

**Democratic Services**

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**Date:** 2<sup>nd</sup> February 2016  
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**To: All Members of the Cabinet**

Councillor Tim Warren	Leader of the Council and Conservative Group Leader
Councillor Liz Richardson	Cabinet Member for Homes and Planning
Councillor Patrick Anketell-Jones	Cabinet Member for Economic Development, Conservative Deputy Group Leader Bath
Councillor Charles Gerrish	Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset
Councillor Vic Pritchard	Cabinet Member for Adult Social Care and Health
Councillor Anthony Clarke	Cabinet Member for Transport
Councillor Martin Veal	Cabinet Member for Community Services
Councillor Michael Evans	Cabinet Member for Children's Services

Chief Executive and other appropriate officers  
Press and Public

Dear Member

**Cabinet: Wednesday, 10th February, 2016**

You are invited to attend a meeting of the **Cabinet**, to be held on **Wednesday, 10th February, 2016** at **6.00 pm** in the **Council Chamber - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely

Jack Latkovic  
for Chief Executive

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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 Jack Latkovic who is available by telephoning Bath 01225 394452 or by calling at the Guildhall Bath (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 Jack Latkovic 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 Jack Latkovic as above.

Appendices to reports are available for inspection as follows:-

**Public Access points** - Reception: Civic Centre - Keynsham, Guildhall - Bath, The Hollies - Midsomer Norton. Bath Central and Midsomer Norton public libraries.

**For Councillors and Officers** papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

- 4. Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators.

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

The Council will broadcast the images and sound live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast) An archived recording of the proceedings will also be available for viewing after the meeting. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

- 5. Attendance Register:** Members should sign the Register which will be circulated at the meeting.

**6. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**

**7. Emergency Evacuation Procedure**

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

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

**8. Officer Support to the Cabinet**

Cabinet meetings will be supported by the Senior Management Team.

**9. Recorded votes**

A recorded vote will be taken only when requested by a member of Cabinet.

**Cabinet - Wednesday, 10th February, 2016**

**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 in the Notes*

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 9 - 18)

*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.*

*Councillor Sarah Bevan will address the Cabinet as the Chair of the Resources Policy Development and Scrutiny Panel.*

11. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 19 - 20)

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

12. URBAN GULLS STRATEGY AND ACTION PLAN (Pages 21 - 50)

The adoption of a revised and updated urban gull strategy and action plan for 2016-2019 to fulfill three core objectives of deterring the gull population; removing access to food sources and increased communication with the public to further gain their support in tackling the problem.

13. METRO WEST PHASE 1 UPDATE REPORT (Pages 51 - 56)

This is to update the Cabinet on progress with the Metro West Phase 1 Rail Project and especially to update Cabinet on the risks with the project and the potential revenue support that the new services may require when they open in 2019 or 2020. This will need to be factored into the medium term financial plan in due course.

14. HERITAGE SERVICES BUSINESS PLAN: 2016-2021 UPDATE (Pages 57 - 84)

This is the first update of the Heritage Services Business Plan 2015-2020 that was approved by Cabinet in February 2015. It covers the five financial years from 2016/17 to 2020/21, and has been prepared following the annual in-depth review of business activity. The revised Plan includes an analysis of the risk involved.

15. REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO DECEMBER 2015 (Pages 85 - 108)

This report presents the financial monitoring information for the Authority as a whole for the financial year 2015/16 to the end of December 2015.

16. TREASURY MANAGEMENT MONITORING REPORT TO 31ST DECEMBER 2015 (Pages 109 - 122)

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.

This report gives details of performance against the Council's Treasury Management Strategy and Annual Investment Plan 2015/16 for the first nine months of 2015/16.

17. 2016/17 TREASURY MANAGEMENT & INVESTMENT STRATEGY (Pages 123 - 150)

In February 2012, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be scrutinised by an individual / group of individuals or committee.

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

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

This report is due to be scrutinised by the Corporate Audit Committee at the 4th February 2016 meeting, following which any recommendations will be reported back verbally as an update to this report.

18. BUDGET AND COUNCIL TAX 2016/17 AND FINANCIAL OUTLOOK 2016/17 TO 2019/20 (Pages 151 - 270)

This report presents the Cabinet's revenue and capital budgets for the 2016/17 financial year together with a proposal for a Council Tax level for 2016/17.

The Committee Administrator for this meeting is Jack Latkovic who can be contacted on 01225 394452.

# 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.

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

**BATH AND NORTH EAST SOMERSET**

**CABINET**

Wednesday, 2nd December, 2015

**Present:**

Councillor Tim Warren	Leader of the Council and Conservative Group Leader
Councillor Liz Richardson	Cabinet Member for Homes and Planning
Councillor Patrick Anketell-Jones	Cabinet Member for Economic Development, Conservative Deputy Group Leader Bath
Councillor Charles Gerrish	Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset
Councillor Vic Pritchard	Cabinet Member for Adult Social Care and Health
Councillor Anthony Clarke	Cabinet Member for Transport
Councillor Martin Veal	Cabinet Member for Community Services
Councillor Michael Evans	Cabinet Member for Children's Services

**55 WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

**56 EMERGENCY EVACUATION PROCEDURE**

Senior Democratic Services Officer drew attention to the evacuation procedure as set out in the Agenda.

**57 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**58 DECLARATIONS OF INTEREST**

There were none.

**59 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**60 QUESTIONS FROM PUBLIC AND COUNCILLORS**

There were 13 questions from Councillors and 8 questions from the public. *[Copies of the questions and responses, including supplementary questions and responses if any, have been placed on the Minute book and are available on the Council's website.]*

## 61 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Councillors Lisa Brett and Joe Rayment in a statement [*a copy have been placed on the Minute book and is available on the Council's website*] expressed their concerns by the disparity between the composition of the Council and the composition of the general public in B&NES, in terms of the representations within such characteristics as: gender, age, ethnicity, socio-economic class, disability, sexual orientation and gender identity. Councillors Brett and Rayment requested that the Cabinet should approve the formation of an all-party working group to investigate ways in which the Council could become more accessible and representative of the local population.

The Chair suggested that this issue should be discussed by then Group Leaders.

Chris Beezley (FoBRA member and Chairman of Beech Avenue Residents' Association) in a statement [*a copy have been placed on the Minute book and is available on the Council's website*] said that FoBRA had long pressed B&NES for a formal strategy to address the challenge of housing large numbers of students in a compact city that hosts two popular universities. The Placemaking Plan stated that student accommodation was a matter requiring a planning policy framework and policy direction at a strategic level, yet, and this was the important point, it offered no solutions. FoBRA therefore had asked for Cabinet's assurance that the long-overdue Student Housing Strategy is now developed as a matter of urgency, is regularly reviewed, engaging openly with the universities and residents, and that the Placemaking Plan is guided by it.

The Chair said that the Council had been talking to two Universities on the issues of student accommodation.

Rosemarie Naish (Chair of Clutton Parish Council) made a case for traffic calming measures in Clutton. Rosemarie Naish explained that the road through the village was narrow and it had been used as rat-run between A37 and A39. Clutton Primary School would lose lollipop person soon and for some children the walk to the school had been seen as unsafe. The Council had made a very strong traffic calming scheme which was welcomed by the Parish Council and residents, though one resident had raised numerous objections to the scheme. A revised scheme had been put in place and the same resident had objected to the scheme. Rosemarie Naish concluded her statement by highlighting the need for traffic calming measures and urged Councillor Antony Clarke (Cabinet Member for Transport) to approve a revised scheme.

Annie Kilvington said that this week had been quite significant in terms of the climate change, and that we all would have to make changes to the policies that are affecting our environment. Annie Kilvington welcomed the new Green Spaces Strategy though she was concerned that the Strategy had no reference to Park and Ride sites East of Bath, sites which were large and of enormous bio diversity value. Annie Kilvington also said that omission of those sites would permit the Council to disregard the Strategy when pursuing its determination to implement Park and Ride

plans. Annie Kilvington concluded her statement by saying that the adoption of Strategy could only be proved subject to formal due diligence and correction.

