul style="list-style-type: none"> • People & Communities [statutory roles for Children's & Adult Services] (PC) • Place (P) • Resources (R) - A fixed salary within the range £115,000 to £130,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy - No variable element within the remuneration package. - All other conditions in accordance with overall Council pay policy.

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

Notes:

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

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COMMUNITY ASSETS TRANSFER PROGRAMME UPDATE

BACKGROUND

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

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

UPDATE ON PROGRAMME DELIVERY

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

Completed

- Beacon Hall - transferred to Peasedown Parish Council

Subject to Final Approval

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

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

Subject to On-going Discussion and Consideration

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

FURTHER POTENTIAL COMMUNITY ASSET TRANSFERS

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

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

RECOMMENDATION

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

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	12 February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2607
TITLE:	Advice & Information Strategy 2014-2017	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1: Summary of Feedback from Consultation</p> <p>Appendix 2: Care Bill 2013-14 Summary</p>		

1 THE ISSUE

1.1 At its meeting on 4 December 2013 Cabinet agreed to consult for a period of 6 weeks from 9th December 2013 to 24th January 2014 on the draft Advice & Information Strategy 2014-17 and to receive a report on the outcome of the consultation at its February 2014 meeting. This report presents the outcome of the consultation and recommends next steps towards the adoption of an Advice & Information Strategy 2014-17 in fulfilment of the resolution of full Council on 14th November 2013.

2 RECOMMENDATION

2.1 That the Cabinet note the outcome of the consultation on the draft Advice & Information Strategy 2014-17, which is attached at Appendix 1.

2.2 That the Cabinet receive a further draft of the Advice & Information Strategy at its July 2014 meeting, which takes account of: i) feedback from the consultation; ii) the redesign of the adult social care pathway; iii) the detailed implications and requirements of the Care Bill 2013-14; and iv) the February 2014 full Council decision on the 2014-15 budget, which will determine the resources available to respond to the priorities set out in the revised draft Advice & Information Strategy.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 There are no direct resource implications associated with this report, which simply reports on the outcome of the consultation.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Strategy will reflect the learning from people's feedback about current and future provision of advice and information services in Bath and North East Somerset.
- 4.2 The Council is committed to promoting and enhancing the quality of local people's lives through the commitments set out in the joint Health & Wellbeing Strategy, under the themes: i) helping people to stay healthy; ii) improving the quality of people's lives; and iii) creating fairer life changes. The principles set out by Think Local Act Personal have been used in the development of the Strategy.
- 4.3 The Advice & Information Strategy, when finalised and adopted, will support the implementation of the Council's new statutory responsibilities under the Care Bill 2013-14 once it becomes law.

5 THE REPORT

- 5.1 The context for the development and agreement of an Advice & Information Strategy 2014-17 was detailed in the report to Cabinet in December 2013 at which a 6-week consultation on the draft Strategy was agreed.
- 5.2 Feedback from the consultation will be very helpful in further developing the Strategy to reflect the views of a wide range of stakeholders, including current service providers and service users on both current provision and future priorities.
- 5.3 The development of a comprehensive Advice & Information Strategy offers the opportunity to reflect the work in progress to redesign the adult social care pathway to place greater emphasis on prevention and early-intervention and, in particular, to improve access to specialist advice, information and advocacy in relation to adult social care, including for those funding their own adult social care.
- 5.4 Finally, it would be a missed opportunity not to reflect the requirements of the Care Bill 2013-14 as it proceeds through parliament and becomes law, which is likely to be in the Autumn of 2015. A summary of the Care Bill proposals is attached at Appendix 2. The proposals in relation to advice and information are particular relevance. The report published in support of public consultation on the Care Bill indicated that around 40 percent of people are unaware that they may need to pay for care and may only discover this in a crisis. The Government's response to the consultation, which closed in October 2013, is yet to be published. However, it is clear that people will need advice on financial planning for the future and on decision-making when care is needed

6 RATIONALE

- 6.1 Feedback from the consultation, summarised at Appendix 1 will assist in the development and enhancement of the draft Advice & Information Strategy;
- 6.2 It makes sense as the Advice & Information Strategy is being developed to take account, not only of the specific consultation feedback but also of the redesign of the adult social care pathway and the implications and requirements of the Care Bill summarised at Appendix 2.

7 OTHER OPTIONS CONSIDERED

- 7.1 No other options were considered in light of the agreement that the outcome of the consultation would be reported to Cabinet in February 2014.

8 CONSULTATION

- 8.1 As set out in the December 2013 report, the consultation included: on-line public consultation; facilitated service user engagement events; engagement with current advice and information providers; and specific consultation with Wellbeing PDS Panel at its 17th January 2014 meeting.

9 RISK MANAGEMENT

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

Contact person	Ann Robins, Telephone: 01225 396288
Background papers	Report to Cabinet, 4 th December 2013, "Advice & Information Strategy 2014-2017"
Please contact the report author if you need to access this report in an alternative format	

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Consultation on the Advice & Information Strategy 2014-17

The draft Advice & Information Strategy 2014-17 was open for consultation between 9 December 2013 and 24 January 2014 using the following means:

- The document was placed on the Council's consultation webpages with an accompanying survey which was completed by 124 individuals.
- To enable feedback from residents unable to access the internet, posters, surveys and comments boxes were placed in 17 libraries and children's centres across the Bath & North East Somerset area. 3 responses were received as a result.
- A stakeholder event on 15 January was attended by 35 individuals representing 24 providers of advice, information and other relevant services.
- The draft Strategy was presented to and discussed by the Wellbeing Policy Development & Scrutiny Panel on 17 January.

It is noted that the on-line consultation received responses that demonstrated high levels of support for the current contract provider, B&NES CAB.

The table below sets out the key messages received during the consultation period. The feedback has been grouped under Accessibility and Content in order to separate views on style from those on the intent of the document.

	Feedback Received
Accessibility	The document needs to be produced in an accessible format.
	The language is clear.
	The principles of the Strategy are clear but there needs to be greater detail on the proposed structure of the advice sector.
	The document is too long and could feature less contextual information.
Content	The strategic context needs to be made clearer. Links to priorities, aims and objectives in key documents should be graphically illustrated.
	The Strategy needs to include the resources available for delivering its aims and objectives, financial and otherwise.
	More work is needed on identifying overlaps and duplication. In particular, a better understanding is needed of how individuals use services and the factors influencing this. An analysis of the needs of isolated people and why they do not access services should be included in this work.

	<p>The Strategy should set out evidence of need in more detail. Options for meeting needs should be included, with an assessment of suitability and a clear rationale for the proposed model.</p>
	<p>Access to advice for people living in rural areas is not addressed. The Strategy should identify barriers and ensure proposed future service delivery works towards reducing or eradicating these.</p>
	<p>It is imperative that the sector works together to enable true partnerships that are able to operate in a competitive environment. Co-location of services will help, but is not enough on its own. The Council has a role to play in leading providers towards this goal.</p>
	<p>The Strategy needs to explicitly reference developments in digital inclusion and set out how these can be used to influence and improve access to advice. The aims of the Strategy could in themselves be a key driver in improvements in digital access.</p>
	<p>The Strategy should set out who would be considered to be vulnerable and therefore prioritised for access to commissioned services. Service provision for those people not reaching the 'vulnerable' threshold would then be easier to define.</p>
	<p>The APEX project is an encouraging starting point for improving partnerships and there is good deal of common ground with the Strategy. However, its scope and profile are limited. Awareness of the aims of APEX, and indeed the project itself, is patchy and needs to be improved. Membership should be widened to include all providers of advice and information.</p>

Care Bill Summary

Background

The Care Bill introduces far-reaching changes to how social care will operate. From April 2015, there will be new charging rules, new regulations about adult social care assessment, and a requirement to offer a deferred payment agreement so that people going into residential care do not have to sell their house in their life-time. From April 2016, local authorities will assess the care and support needs of people who fund their own care. For people who meet eligibility criteria the local authority will calculate valid expenditure against the cap of £72,000; once the cap is reached the state takes over payment. The amount of assets which individuals can retain while still being eligible for state support will also increase - £118,000 for people in residential care and £27,000 for those receiving home care. Local authorities will also have to provide access to independent financial advice.

The Government has allocated £335 million in 2015-16 to help local authorities prepare for the changes, including funding to allow them to begin assessing needs six months before the cap is formally introduced if they choose to do so. The Department of Health (DH), the LGA and the Association of Directors of Adult Social Services (ADASS) have agreed to work on a joint programme to support delivery.

The public consultation, which closed in October 2013, focused on how practical details of the changes to social care should be managed. The Government is still analysing the feedback from the consultation and is yet to publish its response.

This briefing is focused on the most significant aspects of the reforms for social care, which are eligibility and funding (Part 1 of the Bill) rather than Part 2 of the Bill which sets out changes to the inspection, regulation and monitoring of standards. This briefing has been informed by the consultation document, which can still be accessed by following the link: <https://www.gov.uk/government/consultations/caring-for-our-future-implementing-funding-reform> and, also, by analysis and commentary published by a number of national organisations, including the Local Government Information Unit; Nuffield Trust; Kings Fund; and NHS Confederation.

Part 1: Care & Support

Awareness raising and financial advice

The consultation report indicated that around 40 percent of people are unaware that they may need to pay for care and may only discover this in a crisis. People will need advice on financial planning for the future and on decision-making when care is needed. The Care Bill gives local authorities a duty to arrange for the provision of independent advice on financial planning for the future and on decision-making when care is needed, but others such as the NHS and financial service providers may have a role too. The DH indicates that it expects the financial services sector to respond to the need for products in time for 2016; it asks what financial solutions will be important.

Assessment for care and support

The role of assessment will shift from primarily being the 'gateway to care and support' to more emphasis on helping people to explore their options and to avoid or reduce the need for care where possible. The consultation document indicates that around 500,000 more people with eligible care needs could contact local authorities in 2016. Once assessed, people will need regular reviews to identify any changes to their care needs and to expenditure that counts towards the care cap. The consultation document anticipates that local authorities will also be contacted by more people who do not have eligible care needs (*presumably people with lower level needs who are unsure about eligibility criteria*) - there are no estimates for these numbers.

The consultation document indicates that this contact provides an opportunity for councils to raise awareness about maintaining independence and financial planning. More carers' assessments will also take place due to the relaxation of the criteria that a carer must provide 'substantial and regular care'. In the legal reform impact assessment to the Care Bill this is estimated at 230,000 to 250,000 additional carers' assessments over four years.

The consultation indicates that this will be a demanding time and to help manage change effectively local authorities should:

- adopt advice from the Audit Commission report: *'Reducing the cost of assessments and reviews'* (2012)
- consider staggering a rush on 1 April 2016 by commencing assessment from November 2015 (accruing expenditure towards the care cap would only start from April)
- ensure that effective information, advice and self-assessment tools to manage the demands of people who have lower levels of needs are in place
- ensure that people already receiving state funded care or support have a personal budget calculated in advance of April 2016 so that local authorities have the information they need to make a care account.

It also says that assessment for many self-funders could be a 'lighter touch process' with reduced local authority contact, e.g. self-assessment, on-line or delivered by a third party. Details will be covered in forthcoming regulations. It also indicates that local authorities will not necessarily need to develop a care and support plan for people funding their own care; it asks for views on this and intends to develop statutory guidance.

On the issue of undertaking assessments before the cap formally starts, Annex A to the consultation also indicates 'issues we will need to consider include deciding whether assessments will remain valid, and reviews and/or re-assessments may be needed shortly after the date of implementation as a result'. *This would seem to negate some of the benefits of bringing assessments forward.*

The consultation seeks evidence on what flexibility should be given to local authorities in how they provide assessments, while meeting demands on resources but maintaining personalisation, early intervention and safeguarding.