Sian James in a statement [*a copy have been placed on the Minute book and is available on the Council's website*] said that she was disappointed that out of the 242 questions asked at the Full Council meeting on 12th November, as of 1st December, there were 182 with a response (75%). Sian James also said that most of these responses were incomplete; only 20 questions were actually answered; and, there were 9 valid questions that have apparently been removed from the list, with no reference as to why.

Christine Boyd in a statement [*a copy have been placed on the Minute book and is available on the Council's website*] said that there should be no attempt to tie the hands of the CTE PDS Panel whilst it makes its deliberations on Park and Ride issue. Christine Boyd also asked for a public assurance that the Scrutiny Panel would be given the time and resources it needs to do this work, rather than face pressure of the Cabinet timetable.

The Chair responded that the CTE PDS Panel was not run by the Cabinet and it would be entirely down to the Chair, and members of that Panel to decide how they would want to engage in the process.

## **62 MINUTES OF PREVIOUS CABINET MEETING**

**RESOLVED** that the minutes of the meeting held on Wednesday 4<sup>th</sup> November 2015 be confirmed as a correct record and signed by the Chair.

## **63 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET**

There were none.

## **64 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES**

There were none.

## **65 PLACEMAKING PLAN FOR BATH AND NORTH EAST SOMERSET**

Robin Kerr (Chairman of the Federation of Bath Residents' Associations) in a statement [*a copy have been placed on the Minute book and is available on the Council's website*] highlighted the importance of the Placemaking Plan for Bath.

Councillor Karen Warrington said that she was here to represent residents from her Ward whose part of their land had been included in the Placemaking Plan for residential purposes. Councillor Warrington asked for an amendment of the Plan in terms of the housing development boundaries in that area.

Caroline Kay (Bath Preservation Trust) said that the Trust welcomed the conclusion of the Placemaking Plan consultation and highlighted six overarching points with the Cabinet: the Trust welcomed inclusion of the policy for Bath Central Area; the Trust congratulated officers on progressing with conservation area appraisal for Bath; the Trust had asked that the building height strategy should be robust enough and had recommended an urgent adoption of the SPD status; site ownership in terms of sites owned by the Council; the Trust had felt there was a need for robust part of the plan addressing student housing challenges; and, the land value should reflect marketing value.

Councillor Eleanor Jackson commented that Westfield had not been mentioned in the Plan as a community on its own right.

Councillor Liz Richardson said that the Placemaking Plan would provide a district-wide suite of planning policies for B&NES, complementing the strategic framework in the Core Strategy. The Core Strategy had formed Part 1 of the B&NES Local Plan and the draft Placemaking Plan would be Part 2. The Plans had been combined for clarity but it was only the Placemaking Plan part which was the subject of this report. In a few instances, the Placemaking Plan contained a policy that was intended to supersede a policy or text in the Core Strategy. The next step in the preparation process would be for the Council to comply with the statutory requirements concerning publication and receiving representations relating to the Draft Placemaking Plan (consultation would run from 16<sup>th</sup> December until 3<sup>rd</sup> February) and for Full Council to agree submission of the Draft Placemaking Plan for independent examination by an Inspector appointed on behalf of the Secretary of State. Also submitted alongside the Draft Placemaking Plan to the Secretary of State would be the schedule of public representations received by the Council. It would be for the appointed examination Inspector to consider the issues raised in the public representations in their role to assess the soundness of the Draft Placemaking Plan as with the other requirements of S20 (5) of the 2004 Act. As a result the Council would not be formally considering the representations received from the next stage.

Councillor Liz Richardson formally thanked to: officers for the detailed piece of work; Members of the Council for cross-party work within Local Development Framework; residents for their feedback so far; and, to number of organisations who contributed to the Plan with their feedback. Liz Richardson also said that the Council had worked with both universities in terms of student accommodation though it has been difficult to exactly predict the number of students for each year.

Councillor Liz Richardson moved the recommendations.

Councillor Charles Gerrish seconded the motion by saying that the Placemaking Plan would provide a district-wide suite of planning policies for B&NES, complementing the strategic framework in the Core Strategy. The Core Strategy forms Part 1 of the B&NES Local Plan and the draft Placemaking Plan is Part 2. The Plan would provide spatial frameworks for Bath, Keynsham, the Somer Valley & the Rural Areas. The Plan allocated sites for development where these were necessary to deliver the strategy, setting out the required land-use mix and the development principles. It also identified where we would need to protect valued assets, such as important open hillsides or Local Green Space, identifies schemes to be implemented such as road or cycleway improvements and would provide generic criteria-based planning policies.

Councillor Charles Gerrish also thanked everyone for their work on this Plan.

The Cabinet unanimously supported the motion from Councillor Richardson and acknowledged contribution from Parishes who had worked really hard on this Plan.

**RESOLVED** (unanimously) that the Cabinet:

- 1) Approved the Pre-submission Draft Placemaking Plan for public consultation from 16<sup>th</sup> December 2015 to 3<sup>rd</sup> February 2016,
- 2) Approved the Draft Placemaking Plan for Development Management purposes,
- 3) Delegated authority to the Divisional Director for Development, in consultation with the Cabinet Member for Homes & Planning, to make minor changes to the Draft Placemaking to correct errors and inconsistencies to the Plan prior to publication,
- 4) Recommended to Full Council that it resolves to submit the Draft Placemaking Plan, along with representations received through the public consultation, to the secretary of state for examination, and
- 5) Agreed the public consultation arrangements as printed in the report.

## **66 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING**

The Cabinet agreed to note the report.

## **67 SPEND OF COMMUNITY INFRASTRUCTURE LEVY INCOME**

Councillor Liz Richardson said that the Community Infrastructure Levy (CIL) came into effect in B&NES in April. The use of income generated through CIL would need to be spent on infrastructure to support the District's growth plans as set out in the Council's Core Strategy. In light of the relatively limited amount of CIL income this year, rolling it forward to next year was the most appropriate option as it would provide the opportunity to make the spend more effective.

Councillor Liz Richardson moved the recommendations.

Councillor Charles Gerrish said that he was happy to second the motion to roll forward Community Infrastructure Levy received in 2015/16. The B&NES CIL came into effect in April 2015 and the process for determining spend of the CIL income was agreed by Cabinet in July 2015. Of the CIL income, 15% in a local area was handed to the communities where the income has arisen. This rises to 25% in areas with an adopted Neighbourhood Plan.

**RESOLVED** (unanimously) that the Cabinet agreed that the strategic income from the Community Infrastructure Levy received in 2015/16 should not be allocated this financial year but rolled forward to be added to the spending commitments for 2016/17.

## **68 YOUR CARE, YOUR WAY: OUTLINE BUSINESS CASE, MARKET TESTING & SERVICE OUTCOMES**

Councillor Eleanor Jackson asked why the Health and Wellbeing Select Committee had not seen this paper before it came to the Cabinet.

Councillor Vic Pritchard responded that it was down to the Health and Wellbeing Select Committee to organise their workplan.

Councillor Pritchard said that over the past ten months Bath and North East Somerset Council and Bath and North East Somerset CCG had been listening to the views of local people and working together to review and develop proposals to improve the delivery of integrated community health and care services to the people and communities of Bath and North East Somerset. As a result of this work Commissioners had developed the Outline Business Case (OBC). The OBC describing proposals for achieving a local model of integrated health and care that improves outcomes and system sustainability both now and in the future. The proposals detailed within the OBC had recognised that not all aspects of community services may need to change and acknowledged the need to build on the successes of the current system and the achievements of providers and staff.

Councillor Vic Pritchard moved the recommendations.

Councillor Martin Veal seconded the motion by saying that report had been put together following extensive consultation with our communities. The Council were committed to working closely with NHS colleagues and others to improve the health and wellbeing of local residents. The Your Care, Your Way community health and care services review had been an important piece of work which would set out how we work with the NHS in future, delivering services that best meet the needs of local residents.