Local areas are expected to consider integrating personal social care and personal health budgets (the latter will not count towards the cap). The consultation seeks evidence on potential barriers to integrated planning and how these can be reduced or overcome.

New groups of people requiring support (with different 'expectations and characteristics') and different approaches to assessment will require new assessment tools and workforce development.

Financial assessment, payment and charging

DH analysis suggests that by 2025/26 100,000 extra people will be receiving state funding. Good financial assessment (which individuals can decline) will be central, and the need for an accurate valuation of property is likely to be more important than in the current system. The consultation seeks evidence on how financial assessment can be both proportionate and accurate.

The consultation indicates that the current charging framework is unfair, poorly understood and differs according to setting - residential care charging is based on regulations, which ensures a standardised approach, and services to people in their own home on statutory guidance so there is more local flexibility. The Government intends to introduce regulations to establish a single overarching charging system (local authorities can still choose not to charge). The consultation seeks evidence for what can be included in a common approach and what needs to be treated differently.

Another prospective change could come if direct payments can be used for residential care. The Government had indicated the intention to amend legislation to allow trailblazer areas to test this out from Autumn 2013, though it is possible that the timescale for this has slipped.

Changes to systems

The consultation indicates that care and support information and financial systems will need to change and local authorities will need to consider new options including greater use of on-line transactions. Integration with health also needs to be pursued and the DH will work with ADASS and others to support the use of the NHS number as unique identifier.

The consultation sought evidence and views on a range of technical issues including:

- rules relating to different care caps for adults at various ages under 65, to reflect different ability to build up assets - or whether this could be managed more effectively through the charging framework
- contributions to daily living costs
- the administrative fee that local authorities can charge people who self-fund who want them to arrange their care and support
- interest on deferred payments for care home placements - allowed, but local authorities cannot make a profit
- systems for measuring what counts to the care cap & management of care accounts
- implications of any relaxation to allow people receiving local authority funding to financially top-up their own care
- resource allocation systems - there is unlikely to be a single national RAS, but national principles will be defined in guidance.
- complaints - one possible model is that used in appeals about school placement decisions

- any differences in approach between independent personal budgets for people who pay for their care and support, and personal budgets for people receiving state funding.

Impact on the care and support market

The consultation explores the impact of the reforms on care and support providers. Individuals will understand the fees local authorities are paying providers because this is the rate at which progress towards their care cap will be calculated. They will have on-going contact with local authorities through the system of reviews and may be more inclined to ask for their help to arrange services as will be their right under the Care Bill. The consultation indicates that all this will bring pressures and opportunities for providers, individuals and commissioners. It is not clear where the pressures and opportunities will fall, and the consultation called for evidence on how the market may change as a result of the reforms with a view to developing a programme of support.

Distribution of funding

The Government is considering new adult care and support formulae to implement the reforms and has commissioned independent experts from Local Government Futures, the Personal Social Services Research Unit at LSE (London School of Economics) and the University of Kent to identify new formulae; an advisory group from the LGA (Local Government Association) and ADASS (Association of Directors of Adult Social Services) is also involved. The timetable is to have proposals by spring 2014 and a consultation in summer 2014. No decisions have been made on the use of new formulae for the £335 million grant.

Local Government Information Unit (LGiU) Comment

The consultation brings home the fact that the impact of the funding reforms on adult social care will be huge. The direct impact will be on care assessment and financial systems, but there will be knock-on effects on market management, information, integration and a range of other areas.

Even local authorities that are already advanced in a personalised approach to assessment and care planning and with well-developed financial and information systems are going to find these reforms challenging. Those that are less developed are going to struggle considerably.

The DH is seeking to develop better estimates of the additional numbers likely to contact local authorities; this is essential - the numbers identified in the funding reform impact assessment (180,000 - 230,000 assessments and 440,000 to 530,000 reviews) and the consultation document (500,000 new people with eligible needs) do not seem to tally.

One of the fundamental tensions in current policy is the drive to integrate health and care - organisations that are completely different in their approach to charging. Funding and systems are increasingly being brought together, but for this to make proper sense perhaps one of two things needs to happen:

- the NHS introduces charges for some long term support or
- taxpayers shoulder the burden of free personal care.

Part 2: Care Standards, provider failure, and Duty of Candour

Single provider failure regime

The Care Bill introduces a new, unified system for dealing with hospital trusts which are failing to maintain standards of quality, governance or finance. This would replace the current system where Monitor, which regulates the finances and governance of Foundation Trusts, the NHS Trust Development Authority (NTDA) which regulates the finances and governance of NHS Trusts, and the CQC which regulates quality each have different and separate processes to address failure. The changes laid out in the Bill aim to create an integrated system for dealing with failures of quality in hospital trusts. The intention is for there to be a “single version of the truth” when it comes to identifying failures in quality – that the CQC will put together information on quality arising from ratings and its inspection activities with financial and governance information from Monitor and the NHS Trust Development Authority in an overall rating.

The mechanism for failure laid out in the Bill has three stages, with a fixed period of time for improvement. If at the end of the period CQC concludes that improvement has not been satisfactory it may require Monitor to appoint a Special Administrator, or request that the Secretary of State do so.

Linked to the new failure regime, the Bill contains important changes to the role of Trust Special Administrators (TSAs). It provides statutory backing for TSAs to formally recommend action at trusts other than those for which they have been appointed, as long as the activities of a neighbouring trust would be “necessary for and consequential on” the process of dealing with a failing trust. Effectively, this would reverse the implications of the recent High Court ruling regarding Lewisham Hospital. The court judged here that the Secretary of State did not have powers to implement service reductions at Lewisham on the recommendation of a TSA at the neighbouring south London Healthcare NHS Trust.

Duty of Candour

The Bill provides for the introduction of a Duty of Candour on all health and social care providers through the conditions they must meet from the CQC. Recommended by the Public Inquiry into Stafford Hospital chaired by Robert Francis QC, this provision will mean that when certain incidents occur which have an impact on the safety of patients or service users, those patients or service users must be informed by the organisation responsible.

Assessment and Rating

The Care Bill amends the existing requirements on the Care Quality Commissioning in relation to its role in reviewing and assessing the performance of health and social care providers, paving the way for the new Ofsted-style ratings of hospitals, care homes and domiciliary care services announced in the government’s response to the Francis report. These provisions broadly follow the recommendations made following the review of performance ratings commissioned by the Secretary of State from the Nuffield Trust.

The Government’s intention is to use the three “Darzi domains” as a framework for selecting the quality indicators used in rating. These are effectiveness of treatment, patient or care user experience, and patient or care user safety. As well as quality measurements. CQC will have the power to take account of indicators relating to the quality of governance and trust finances.

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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	12 February 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2617
TITLE:	Voluntary sector funding applications for community transport 2014/15	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Criteria for funding community transport schemes		
Appendix 2 – Funding applications for community transport 2014/15		

1 THE ISSUE

1.1 Funding applications have been received from voluntary sector bodies for the provision of community transport services in 2014/15. This Report gives details of those applications with recommendations on the allocation of funding.

2 RECOMMENDATIONS

2.1 That funding proposals in Appendix 2 be approved, subject to decision of the Council on the budget for 2014/15.

2.2 That the Divisional Director for Environmental Services be given delegated powers to reallocate funds, in consultation with the Cabinet Member for Transport, from approved projects that become unviable owing to the level of funding allocated or to a change in circumstances of the applicant group, should such situations arise during the year.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 The Service Level Agreements (SLAs) for Keynsham Dial-a-Ride and Midsomer Norton & Radstock Dial-a-Ride expire on 31 March 2014. Officers have held initial discussions with these schemes on new SLAs. It is proposed to extend the current SLAs, by agreement with the schemes, until 30 September 2014 to give more time to negotiate new SLAs in the light of the Council's decision on its budget for 2014/15. Also, it is proposed to make an inflation-related adjustment of +1.8%, based on changes to transport industry costs, from 1 April 2014 to enable the schemes to maintain their current level of service. Therefore, the funding for the schemes in the first half of 2014/15 will be equivalent to annual values of £75,593

for Keynsham Dial-a-Ride and £102,459 for Midsomer Norton & Radstock Dial-a-Ride. Funding for the schemes under their new SLAs from 1 October 2014 will be limited to the amount available within the budget.

- 3.2 The Service Level Agreement (SLA) for Bath Dial-a-Ride expires on 31 March 2014. This service is provided by the in-house fleet and it is proposed to award a new three-year SLA from 1 April 2014 at a funding level of £18,180 per annum, subject to an inflation-related adjustment each year.
- 3.3 Eight other community transport providers applied for funding of £96,533 in total for 2014/15. The applications have been evaluated against the criteria in Appendix 1 and assessed for value for money. Three schemes applied for funding in excess of their current level but it is recommended that funding be capped at the current level with an inflation-related adjustment. Awards totalling £89,587 are recommended.
- 3.4 If the recommendations are accepted, total spending on community transport support in 2014/15 will be £285,819. Provision has been made for this amount in the draft budget.
- 3.5 All schemes have been encouraged to contain their costs and operate more efficiently. The number of individual passenger journeys on community transport grew by 9% to 86,745 in 2012/13. Growth continued at 7% in the first half of 2013/14. The average subsidy per passenger journey has fallen from £3.49 in 2011/12 to £3.21 in 2012/13 and £3.08 in the first half of 2013/14, reflecting a more efficient use of resources.
- 3.6 In addition to support for community transport services, the Council provides funding for safeguarding checks for paid staff and training for trustees in their roles and responsibilities.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 There is no statutory duty on the Council to fund the provision of community transport as such, but there is general recognition of the value of such facilities in meeting the transport needs of those who are unable to use mainstream public transport, enabling them to live independently, to access essential services and to participate in community activities. Most users are elderly or disabled and value the service highly.
- 4.2 The funding of community transport helps the Council meet its duty to ensure equal access to transport services.
- 4.3 Community transport relies heavily on volunteers to drive vehicles, provide escorts and carry out administrative tasks. In that way, it provides opportunities for those who wish to help their communities.
- 4.4 Community transport is firmly rooted in local communities, who have identified transport needs in their areas and sought to meet them. The Council has a role in encouraging, facilitating and supporting such local initiatives.

5 THE REPORT

5.1 The Joint Local Transport Plan for the West of England Partnership Area 2011 – 2026 aims to maintain, diversify, expand and integrate community transport provision by:

- Linking with other forms of public transport
- Optimising community transport operations
- Encouraging social enterprises
- Helping with marketing, publicity and information

5.2 Community transport improves access to work, education, training, shopping, leisure and health facilities for people living in rural areas and those who are elderly or disabled.

5.3 Recommended awards have been arrived at following assessment of grant applications against the criteria in Appendix 1 and a comparison of value for money, within the constraints of the budget available.

6 RATIONALE

6.1 The recommended awards will ensure the continuation of existing community transport services and will help the Council meet its objectives.

6.2 The Council's Public Transport Team has considered the applications against set criteria (see Appendix 1) and assessed value for money by comparing the cost per trip of comparable schemes, based on the information that applicants provide.

6.3 Three schemes applied for funding in excess of their current level but it is recommended that the funding they receive be maintained at the current level with a small increase to allow for inflation. The schemes concerned have been advised of the recommendation and confirm that the recommended awards would not give rise to a substantial curtailment of the services they provide.

7 OTHER OPTIONS CONSIDERED

7.1 None

8 CONSULTATION

8.1 Consultation has been carried out with the Section 151 Finance Officer and the Monitoring Officer. As in previous years, it was not deemed appropriate to consult more widely.