**RESOLVED** (unanimously) that the Cabinet:

- 1) Noted the findings of the consultation document as set out in the report and approve progression to the next phase.
- 2) Approved the financial planning process.
- 3) Approved the market testing and contracting approach.
- 4) Delegated, to officers, implementation of Phase 3, subject to the requirement to obtain approvals by the Joint Commissioning Committee and Governing Bodies in relation to the milestone decisions.

## **69 ESTABLISHMENT OF A LOCAL PROPERTY AND DEVELOPMENT COMPANY**

Caroline Kay (Bath Preservation Trust - BTP) said in her statement that BTP welcomed the report and that properties owned by the Council would be put back in use, which would help meeting housing needs in the centre of Bath. The Trust would hope that there would be clear governance within the company in order to avoid sub-letting of properties. The Trust would also hope that the Council would get the best value in order to generate revenue and achieve its objectives. Caroline Kay also said that it was not clear in the report if other Councils, who undertook the same approach, were successful in this exercise nor it was clear what external and internal advice was given to the Council. Caroline Kay asked for an assurance that planning guidelines would not be breached by future tenants.

Councillor Robin Moss welcomed the principle of using assets to generate an income for the Council. In Councillor Moss' view, this may have a potential impact on

Council's budget as it would be difficult to predict with certainty what the economic situation would be in years to come. Councillor Moss also asked which external and internal advice had been taken on board, which Local Authorities had been used as model and who those Group Members who participated in the consultation were.

Councillor Dine Romero said that she had understood the need to create an additional income for the Council and asked if these properties would be subject of the 'right to buy scheme'. Councillor Romero also asked if these properties would be part of the affordable housing scheme.

Councillor Charles Gerrish welcomed the point raised by Caroline Kay in terms of sub-letting and said that he would ensure that this issue is taken forward before finalisation of any letting contract. The Council's key issue is to get sensible return on investment without the need to overcharge its tenants. The Council's objective would be to generate estimated revenue. Councillor Gerrish also said that he was not in position at this stage to announce internal and external advisors, though bullet point 5.27 of the report might give some indications on local professional advice. The new company would follow existing planning regulations. One of Local Authorities used as a model was Mendip Council (6 months in existence). Councillor Gerrish also said that Local Property and Development Company was not registered housing company so it would not be covered by Government legislation in terms of the 'right to buy' scheme. Also, in terms of affordable housing, if the company would develop additional sites then they would abide to planning rules like everyone else.

Councillor Charles Gerrish said that the proposal would the delivery of the Council's Medium Term Financial Plan for the period 2016/17 to 2019/20, with an additional £600K of recurring income targeted by the end of this period.

Councillor Charles Gerrish moved the recommendations.

Councillor Patrick Anketell-Jones seconded the motion by saying that the Council would need to look at innovative options and opportunities to generate income to protect frontline services. Setting up this property company would enable our vacant accommodation above shops etc. within the commercial estate to be rented into the private market.

**RESOLVED** (unanimously) that the Cabinet agreed to the:

- 1) Approval of the Outline Business Case for the establishment of the Company
- 2) Establishment of a Company limited by shares, for this purpose, to be wholly owned by the Council in line with the proposed structure set out in the report.
- 3) Approval of the composition of the Company's Board.
- 4) Utilisation of appropriate investment to deliver, own and manage residential and property developments on a case by case basis.
- 5) Transfer the relevant Title of the existing residential properties to the Company, subject to approval of the terms of such transfer by the Corporate Property Officer in accordance with S123 of the Local Government Act.
- 6) Delegate to the Leader the exercising of all Council functions as sole shareholder of the Company, with the exception of any changes regarding ownership of the Company.
- 7) Delegation to the Chief Executive and Strategic Director of Resources, in consultation with the Leader and the Cabinet Member for Homes & Planning,

of the approval of Council investment in the Company within approved budgetary provisions, including but not limited to the:

- i) terms of Council investment
  - ii) business cases for future development proposals to be undertaken by the Company.
  - iii) terms of any guarantee to be provided to support the provisions of the investment
  - iv) terms of any loan or equity agreement between the Council and the Company
  - v) such others matters as are regarded as necessary to enable the provision of the investment, progress of the developments and their subsequent sale, lettings and on-going management.
- 8) Delegation to the Strategic Director (Resources) in consultation with the Leader to finalise and agree the and Articles of the Company and other such matters necessary to (i) incorporate and register the Company and (ii) facilitate the objectives identified in this report.
  - 9) Full Approval of the existing Capital funding provision of £6.536M to support investment in the Company in accordance with 2.6 above.
  - 10) Note that all further decisions regarding the future level of Capital Funding for potential investment in the Company will be subject to the approval of the Full Council and form part of the Budget process for 2016/17.
  - 11) Agree that an annual report will be provided by the Company to the Council setting out its activities, performance and accounts.
  - 12) The Strategic Director (Resources) is given delegated authority to finalise the service provision arrangements between the Council and the Company for all required support services, including officer support.
  - 13) Indemnification, to the full extent permissible under the Local Authorities (Indemnities for Officers and Members) Order 2004, of the Council officers and Members in respect of any personal liability arising as a result of their appointment as directors of the Company.

## **70 LOCAL FLOOD RISK MANAGEMENT STRATEGY**

Councillor Anthony Clarke said that under the requirements in the Flood and Water Management Act 2010 the Council had had a duty to work towards the objectives set out in the Local Flood Risk Management Strategy, as well as to comply with statutory duties as a Lead Local Flood Authority set out in the Flood & Water Management Act 2010. The Flood and Water Management Act 2010 had made Bath and North East Somerset Council a Lead Local Flood Authority and as such the Council was responsible for managing flood risk from surface water, groundwater and ordinary watercourses in the area but not from the river.

Councillor Anthony Clarke moved the recommendations.

Councillor Liz Richardson seconded the motion and thanked everyone who has worked so hard to put this together as well as all those that took part in our consultation. This was an extremely important strategy that would help ensure a co-ordinated approach to local flood risk, clarifying roles and responsibilities and ensuring management of the risk as effectively as possible.

**RESOLVED** (unanimously) that the Cabinet approved the adoption of the Bath & North East Somerset Council Local Flood Risk Management Strategy.



**71 ADOPTION OF THE BATH AND NORTH EAST SOMERSET COUNCIL GREEN SPACE STRATEGY**

Councillor Martin Veal said that the proposed Green Space Strategy 2015 would out a series of draft policies and standards for the provision of green space across the district, and a methodology for interpreting and informing the provision for these assets until 2029. This strategy would be used to prioritise the allocation of existing resources for managing the green space asset and for directing developers' and other third party funding contributions to where they would be most needed. The proposed strategy would provide a means for prioritising expenditure associated with the district's green spaces and would help the Council meet its obligations in the areas of Sustainability and the Natural Environment (as they relate to green spaces).

Councillor Martin Veal moved the recommendations.

Councillor Patrick Anketell-Jones seconded the motion that Cabinet adopt the proposed Green Space Strategy, findings of the review and associated area profiles, and agree that the findings of the report would be used when preparing an action plan for the delivery and management of the green spaces across the district from 2015-2029.

**RESOLVED** (unanimously) that the Cabinet adopted the proposed Green Space Strategy, findings of the review and associated area profiles, and agree that the findings of the report be used when preparing an action plan for the delivery and management of the green spaces across the district from 2015-2029.

The meeting ended at 5.40 pm

Chair \_\_\_\_\_

Date Confirmed and Signed \_\_\_\_\_

**Prepared by Democratic Services**

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Bath & North East Somerset Council

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

published 27-Nov-15 to 29-Jan-16

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

09-Dec-15 Cllr Martin Veal and Cllr Charles Gerrish  
**E2810 Preparation and submission of a Parks For People application for Sydney Gardens, Bath**

*The Cabinet Members agree that:*

- 1) *Approval is given for further capital expenditure of up to £90k on work needed to prepare and submit a Stage 1 Parks for People bid.*
- 2) *£250K of the remaining capital funding previously allocated in the Council's capital programme for Sydney Gardens be approved to be committed as a contribution towards the £2.5million anticipated to be sought from HLF.*

07-Jan-16 Cllr Martin Veal  
**E2674 Allotment Management Plan**

*The Cabinet Member agrees that the Allotment Management plan for 2015 to 2020 is adopted.*

End of Report

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<b>Bath &amp; North East Somerset Council</b>		
MEETING	<b>Cabinet</b>	
MEETING DATE:	<b>10 February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 2803</b>
TITLE:	<b>Urban Gull Strategy - Delivery Priorities</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b>  <b>Appendix 1: Urban gull strategy – visual version</b></p>		

## **1 THE ISSUE**

- 1.1 The adoption of a revised and updated urban gull strategy and action plan for 2016-2019 to fulfill three core objectives of deterring the gull population; removing access to food sources and increased communication with the public to further gain their support in tackling the problem.

## **2 RECOMMENDATION**

- 2.1 Cabinet adopts the revised urban gull strategy.
- 2.2 Officers progress, in consultation with the Cabinet Member, the following measures prioritised for delivery in 2015/16 and 2016/17 using the allocated funding of £60k. These are:

- a) Provision of a pilot gull treatment programme supported by a communications campaign for areas in Abbey, Kingsmead, Twerton and Midsomer Norton. This will be delivered through an external contractor chosen through an open and transparent tender process.
- b) An additional officer for waste education and enforcement for 6 months.
- c) The delivery of a comprehensive communications campaign.

The Cabinet Member, in consultation with officers, will apportion the budget of £60k to each of the above recommendations.

- 2.3 In addition the Council will enter into a collaborative partnership with the University of the West of England and Middlesex University to map and track the behavioural patterns of gulls and deliver a citizen science project.

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

- 3.1 £60k has been allocated (Subject to Council Approval) for 2016/17 to fund recommended actions.
- 3.2 Expenditure is likely to be required in 2015/16 and resource to fund this will be managed within the Place Directorate budgets if budget allows, otherwise a drawdown from revenue contingency reserves will be requested.
- 3.3 No additional resources have been allocated beyond 2016/17 therefore any ongoing costs would need funding to support.
- 3.4 There are no financial commitments associated with the collaborative partnership with the universities, however this project will require an officer time contribution (already factored in to service planning and budgets).

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

- 4.1 The Council has no statutory duty to act on urban gulls however it remains a high profile issue with local residents, businesses and visitors. The revised strategy will inform the Council's actions and spending on this issue for the forthcoming 3 years.

### **5 THE REPORT**

- 5.1 The administration requested a revision of the gull strategy in 2015. Tackling the issues caused by urban gulls is a political priority.
- 5.2 Officers have identified key actions which could be adopted as part of the strategy. These include:
  - a) The delivery of a gull treatment programme to remove nests and eggs from roofs in areas of B&NES. It is recommended that the chosen areas are Kingsmead and Abbey wards which support the majority of the existing gull population, a former factory site in Midsomer Norton and Twerton where there are an increasing number of breeding pairs. This work will be carried out by a procured contractor who will be required to provide regular updates and monitoring reports which will inform the gull behaviour project.
  - b) Additional officer resource, to work with businesses to ensure that trade waste is properly managed and reduce potential food sources for the gulls.
  - c) A collaborative partnership arrangement with University of the West of England and Middlesex University to better understand and map gull behaviour in Bath. This is to be complemented by a citizens science project which aims to engage with and educate the public about the behaviour of the gulls, increase the data collection, and foster a community approach to solving the problem.
  - d) A communications campaign to support the above recommendations.

### **6 RATIONALE**

- 6.1 Whilst there is no statutory duty to take action on urban gulls it is a high profile issue for residents, businesses and visitors and is deemed a political priority.

6.2 The authority will address the gull issue using the provisions of the Natural England general licence

## 7 OTHER OPTIONS CONSIDERED

7.1 To continue the current approach without the allocation of additional resources. Given the rationale outlined in 6.1 above, additional resource has been allocated to this work.

## 8 CONSULTATION

8.1 Senior Management team including Council's Legal Advisor and S.151 Officer. Cabinet Member and Cabinet Assistant for Community Services.

## 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.

<b>Contact person</b>	<i>Sue Green 01225 477562/Carol Maclellan 01225 394106</i>
<b>Background papers</b>	<b>Gull Scrutiny Day Report November 2013</b>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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Bath & North East Somerset  
Urban Gull Strategy 2016-2019



Bath and North East Somerset –  
*The place to live, work and visit*

## Introduction and Background

*Over recent years the UK has seen the gull population moving further inland from coastal areas setting up colonies in urban environments. Now, almost every town and city in Britain has a population of roof-nesting gulls.*

It is estimated the growth rate of these urban colonies is between 13% and 20% per year, and increasing [Winsper, J 2014], although the annual increase in the B&NES gull population between 2012 and 2015 is of the order of 1% year on year [Rock, P 2015]. It takes four years for a gull to reach maturity and breed, with many returning to the nest where they were born. The birds are extremely long lived, surviving for over 30 years. Gulls like to nest in colonies and once a pair gains a foothold others follow. If they breed successfully, they will return year on year and problems can escalate rapidly.



There are two main factors which have led to this move inland by gulls; our refuse and waste both on street and in landfill which provide excellent food sources, and buildings which provide safe nesting sites away from natural predators. Gulls flourish in cities and suburban areas as they do not have any predators.



Gulls are real opportunists and will take advantage of whatever food source becomes available. If it is edible, they will eat it! Their major feeding takes place out of town and may be some distance away - principally landfill sites and green fields where they will feed on invertebrates. They move around widely and are often capable of making a round trip of 100km in search of food in only a few hours.

## The Local Situation

*The gull population in B&NES was last counted in Spring 2015*

Ward/Location	No. of breeding pairs			
	2010	2011	2012	2015
Welton Bibby and Baron, MSN (Derelict site)	2	3	1	32
Twerton	7	4	12	20
Newbridge	65	80	90	100
Widcombe	125	125	130	140
Abbey	460	460	455	470
Kingsmead	230	275	290	295
Keynsham	24	34	46	45
Sun Chemicals, Midsomer Norton	7	-	28	29
Westmoreland	65	80	95	90
Westfield	2	13	56	50
Bathwick	15	13	20	16
Oldfield	10	10	15	10
Lansdown	2	0	1	0

[Rock, P 2015]

## The Law

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Under the Wildlife and Countryside Act 1981, it is illegal to capture, injure or destroy any wild bird, or interfere with its nest or eggs. Penalties can be severe, however, the law also provides a general licence system, which allows property owners to take action against gulls nesting on buildings by destroying nests or eggs.

The licence system can only be used for the purpose of preserving public health, public safety and preventing the spread of disease and is specifically for the control of Herring, Great Black Backed and Lesser Black Backed gulls. If action is taken for any other reason, or if other species of gull are targeted, then an offence is committed.



All non-lethal methods must be considered first and only if none are thought suitable, can lethal measures then be considered.

Noise from birds or the fact that they leave droppings or open rubbish bags are not reasons under the Act and, therefore, killing or injuring birds for these reasons is an offence and offenders can be prosecuted.

## Research

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In 2015/16 there was a call at a national level for a “big conversation” about urban gulls and a proposed budget allocation for research into the problems. However, this was withdrawn following government reprioritisation of resources.



The substantial gaps in scientific knowledge in this field that exist to date place severe limitations on the evidence base to inform specific guidance that can be given to Local Authorities or others with a desire to mitigate the problems associated with urban gulls

Bath & North East Somerset Council propose an innovative and ambitious new community campaign to help tackle the gull problem in Bath by giving a clear steer on future intervention work.

The Council plans to work with two universities on an 18-month research project into gull behaviour. Behavioural science and psychology students from the University of the West of England and Middlesex University will map and track the behaviour of the gulls as they interact with their food sources and nesting sites.



This will include a ‘citizen science’ project involving local schools and residents who will help the project team to gather information about where gulls are eating and being fed, how they are behaving, for example if they are aggressive or noisy.