8.2 Consultation has been carried out electronically.

9 RISK MANAGEMENT

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

Contact person	Andy Strong, Public Transport Manager – 01225 394201
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Appendix 1 - Service Criteria for funding Community Transport Schemes

Funding Criteria for Grant Applications 2014/15

- As all schemes are providing a service for vulnerable adults (and sometimes children), all schemes must ensure that they comply at all times with the prevailing safeguarding requirements for all active volunteers and employees.
- New schemes must implement safeguarding checks from the beginning. Existing schemes will be required to repeat safeguarding checks for all active volunteers and employees in accordance with current legislation.
- All drivers involved in the provision of minibus transport must successfully undertake a driver assessment recognised by the Council, i.e. the Council's own driver training course or MiDAS (Minibus Driver Awareness Scheme). New schemes must implement these assessments from the beginning. All schemes should repeat driver assessments (for all drivers) every 5 years. The Council will meet the cost of any minibus driver undertaking the Council's driver training course.
- All schemes must complete the Health & Safety questionnaire included within the annual funding application pack and return questionnaire with funding application by the closing date.
- Schemes are expected to operate as economically as possible and to keep accurate and audited accounts.
- Schemes must have a properly constituted decision-making body (e.g. management committee) to oversee the project and make the necessary policy decisions.
- Any scheme funded would be expected to develop its own equal opportunities policy.
- All charges to users of schemes should be reasonable, cover running costs and be reviewed annually.
- Applicants will be expected to raise funds from sources outside the Council and these proposals should be described at the time of application so that the financial or other implications can be properly considered.
- New schemes will be considered if submitted with evidence of an unmet need in the area.

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APPENDIX 2 FUNDING APPLICATIONS FOR COMMUNITY TRANSPORT 2014/15

Table 1 - Dial-a-Ride schemes

Scheme	SLA payment for 2013/14 (£)	Annual value of SLA payment for 2014/15 (£)	Single passenger journeys (April to Sept 2013)	Average subsidy per passenger journey (April to Sept 2013) (£)	Comments
Bath Dial-a-Ride	18,180	18,180	2,452	3.71	<p>Provided by the Council's in-house transport fleet. A minimum of two vehicles operate in the City of Bath and the parishes of Bathford and Batheaston on Mondays to Fridays between 0930 and 1430.</p> <p>It is recommended to award a new 3-year SLA starting 1 April 2014.</p>
Keynsham & District Dial-a-Ride	74,256	75,593 (until 30 September 2014 then subject to negotiation)	10,286	3.61	<p>The group operates six vehicles of various sizes. The dial-a-ride service operates on Mondays to Fridays between 0800 and 1830 (to fit in with opening times of local doctors' surgeries) for residents of Keynsham, Saltford and the adjoining rural areas.</p> <p>The group also does group hire and runs a service to Oldfield School on behalf of a parents' group.</p>

					<p>The group has 1,114 individual members and 48 group members.</p> <p>It is recommended that the current SLA be extended for six months to enable negotiation of a new 3-year SLA to start in October 2014.</p>
Midsomer Norton & Radstock Dial-a-Ride	100,647	102,459 (until 30 September 2014 then subject to negotiation)	7,873	6.39	<p>Three vehicles provide a service on Mondays to Fridays between 0815 and 1600 in Midsomer Norton, Westfield, Radstock and a very wide rural area stretching from the Chew Valley across to Freshford. The size of the rural area and the low density of population give rise to comparatively high operating costs.</p> <p>The group has 500 individual members.</p> <p>It is recommended that the current SLA be extended for six months to enable negotiation of a new 3-year SLA to start in October 2014.</p>
TOTALS	193,083	196,232	20,611	4.68	

Table 2 - Other Community Transport providers

Group	Grant paid for 2013/14 (£)	Single passenger journeys (April to Sept 2013)	Average subsidy per passenger journey (April to Sept 2013) (£)	Grant applied for 2014/15 (£)	Grant award recommended for 2014/15 (£)	Comments
Age UK Bath & North East Somerset	7,457	831	4.49	8,958	7,700	<p>Age UK B&NES runs a transport scheme to enable older, frail and disabled people to access community lunch clubs and day centres as well as providing trips to various shopping and leisure destinations.</p> <p>It is recommended that the grant remain at the current level but with a small increase to allow for inflation.</p>
Bath Community Transport	48,077	16,564	1.45	49,048	49,048	<p>Bath Community Transport operates seven fully-accessible minibuses to provide affordable transport for 136 groups across Bath & North East Somerset, comprising the elderly, the disadvantaged and those with impaired mobility. The group relies heavily on volunteers.</p> <p>The group replaces one of its vehicles annually and wishes to acquire an eighth vehicle in spring 2014 to meet increasing</p>

						<p>demand.</p> <p>The group applied for a small increase in grant to reflect inflation and it is recommended that the grant applied for be made.</p>
Batheaston Neighbourhood Group	1,112	379	1.47	1,135	1,135	<p>Batheaston Neighbourhood Group provides transport for elderly and disabled residents of Batheaston to the local medical centre, RUH, St Martin's Hospital, the Bristol hospitals and to dental surgeries. It also takes clients shopping, delivers prescriptions for housebound people and provides a twice-monthly shopping coach. In 2013/4, there was a considerable increase in the number of prescriptions delivered.</p> <p>The group applied for a small increase in grant to reflect inflation and it is recommended that the grant applied for be made.</p>
Chew Valley Community Transport	4,500	396	5.68	4,800	4,650	<p>Chew Valley Community Transport started in 2010. It is entirely run by volunteers and provides transport to medical appointments at surgeries, hospitals and clinics. It also provides transport to social events and shopping for small groups in an accessible MPV.</p> <p>The rural nature of its area and the low</p>

						<p>density of population give rise to comparatively high costs.</p> <p>It is recommended that the grant remain at the current level but with a small increase to allow for inflation.</p>
Midsomer Norton & Radstock Community Service Vehicle Trust	1,300	1,122	0.58	1,300	1,300	<p>The group operates a minibus with a passenger lift to convey elderly and disabled persons to and from therapy centres, clubs, churches and community events. It also provides transport for community and youth organisations in Midsomer Norton, Radstock, Paulton, Peasedown St John and Timsbury.</p> <p>The group intends to replace its minibus in 2014/5 if capital funding is obtained.</p> <p>The group applied for the same level of grant as in 2013/14 and it is recommended that the grant applied for be made.</p>
St Philip & St James Church Community Minibus	4,978	1,724	1.44	4,974	4,974	<p>The group provides transport for 57 groups of elderly, disabled, single parents, teenagers and vulnerable persons.</p> <p>The group applied for a similar level of grant as in 2013/14 and it is recommended that the grant applied for be made.</p>

SWAN Advice Network Volunteer Transport Scheme	15,300	1,544	4.95	21,358	15,800	<p>SWAN provides an accessible service to clients of social services and those on low income who are unable to access mainstream public transport. The group provides transport to take clients shopping, to visit family or friends, to attend activities or attend classes and to attend hospital or health appointments. It works closely with various other organisations.</p> <p>It is recommended that the grant remain at the current level but with a small increase to allow for inflation.</p>
Wellow Community Bus Group	4,960	2,485	1.00	4,980	4,980	<p>The Wellow Community Bus Group started in 2010. It uses a minibus to operate four runs per day between Wellow and Bath for its members.</p> <p>The group is keen to make its vehicle available to wider range of users, especially those without cars, and to reduce peak time car use.</p> <p>The group applied for a similar level of grant as in 2013/14 and it is recommended that the grant applied for be made.</p>
TOTALS	87,684	25,045	1.75	96,533	89,587	

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	12th February 2014	EXECUTIVE FORWARD PLAN REFERENCE: E2619
TITLE:	Policy and Delegations for the Scrap Metal Dealers Act 2013	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix A – Scrap Metal Dealers Licensing Policy		

1 THE ISSUE

- 1.1 The Scrap Metal Dealers Act 2013 introduces a new licensing scheme from 1 October 2013, replacing the previous simple registration requirements for Scrap Metal Dealers and Motor Salvage Operators. The function of delegation has been deemed to fall to the Cabinet pending anticipated changes to the Local Authorities (Functions and Responsibilities) Regulations 2000.

2 RECOMMENDATION

- 2.1 To accept the Scrap Metal Dealers Policy provided in Appendix A.
- 2.2 To note and agree the fees associated with the function provided in paragraph 5.6.
- 2.3 That the Cabinet recommends to delegate to the Divisional Director Environmental Services:
- the administration and enforcement of the function;
 - the power to request further information of applicants;
 - to review and amend the fees on an annual basis;
 - to determine applications (including refusal), revoke licences, or impose conditions under Section 3(8);

- the power to issue or cancel a closure notice for unlicensed sites, and where appropriate, to apply for closure orders (Schedule 2) and take such other action in this respect as may be required.; and
- to note that Council will be asked to delegate the function to the Licensing Committee when the power to do so is available.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Financial: The proposed licence fees have been calculated to ensure that the full costs of carrying out the function are met, in respect of administration and compliance. The net impact on the Licensing budget is anticipated to be nil.
- 3.2 Staffing: The administration and compliance will be undertaken by existing officers; this will be achieved by retaining the resources of existing officers, which would otherwise been lost or reallocated. The cost of retaining the officers will be subsidised by the above fee. The staffing input will be reviewed on a regular basis and the fees adjusted accordingly.
- 3.3 Equalities: An Equalities Impact Assessment has been completed and there are no implications with regard to the implementation of this new legislation.
- 3.4 Economic: None arising directly from this report.
- 3.5 Environment: None arising directly from this report.
- 3.6 Council Wide Impacts: None arising directly from this report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Scrap Metal Dealers Act 2013 gives the Council new statutory licensing powers replacing existing powers with effect from 1 October 2013.
- 4.2 The Council is required to carry out the function, although, at the date of this report, it has not been made clear whether this will be an executive or non-executive function.
- 4.3 Section 17 of the Crime and Disorder Act 1998 requires that: “Without prejudice to any other obligation imposed on it, it shall be the duty of each authority to which this section applies to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all it reasonably can prevent crime and disorder in its area (including anti-social behaviour and other behaviour adversely affecting the local environment) ...” The licensing of scrap metal dealers clearly engages with this requirement..

5 THE REPORT

- 5.1 In recent years scrap metal theft has been one of the fastest growing crimes in the UK. It affects communities; businesses, and Councils themselves. Local Government Association (LGA) survey showed that metal theft had cost Councils more than £5.25 million in 2010/2011.
- 5.2 Since 2011 a number of organisations including the Police, Councils and the Environment Agency through “Operation Tornado” have been successful in reducing the amount of metal theft in the UK. This led to the LGA along with

other bodies pressing the Government to update the Regulations relating to scrap metal dealers.

- 5.3 Scrap Metal is defined in the Act as “any old, waste or discarded metal or metallic material or any product, article or assembly which is made from or contains metal and is broken, worn out, or regarded by its last holder as having reached the end of its useful life. But gold, silver and any alloy of which 2 per cent or more by weight is attributable to gold or silver is not considered scrap metal”.
- 5.4 The Scrap Metal Dealers Act 2013 came into force from 1 October 2013 and repealed the Scrap Metal Dealers Act 1964, and Part 1 of the Vehicles (Crime) Act 2001 (Motor Salvage Operators), replacing them with a new system of licensing to be administered by Local Authorities.
- 5.5 Significant differences between this and the previous scrap metal dealer and Motor Salvage Operator functions are as follows:
- Licences, as opposed to registrations, with a consequent power to consider suitability of applicants.
 - Scrap metal dealer and motor salvage operators are now both regulated by the same legislation.
 - Requirement not to issue a licence unless the Council is satisfied as to the applicant’s suitability, and power to revoke a licence.
 - Power to impose licence conditions in case of conviction as to the times when scrap may be received, and that scrap metal must be kept in its original form for a specified period following receipt.
 - Two categories of licence – sites and collectors.
 - No cash payments for scrap metal, although an exception remains for the purchase of vehicles in limited circumstances.
 - Power to give notice to close unauthorised sites.
 - Licences are for a three year period.
 - The holder of a licence can only hold one licence in each Local Authority’s area, but may hold licences in multiple Local Authority areas. Thus the holder of a site licence in one area might hold a collector’s licence in another.
 - The legislation requires that an application for a licence is accompanied by a fee set by the Local Authority.
 - Specific compliance and enforcement powers for the Council and police.
- 5.6 The following fees have been calculated in accordance with the legal requirements and recent Home Office guidance to ensure, so far as is possible, that the costs of administering the function and ensuring compliance by licence holders can be met:

Site Licence - grant

£630.00
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Site Licence - renewal	£592.00
Site Licence variation	£102.00
Collector's Licence - grant	£542.00
Collector's Licence – renewal	£475.00
Collector's Licence variation	£102.00
Replacement Licence	£ 22.00
Change of Details	£ 22.00

5.7 Determinations of applications will be subject to the policy provided in Appendix A and guidance by the Home Office.

5.8 Where an application is refused or a licence revoked, there will be a right of appeal to the Magistrates' Court against the decision.

5.9 Currently, because the Government has yet to amend the Local Authorities (Functions and Responsibilities) Regulations 2000, the default responsibility for this function is with the Executive.

5.10 When these Regulations have been amended, it is recommended that the Council should delegate the function to the Licensing Committee as a non-executive matter.

5.11 Under the scheme of delegation, it is proposed that the function be delegated to the Divisional Director Environmental Services, save that where it is proposed that an application should be refused; a licence revoked, or conditions imposed and the applicant or licence holder exercises their right to make representations. These representations should be dealt with by the Licensing Sub-Committee, when the legal power to delegate the function to that committee is available.

6 RATIONALE

6.1 Given the statutory nature of the function, there are no other alternative options.

7 OTHER OPTIONS CONSIDERED

7.1 Given the statutory nature of the function, there are no other alternative options.

8 CONSULTATION

8.1 This report has not been sent to the Trades Unions because there are no staffing issues.

9 RISK MANAGEMENT

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

Contact person	Alan Bartlett, Team Leader (Licensing) Tel: 01225 477536
Background papers	Scrap Metal Dealers Act 2013
Please contact the report author if you need to access this report in an alternative format	

SCRAP METAL DEALERS

DRAFT
Licensing Policy

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1 INTRODUCTION AND GENERAL PRINCIPLES

Bath & North East Somerset Council (the Council) is the Licensing Authority under the Scrap Metal Dealers Act 2013 which received Royal Assent on 28 February 2013.

The Act repeals the Scrap Metal Dealers Act 1964 (and linked legislation) and Part 1 of the Vehicles (Crime) Act 2001 creating a revised regulatory regime for the scrap metal recycling and vehicle dismantling industries.

The Act maintains Local Authorities as the principal regulator and gives them the power to better regulate these industries by allowing them to refuse to grant a licence to “unsuitable” applicants and a power to revoke licences if the dealer becomes “unsuitable”.

The Act requires a scrap metal dealer to obtain a licence in order to carry on business as a scrap metal dealer.

In setting out its policy, the Licensing Authority will promote the following objectives:

- (i) Protection of the public through the reduction of metal theft;
- (ii) Promotion of effective scrap metal recycling and vehicle dismantling;
- (iii) Delivery of a regulatory service proportionate to the risks involved.

In exercising its discretion in carrying out its licensing functions, the Licensing Authority shall have regard to this document, the objectives set out above, and all relative legislative requirements.

Despite the existence of this procedure document, each application or enforcement measure shall be considered on its own merits. Where it is necessary for the Licensing Authority to depart from its procedures, reasons shall be given for so doing.

The aim of the licensing process is to regulate scrap metal trade in order to promote the above objectives. It is the Licensing Authority’s wish to facilitate well-run and responsible businesses that are responsive to the wishes and needs of the general public.

The Council, in undertaking its licensing functions, shall have due regard to the need to eliminate unlawful discrimination and to promote equality and good relations between persons of different racial groups.

The following principles will be adhered to when carrying out enforcement activities:

Openness: The Council shall be open about how it enforces the legislation in relation to scrap metal licensing.

Helpfulness: The Council will work with people to advise them on and assist with compliance of the relevant legislation. It will also strive to provide a courteous and efficient service to its customers.

Proportionality: The Council will minimise the cost of compliance for businesses and individuals by ensuring that any action taken is proportionate to the risk or wider public benefit. Officers shall have regard to the human rights of all parties involved in its enforcement activities.

Consistency: The Council shall carry out its duties in a fair, equitable and consistent manner. Officers shall have regard to national legislation and guidance; local byelaws; corporate policies and procedures: the contents of this document.

This policy shall take effect from 1 October 2013 and shall remain in existence during which it shall be kept under review and revised as appropriate.

Definition of a Scrap Metal Dealer

A person carries on a business as a scrap metal dealer if:

- (a) They wholly or partly buy or sell scrap metal (whether or not sold in the form it was bought); or
- (b) They carry on business as a motor salvage operator

People selling scrap metal as surplus materials or as a by-product of manufacturing articles, is NOT regarded as a scrap metal dealer.

Motor salvage operation is defined in the Act as a business that consists wholly or mainly of:

- (a) Recovering salvageable parts from motor vehicles for re-use or sale and selling the remainder of the vehicle for scrap.
- (b) Buying written-off vehicles, repairing and reselling them.
- (c) Buying or selling motor vehicles which are to be the subject of any of the activities mentioned in (a) or (b).
- (d) Wholly or mainly in activities falling within paragraphs (b) and (c).

Scrap metal includes:

- (a) Any old, waste or discarded metal or metallic material, and
- (b) Any product, article or assembly which is made from or contains metal and is broken, worn out or regarded by its last holder as having reached the end of its useful life.

Scrap metal does not include:

- (a) Gold.
- (b) Silver.
- (c) Any alloy of which 2% or more by weight is attributable to gold or silver.

Types of Licence

Anyone wishing to operate a business as a scrap metal dealer will require a site licence or a collector's licence. The licence is valid for three years and permits the licence holder to operate within the boundaries of the issuing Authority.