## Update on recent actions

**Big belly bins** – installation of “Don’t feed the gull posters” on 55 bins, 10 in French, 10 in Mandarin and 35 in English

**Operation Sunrise**- ran in July, August and September 2015 where enforcement officers tackled businesses who did not present their waste correctly.

### **Communications-**

- Full page story in Spring 2015 Connect magazine about how to present waste correctly in preparation for the return of the Gulls, with ongoing publicity about using food waste containers and traditional dustbins to contain waste. ‘Don’t let your business feed the Gulls’ leaflet distributed to all B&NES trade waste customers in 2014.
- ‘Feed Me and Win’ campaign to encourage residents to use the food waste recycling service, which provides a container to store food waste.
- ‘Urban gulls- how to stop them nesting on your roof’- advisory leaflet produced for householders, developers and businesses
- Ongoing door knocking, education and enforcement activities with residents to advise on presenting their waste correctly to minimise scavenging by gulls and animals.

**Re-usable rubbish bags**-provided to 5407 properties throughout B&NES.

**Treatments**- annual roof treatments of 7 City Centre buildings in B&NES ownership.

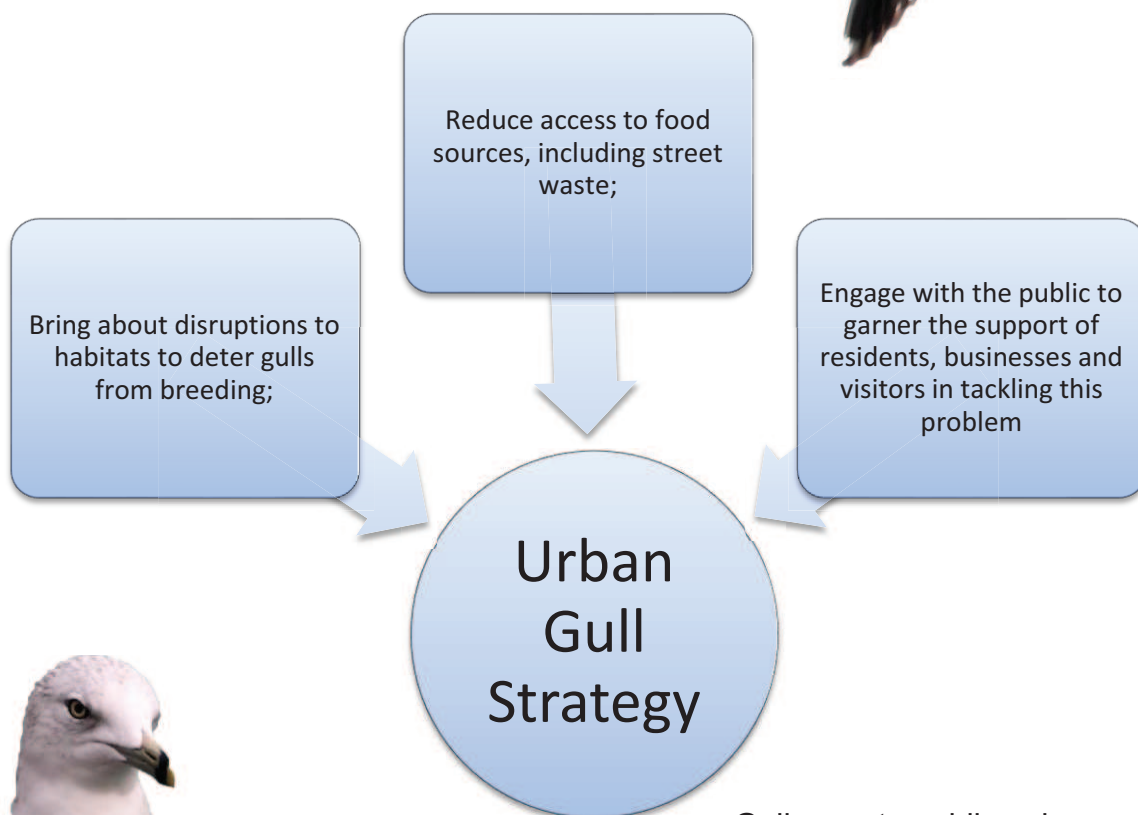


## Summary:

Bath, together with the surrounding towns and villages, has experienced problems with urban gulls for at least 10 years. Whilst many theories exist as to why gulls colonise the city, it seems that the existence of tall buildings with parapets, the lack of predators and the proximity of land fill sites and other food sources, presents Bath and its surrounding locations as an attractive breeding location for gulls year after year.

This issue has been high on the agenda for the Council for some time, and mitigating action has already been achieved. But, in the absence of any statutory duty to act and the presence of diminishing budgets there is a need for a partnership approach involving local people building or business owners, tourist and public agencies, neighbouring councils and central government.

Building upon the work which has already been achieved, this strategy proposes 3 key aims to better manage the impacts of urban gulls in B&NES:



Gulls create public nuisance through noise, being aggressive during the breeding season and scavenging waste bags in their search for a food source.

A single, proven successful method for controlling the impacts of urban gulls does not exist, possibly because the issue is so complex and challenging. Of the two common species of gull, the Lesser Black-backed and the Herring Gull, the Herring Gull has protected status which means that under the General Licence issued by Defra, local authorities cannot carry out any lethal interventions. Therefore, any approach to controlling gulls must be both humane and multi-dimensional to bring about improvements for residents, businesses and visitors.

## The objectives underpinning these aims inform our action plan:

### **Confirming the evidence base:**

In order to evaluate the success of measures, the gull population must be monitored to identify areas where breeding is increasing, so that resources can be appropriately targeted. More work is required to understand gull behaviour and how disruption techniques to habitats can help mitigate their impact on residents and businesses.

### **KEY ACTIONS:**

Work in partnership with Universities of the West of England and Middlesex on a Behavioural Mapping exercise and a Citizen Science Project to better understand the behaviour of gulls and how we can use effective interventions against them.

A public reporting webpage will be created to gather intelligence

### **Effective management of waste:**

The operation of waste collection services can make a key contribution to reducing gulls access to food sources. The Council will review ways to maximise the proportion of waste which is recycled, reused or composted and reduce the proportion of waste, particularly food waste, which is sent to landfill. It will also explore ways of minimising litter following waste collections.

### **KEY ACTIONS:**

Continue to educate residents and businesses on waste and recycling procedures and how to present waste correctly to minimise its attraction to gulls.  
Promote the use of food recycling, traditional dustbins and gull proof sacks (where provided).  
6 month programme - education and enforcement programme for businesses in relation to waste

### **Providing effective treatments:**

A control method which can legitimately be delivered under the terms of the General Licence is replacement of gull eggs with plastic ones. The Council has pursued this method for some years however there is a need to encourage greater uptake of treatments. A pilot programme of egg and nest removal can be trialed.

### **KEY ACTIONS:**

In 2016/17 we will run a pilot programme of nest removal in targeted locations.

The Council will continue to lead by example by treating its own property portfolio.

## Securing engagement of our key stakeholders:

Secure engagement of the key stakeholders prior to the main breeding season

Provide key messages on what can and can't be done

Create a 'call for action' for residents/businesses/visitors to become involved, help us to collect data and bring about improvements

### KEY ACTIONS:

Plan and deliver a strengthened and consistent communications campaign which supports the citizen science project.

## Creating the right property design:

The Council will continue to engage with the planning process to ensure that higher risk developments are designed to prevent creating new nesting opportunities for urban gulls

### KEY ACTION:

Reinforce messages to developers about the need to design out potential nesting sites.

## Lobbying Central Government:

There is no national policy or strategy on how to mitigate the impacts of gulls. Local authorities are allocating diminishing budgets to deal with gulls in the absence of a co-ordinated, national strategy. There is a need to lobby central government to get this issue properly raised and addressed.

### KEY ACTIONS:

Linking with local MPs  
Membership of the Severn Estuary Gull Action Group

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## Urban Gulls: A scrutiny inquiry 27 November 2013

### Report and recommendations

#### **Planning, Transport and Environment PDS Members**

Cllr Marie Longstaff and Cllr Lisa Brett

#### **Project Officers**

Liz Richardson, Cath Humphries, Aled Williams, Sarah Alder and Mark Durnford

E-mail: [scrutiny@bathnes.gov.uk](mailto:scrutiny@bathnes.gov.uk)

Tel: 01225 396053

## Introduction

Anyone who spends any time in Bath and the surrounding area cannot help but notice the increasingly high numbers of urban gulls, particularly during the spring and summer months. For most people, gulls are a nuisance. They are the reason some residents cannot sleep past 4am or fully enjoy their gardens, why some businesses have to guard their waste when it is put out for collection, and why some visitors don't want to eat al fresco or park on the top floor of a car park for fear of being attacked.

This issue has been high on the agenda for the council for some time, and we are already taking action to mitigate it. But, we know more can be done and it cannot simply be the council's responsibility. Every local person, building or business owner, visitor and public agency, not to mention our neighbouring councils and central government, have to take action. There is plenty of evidence to show that working together is the only way to resolve the problem in the long term.

This review was initiated in July 2013 following a statement to the Planning, Transport and Environment Policy Development and Scrutiny (PTE PDS) panel by a local Bath resident, Kirsten Elliott. Like us, Kirsten wanted to see real action taken. Undertaking this as a scrutiny inquiry has been a good opportunity for PDS to focus on the gulls as a single topic and bring in a wider range of people. The aim has been to develop a broader understanding through the use of a wide range of expert and non-expert evidence, and come up with ideas for positive ways in which to move forward.

The fundamental principle of our chosen approach going forward is the development of a cohesive plan with short, medium and long term actions, and an evaluation strategy. More details on this are outlined in recommendation 5.1. The plan will recognise the role of the council in leading by example and educating everyone, but also enforce responsibility on every resident, business, landowner and visitor.

The basis for this plan will be the PDS panel's final recommendations, outlined at section 5 of this report. The PTE PDS panel will discuss and the final list will then be submitted to the Cabinet members with the relevant portfolios to respond. We are encouraged by the close involvement of the Cabinet member for Neighbourhoods, Cllr David Dixon, in the review already.

There are existing examples of good practice out there that we want to learn from, but we also recognise that some things don't work. As a proactive authority, we do not just want to repeat what has been done before. That is why some of our recommendations are new, never-been-tested suggestions.

I am very much looking forward to seeing where each of the proposals takes us.



Cllr Marie Longstaff  
Chair  
Planning, Transport and Environment  
PDS panel

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# 1. Executive Summary

## 1.1 The review

In 2012, there were an estimated 1,100 breeding pairs of gulls nesting in Bath. Since 1998, the total gull population in the city has increased by 489% from 225 pairs. Based on current trends of an annual increase of 5.8%, it is estimated that the total number of breeding pairs in Bath will reach 1,750 by 2020.

The Urban Gulls scrutiny review was established for two main reasons:

- the on-going issue of gulls in the city and other areas across B&NES, particularly during the spring and summer months
- a statement by a member of the public to the PTE PDS panel in July 2013 requesting policy change and action in relation to tackling the gull population.

## 1.2 Purpose of this report

**Planning, Transport and Environment PDS panel members are asked to:**

- **review and discuss the findings of the review and the draft recommendations outlined in section 5.1 and in Appendix one**
- **agree a final list of recommendations for submission to Cabinet members**
- **continue discussions with Cabinet at the next meeting of PTE PDS on 4 March.**

A full timetable of next steps is provided at section 5.3.

## 1.3 Findings

The inquiry and this report have been informed by a range of sources, including:

- action B&NES council is already taking to control the gull population and its impact, by officers and members of the council
- experiences of other councils, provided by seven councils from the Severn Estuary (Gloucester City Council, North Dorset District Council, Sedgemoor District Council, South Somerset District Council, Tewkesbury Borough Council, West Dorset District Council and Weymouth and Portland Borough Council) and Carlisle Council
- the impact of gulls on local businesses' approaches to waste and recycling, through a survey responded to by 91 businesses from across the district
- information on gulls, conservation law and known related issues, by the RSPB
- the government's current position, by Defra's chief scientific advisor
- experiences of local people, including statements by 11 members of the public.

Full details on the report findings are outlined in section four.

## 1.4 Recommendations

The ideas and evidence collated beforehand and on the day have been discussed and used to develop recommendations (outlined in detail in section 5.1), under six high-level themes:

1. Limit gulls' access to food waste
2. Increase the use of effective intervention methods
3. Carry out effective enforcement against those who break the rules
4. Improve education and engagement with businesses, residents and visitors
5. Undertake further research and utilise shared learning
6. Work with the Severn Estuary Gull Action Group to lobby government to take more action.

## 2. What is Policy Development and Scrutiny?

There are two main statutory functions involving elected members within every district, county or unitary council in England – the Executive (Cabinet) and Overview and Scrutiny. Different councils structure this in different ways, but there is a clear division between the roles and responsibilities of these two functions.

The main decision making powers rest on the **Cabinet**. The Cabinet is intended to create clear leadership and clear accountability for service delivery. Here in Bath & North East Somerset Council, these decision-making powers lie with nine councillors, each with a distinctive portfolio of work.

### 2.1 Overview and Scrutiny

Overview and scrutiny is the name given in legislation to the system of checks and balances implemented by all other councillors as they monitor the activity of the Cabinet and assist them in developing and reviewing policy. In Bath & North East Somerset Council, this is known as Policy Development and Scrutiny. Policy Development and Scrutiny is intended to review the work of the Cabinet and to enhance the performance of services. It is also designed to provide a forum through which policy review and policy development can be extensively examined before consideration and decision by the Cabinet and/or Full Council.

There are six **Policy Development and Scrutiny** Panels which meeting approximately six to seven times a year and oversee a specific area of work, generally matching the Cabinet portfolios. These panels are:

- Early Years, Children and Youth
- Economic and Community Development
- Housing and Major Projects
- Planning, Transport and Environment
- Resources
- Wellbeing

All Policy Development and Scrutiny Panels are led by councillors and have a Chair and Vice Chair. Membership consists of non-executive councillors of all parties, and may also include co-optees from voluntary organisations, and other outside agencies.

In addition to their regular meetings, Policy Development and Scrutiny Panels in Bath & North East Somerset carry out reviews. These involve undertaking a mixture of overview, scrutiny and policy development on a selected subject, which may be a review of a policy, service or an investigation of an issue of local concern.

Policy Development & Scrutiny Panels achieve their impact and initiate change through making recommendations to the Cabinet, Full Council or partners. The formal meetings are open to the public, and always include space on the agenda for public statements. Their agendas and minutes are available to the public via the council's website.

## **3. Background**

### **3.1 The review**

#### **3.1.1 Purpose**

The Urban Gulls scrutiny review was established for two main reasons:

- the ongoing issue of gulls in the city and other areas across B&NES, particularly during the spring and summer months
- a statement by a member of the public to the PTE PDS panel in July 2013 requesting support for a conference on gulls that will lead to policy change and action.

The aim of the review was to engage businesses, residents and visitors, and public sector agencies in taking responsibility for the issues and causes of high numbers of urban gulls, in particular through:

- educating on the causes, solutions and other relevant information about gulls
- finding short, medium and long-term solutions to tackle the issues of the gulls themselves and the features that attract them
- determining what central Government are doing and could do to assist councils to tackle the problem.

#### **3.1.2 Approach**

The review has been delivered in three parts, which are:

- Part one – information collection and analysis (officers)
- Part two – scrutiny inquiry day (public, with input from officers, councillors and specialists)
- Part three – discussion and agreement of recommendations (councillors)

A summary of each of these stages is outlined below.