A person may hold more than one licence issued by different Local Authorities but may not hold more than one licence issued by any one Authority.

Site Licence

The site licence authorises the licensee to carry on business at the site(s) identified in the licence.

The site licence must include:

- (a) The name of the licensee.
- (b) The name of the local Authority.
- (c) Identify all the sites in the Authority's area at which the licensee is authorised to carry on business.
- (d) The name of the site manager of each site.
- (e) The date of expiry.

The site licence also permits the licence holder to act as a collector.

Collector's Licence

The collector's licence authorises the licensee to carry on business as a mobile collector within the local Authority's area.

The collector's licence must include:

- (a) The name of the licensee.
- (b) The name of the local Authority.
- (c) The date of expiry.

2 SUITABILITY OF APPLICANTS

The Council shall determine whether the applicant is a suitable person to carry on business as a scrap metal dealer.

In determining this, the Authority may have regard to any information which it considers to be relevant, in particular:

- (a) Whether the applicant or site manager has been convicted of any relevant offence.
- (b) Whether the applicant or site manager has been the subject of any relevant enforcement action.
- (c) Any previous refusal of an application for the issue or renewal of a scrap metal licence (and the reasons for the refusal).

- (d) Any previous refusal of an application for a relevant environmental permit or registration (and the reasons for the refusal).
- (e) Any previous revocation of a scrap metal licence (and the reasons for the revocation).
- (f) Whether the applicant has demonstrated that there will be in place adequate procedures to ensure that the provisions of this Act are complied with.

2.1 Criminal Records Disclosures

Applicants shall be required to submit as part of any application a criminal records check from the Disclosure Barring Service (DBS). Applicants shall be charged an appropriate fee determined by the DBS.

The Council is bound by rules of confidentiality, and shall not divulge information obtained to any third parties. The applicant for a DBS disclosure shall be sent a disclosure report to their home address; this must be shown to the Council prior to the issue or continuation of a licence.

The Council shall operate policies and procedures in accordance with Guidance and Codes of Practice issued by The DBS.

2.2 Relevance of Convictions and Cautions

In assessing whether the applicant is a fit and proper person to hold a licence, the Licensing Authority shall take account of cautions and convictions, whether spent or unspent, but only in so far as they are relevant to an application for a licence.

Upon receipt of a disclosure from an applicant, an Officer of the Licensing Authority shall assess whether any or all of the convictions are capable of having a relevance as to whether the applicant is a fit and proper person to hold a licence.

3 ENFORCEMENT MEASURES

In order to encourage responsible licensed businesses, the Licensing Authority shall operate a firm but fair enforcement regime. To balance the promotion of public safety with the need to permit individuals to safeguard their livelihood without undue interference, the Licensing Authority as a general principle shall only intervene where it is necessary and proportionate to do so.

The Council shall, in order to discharge its role as the Licensing Authority, carry out routine and unannounced inspections of individuals, vehicles and businesses to ensure compliance with the relevant legislation.

The Licensing Authority may take any of the steps below upon receipt of evidence that an offence has been committed in relation to legislation enforced by the Council:

1. Informal verbal or written advice.
2. Service of Notice.
3. Revocation of the licence.
4. Refusal to renew.
5. Prosecution of an individual or company.

Minor or first-time transgressions are likely to attract either an oral or written warning.

A licence holder shall be referred to the appropriate Licensing Committee when either he/she has been found to be in breach of a licence issued or convicted of a serious criminal offence. The Committee shall consider the evidence and may either take no action, or revoke the licence.

The Licensing Authority shall consider the prosecution of licence holders for relevant offences where the allegation is of a serious nature or for alleged repeated offenders.

4 GENERAL ARRANGEMENTS

4.1 Licensing Committee and Hearings

The Council has delegated its functions in the following way:

1. A licensing sub-committee shall deal with applications and disciplinary matters referred to it by Licensing Officers.
2. Licensing Officers have delegated powers to grant or refuse licences; to revoke licences in situations requiring immediate action; to issue oral and written warnings, notices, & formal cautions; and to instigate prosecutions where appropriate.

Licensing Hearings in relation to applicants and licensees shall be carried out to an agreed procedure that allows an individual the ability to present his/her case to the Committee; be represented, and ask questions. In certain circumstances the Committee shall hold licensing hearings without the public being present, where it is legally allowed to do so, for cases where personal matters are to be considered.

4.2 Licence Applications

An application for a Scrap Metal Dealer site licence and/or collectors licence shall be made on the specified application form issued by the Licensing Authority.

Applications will not be processed unless all the required documentation is produced and the licence fees have been paid.

No refunds will be given for unsuccessful licence applications, for unsuccessful licence renewal applications, or for applications where the process has begun and the applicant withdraws their application.

Holders of existing licences shall be reminded two months preceding the expiry, when their licences are due to be renewed. However, it is the responsibility of the individual licensee to renew an existing licence and the absence of a reminder letter will not discharge the licensee of his/her individual responsibility.

Application forms, appropriate fees, and supporting documentation should be submitted in sufficient time to allow processing of the application. It is recommended that applications are made at least 21 days prior to the expiry of the previous licence.

A licence that is not renewed by its expiry date will be deemed to have not been renewed and a fresh application for a new licence will be required, unless exceptional circumstances can be demonstrated to the satisfaction of the Licensing Authority.

4.3 Table of Tariffs and Licence Fees

The Licensing Authority will annually review its licence fees and charges and implement any changes on the 1st April each year.

4.4 Service Standards

Tacit consent will not apply in relation to scrap metal dealer licence applications as there is an overriding public interest in ensuring that the suitability of applicants is assessed before the licence is issued.

4.5 Complaints

The Council will investigate complaints against licensed or unlicensed, persons or businesses and take action proportionate to the matter being investigated. Complainants shall be encouraged in the first instance to raise their concerns directly with the licensee to seek a local resolution.

If a person making a complaint is not satisfied with the investigation of a complaint, the Council's formal complaint procedure shall be followed.