##### **1) Information collection and analysis**

Officers collated a range of information from various sources in preparation for the scrutiny inquiry day, including:

- action B&NES council is already taking to control the gull population and its impact, by officers and members of the council
- experiences of other councils, provided by seven councils from the Severn Estuary (Gloucester City Council, North Dorset District Council, Sedgemoor District Council, South Somerset District Council, Tewkesbury Borough Council, West Dorset District Council and Weymouth and Portland Borough Council) and Carlisle Council
- the impact of gulls on local businesses' approaches to waste and recycling, through a survey responded to by 91 businesses from across the district
- information on gulls, conservation law and known related issues, by the RSPB
- the government's current position, by DefRA's chief scientific advisor
- experiences of local people, by 11 members of the public.

This information was provided to councillors, the public and press in advance of and/or on the day of the inquiry. These papers are already publically available as background.

All information has been used alongside the outcomes of the workshop discussions on the day to inform the recommendations put forward alongside this report.

## 2) Scrutiny inquiry day

A scrutiny inquiry day (SID) is a mechanism for a **short single-topic scrutiny**, used where a formal panel meeting may not be as effective or appropriate. SIDs are more informal, inclusive of individuals with relevant experience or knowledge, and are often open to the public.

There are two main aims of SID which are to:

- enhance understanding of an issue amongst a wide range of organisations and groups
- develop recommendations to Cabinet, another council committee or external body.

The SID was selected as the most appropriate approach for the urban gulls review as it enabled the discussions to be opened to a wider range of people. This inclusiveness was evident in the run up to the SID through the public's engagement via press forums, telephone calls and written statements, and on the day in the discussions and question and answer opportunities. Engagement also continued in the weeks following the SID. See section 4.8 for further information.

The agenda for the day included:

- public statements
- presentations on the current situation from the point of view of:
  - the council, presented by the Cabinet member for Neighbourhoods and the Neighbourhood Environment Manager
  - the gulls, presented by a local Ornithologist
  - the public, presented by a non-executive councillor
  - businesses, presented by the Business Improvement District manager
- experiences of other authorities, presented by Cllr Lisa Brett who shared information provided by Carlisle Council, and Julie Wight from Gloucester City Council who presented on behalf of the Severn Estuary Gull Action Group
- a facilitated workshop that captured ideas for action and improved engagement.

## 3) Discussion and agreement of recommendations

This report marks the start of the final stage (stage three) of the review. It brings together all the information collated in part one and the ideas put forward in part two, and outlines the proposed recommendations to Cabinet

**Planning, Transport and Environment PDS panel members are asked to review and discuss the draft recommendations outlined in section 5.1, and agree a final list for submission to the Cabinet members.**

The Cabinet member response will be discussed at the PTE PDS panel on 4 March. This is a shorter time frame than usual. This has been agreed with the Cabinet member to ensure initial action as a result of the day can begin alongside existing plans for the 2014 gull season.

### 3.2 Context – current action in B&NES

B&NES already has a programme of actions for the mitigation of the impact of gulls. A summary of these actions which have been completed by a range of council teams in 2013 is below.

#### 3.2.1 Communications

The gull webpage had received 409 hits by November 2013. This is a significant increase from the number of hits received to the same page in 2012. A number of actions have been taken to

better inform our customers about what the council is able to do about mitigating the impacts of gulls, including:

- publicity in the local media, including interviews and debates on Radio Bristol and articles in the local print media
- updating the council's webpage with revised FAQs
- the production of a new leaflet to provide advice to the public about proofing buildings against gulls.

### **3.2.2 Egg replacement service**

This is a chargeable service provided by the council's Pest Control team. Real eggs are replaced with plastic 'dummy' eggs which dupe the gull into believing that the eggs are going to hatch. When it is apparent that this is not going to happen, it is too late for the pair to have a second breeding attempt in that season. This is an intervention method that other local authorities have also adopted.

In order for the egg replacement service to have a significant impact on the gull population, a high percentage of all eggs need to be replaced. By replacing a small percentage of eggs, the survival rate of young gulls that do hatch is improved and, therefore, little impact on the gull population is achieved.

The service is advertised on the council's website, but received a poor response during the 2013 breeding season.

### **3.2.3 Fire gel**

Fire gel is a new product being trialled by a number of local authorities including on the roof of the Roman Baths Kitchen by B&NES.

The gel is placed at intervals along parapets of buildings. It has ultra-violet light effects which makes it appear to gulls that it is 'on fire' and so they are deterred from landing on the gel and therefore the building. The Bath trial during the summer appeared successful in reducing the complaints from customers about gulls. However, research undertaken by other local authorities indicates that fire gel has little impact on the gull population over all.

Council teams are considering using this again in the 2014 breeding season and carefully monitoring the impact.

### **3.2.4 Commercial Waste Enforcement**

Enforcement officers have worked within the business community through early morning and late night patrols on initiatives to raise awareness about the need to present waste at the correct collection times to reduce the likelihood of scavenging by animals. During the schemes, known as 'Operation Sunrise and Sunset', the team issued over 100 letters to businesses. This approach and the improvements which have been achieved have received positive feedback

However, food waste is not thought to have a significant impact on the gull population. Gulls are attracted to B&NES, and Bath in particular, due to the volume of safe nesting sites. They will gladly travel further afield for food, for example to the landfill site in Gloucestershire. Nevertheless, the control of food waste is significant in reducing the public nuisance caused by gulls.

### **3.2.5 Domestic waste enforcement**



Enforcement officers have worked proactively with the Waste Campaigns team to identify specific areas where domestic waste is put out too far in advance of collection. Action so far has been through education and encouragement, but there are some areas that are being escalated to include enforcement actions. Results have been very encouraging with the vast majority of residents changing their behaviour as a result of these notices.

### **3.2.6 Gull-proof, re-usable rubbish sacks**

This trial provides householders with a robust sack which prevents scavenging of waste by gulls and other wildlife. The sacks were originally trialled on 1,000 homes in September 2012 and proved popular, with 86% of residents wanting to continue to use them at the end of the trial. The scheme has since been extended to cover almost 2,500 homes in the city.

A pilot has been in operation since September in New King Street where officers from the campaigns and enforcement teams have been working together to engage with the residents and make the use of these bags compulsory. A dramatic improvement has been witnessed in the cleanliness of the street and in the reduction of waste not contained in gull-proof bags through this work.

### **3.2.7 Solar Compacting Bins in Bath city centre**

There are now 55 of these bins in the city centre which are effective in containing waste so that the gulls are prevented from accessing food waste. This helps to prevent scavenging and creating litter. The bins also have the potential to carry promotional messages about not feeding birds and this is being considered for the future.

### **3.2.8 Other enforcement action**

The council is challenging members of the public who are known to be feeding gulls and requesting that they refrain from this practice. The use of statutory nuisance powers is also being considered against premises to oblige the owner or occupier to take preventative action in cases where their premises are clearly and demonstrably contributing to 'gull-related' nuisance to local residents.

## **4. Review findings**

### **4.1 History of gulls**

Gulls are a natural part of our country's wildlife and have always been a feature of coastal towns and villages. Since the 1940s, some species have favoured roofs as predator-free nest sites within warmer towns and cities that have an abundance of accessible edible rubbish and litter.

Of the gull species in the UK, several may be encountered in suburban and urban situations. The two main ones are:

- the Herring Gull - usually nests on house roofs
- the Lesser Black-Backed Gull - usually found breeding in colonies on larger roofs such as warehouses

Populations of both species have increased in urban areas over the past 70 years, in contrast to an overall national decline.

### **4.2 Gulls and people**

The presence of gulls in urban areas sometimes results in some conflicts with people, for example:

- 'dive-bombing' people or pets when they feel their young are threatened
- breaking open plastic rubbish bags in a search for food
- nesting on roof spaces and other building areas
- loud noise, especially early in the morning.

In most cases, the gulls do not come into physical contact with people. Problems of gulls dive-bombing people or pets are restricted to the nesting season which lasts from early May to end of July, and usually occur when unfledged chicks have fallen from their nest to the ground, most common in July.

### **4.3 Conservation status**

Gull numbers are most comprehensively monitored during national seabird surveys. The most recent was Seabird 2000 (1998-2002) which included counts of some inland breeding gulls. The two main species of gull are of national conservation concern, having declined by more than 50% over 25 years.

Herring Gulls are red listed as a species of high conservation concern because of recorded severe declines in their UK breeding and non-breeding populations over the past 25 years.

Lesser black-backed gulls are amber listed as a species of medium conservation concern because breeding birds are localised in the UK and the UK's numbers of this species are of international importance.

The next seabird survey is due to be carried out in 2015-17 when greater coverage of inland breeding gulls is proposed. The RSPB is currently carrying out research to establish the reasons for the national declines in Herring Gulls and regional declines in Lesser Black-Backed Gulls.

### **4.4 Gulls and the law**

All wild birds are protected by law under the Wildlife and Countryside Act 1981.

There are no provisions within current legislation to allow the control of birds for the purpose of relieving nuisance or damage to property. However, there is an established system of licensing to allow for the control of some wild birds.

Natural England has issued a general licence which allows property owners, occupiers or those permitted by them to:

- kill Lesser Black-Backed Gulls
- take or destroy the eggs or nest of the Lesser Black-Backed Gull or Herring Gull.

Property owners, occupiers or those permitted by them do not have to apply for a licence to engage in this form of culling as long as they operate within the terms of the general licence.

In all cases, the license applies only when the action is for the purposes of preserving public health and safety.

#### **4.5 Government position**

In the summer of 2013, an evidence statement was drawn together by Defra's chief scientific adviser. This statement is included in the background papers.

This statement highlights a number of practical steps that could be taken to improve what we know about urban gulls and their management, including:

- local authorities collecting data and sharing best practice on the relative effectiveness of different types of deterrent
- encouraging the pest-control commercial sector to undertake the studies appropriate to assessing the effectiveness of the deterrents
- ensuring that the planning system is informed about the structural designs of buildings that are less likely to provide appropriate habitats for gulls
- maintaining current trends towards containerisation of waste within urban environments
- providing information as public notices, both proactively provided (e.g. the council notices in regions where there are particular problems or information to planners and architects) and reactively provided as recommendations for action once problems have been detected
- discussing the impact of urban gulls on insurance premiums and investigating the extent to which incentives can be provided for building owners to use appropriate deterrents
- seeking advice from Natural England if concerned about the effects of gulls.

A government representative was invited to attend the SID to share government views in person. There was no one available to attend, however they submitted a statement in advance which outlines:

*“effective long term management requires the elimination or reduction of readily accessible food and roosting/nesting sites. Gulls should not be fed either intentionally or unintentionally and local authorities are able to take steps to prevent this though the introduction of bylaws if they wish”.*

#### **4.6 Gulls in Bath**

In 2012, there were an estimated 100,000+ breeding pairs of gulls across the UK and Ireland, with 19,000, in a minimum of 78 colonies, in the Severn Estuary region. Cardiff, Gloucester and Bristol have the highest numbers of pairs in the region with 3,300, 2,900 and 2,500 respectively.

At last count, 1,100 pairs were nesting in Bath. Of these:

- 790 were the Lesser Black-Backed Gull

- 310 were the Herring Gull.

Since 1998, the total gull population in the city has increased by 489% from 225 pairs. Although gulls can be found across the city, and in other areas of the district, the main areas of concern are the city centre around the Abbey, Kingsmead and Widcombe areas.

Based on current trends of an annual increase of 5.8%, it is estimated that the total number of breeding pairs in Bath will reach 1,750 by 2020.

## 4.7 Tackling the gulls

There are a multitude of known gull deterrents, with varying degrees of success. In some cases, a deterrent which is successful in one location is extremely unsuccessful in another. The reasons for this are unknown, but could be because of variations such as:

- what sort of building or street they are being tested on
- for how long they are being tested
- the competence or experience of the person using the deterrent
- how many gulls there are to be deterred.

### 4.7.1 Action against the gulls

Lethal deterrents

As outlined in section 4.4, gulls are protected in law and are only permitted to be controlled using lethal methods under license.

A) Lethal control can only be used where:

- there is a proven risk to public health and safety.
- it will not adversely affect the conservation status of the species.

The RSPB believes that destruction of eggs and nests is unlikely to be effective unless measures are used immediately to prevent the adults re-nesting.

B) Non-lethal deterrents

The RSPB believe that gull problems in an urban environment are best tackled by reducing the availability of food and nest sites because, if the features that attract gulls remain, any 'vacancies' created by controlling existing gulls will simply be filled by other gulls moving in. They recommend action by local authorities and individuals to reduce the volume of food available to gulls in urban areas, including:

- limiting the availability of nesting sites
- reducing the amount of food waste sent to landfill
- not putting rubbish out until the day of collection
- putting food waste out in gull-proof containers
- reducing the amount of 'edible litter' on streets, particularly arising from fast food outlets
- providing 'gull-proof' public litter bins
- enacting bylaws if necessary to prevent people from deliberately feeding gulls in public spaces such as parks and harbours.

### 4.7.2 Case Studies

We received input from eight authorities on their own experiences in support of the SID. The councils provided this information via:

- a bespoke survey of the Severn Estuary Gull Action Group, responded to by Gloucester, North Dorset, Sedgemoor, South Somerset, Tewkesbury, West Dorset and Weymouth and Portland councils
- a detailed briefing note provided by Carlisle City Council
- a presentation at the SID the role of the Severn Estuary Gull Action Group, by Gloucester City Council.

### **Case study one - experiences of three Severn Estuary region authorities**

Gloucester City Council uses a bi-annual breeding survey to monitor numbers and identify nesting hot spots. They have used different interventions at a cost of approx. £20,000 per year, including reducing food waste through new recycling schemes. The council has also tried egg replacement, oiling and removal. Areas with significant nesting are showing reductions. Whilst there is no reported reduction in the breeding population, the rate of increase has slowed and feedback from local businesses has been positive.

Sedgemoor District Council manually collects data on the number of nests and eggs taken over the mating season and compares to that collected over the last three years to monitor increase or decline. Complaints from local people are also recorded. The council has tried a variety of interventions including egg replacement, food waste education and pamphlets to retailers, stickers encouraging people not to feed gulls and some work around clean-up times. The egg replacement programme across a very small section of the town centre, has been the most successful. Egg oiling has had limited success and has been heavy on resources such as man power and money.

Tewkesbury Borough Council monitors complaints and an environmental health technician makes site visits to carry out visual inspections. They do not use any intervention methods, nor have they done in recent years.

### **Case study two: experiences of Carlisle City Council**

Carlisle has experienced an increase in the number of complaints about gulls over a four year period. In 2010/11, there was only two complaints. In 2012/13 this has increased to 44. For the 2013/14 period to date, 55 complaints have been received. It is believed that 90% of gulls in Carlisle are Lesser Black Backed Gulls.

Action taken since 2012 has included:

- encouraging businesses and property owners to cull Lesser Black-Back gulls and Herring Gulls under general licence
- regular press communications and a leaflet aimed at the public
- visits to properties identified as having gull issues
- serving of abatement notices for premises with significant nesting issues and who have failed to put in adequate controls
- toughened waste bin bags for those without wheelie bins
- fire gel trial, which showed the gel to not be an effective long-term solution
- enforcement blitzes of town centre littering, including bird feeding
- encouragement of fitting spikes on council street lights and buildings.

Having reviewed the success of the actions, the council has renewed its policy on gulls which now states the council's priorities for this area of work include:

- dissuading the public from feeding birds in the town centre
- encouraging land owners and occupiers to take action to proof their buildings against nesting gulls, including the council's own buildings and streetlights

- encouraging and advising land owners and occupiers to employ competent persons to control gull populations on their land
- using advice and legal powers to ensure the satisfactory storage of food waste
- maintaining a high quality street cleaning service
- continuing to observe complaints received regarding gulls.

The experiences of Carlisle have highlighted a number of issues and points to note, including:

- there are significant costs and legal implications regarding employing contractors to control gull populations - around £40 per two people for 30 minutes
- there are some circumstances (e.g. fragile roofs) where egg replacement or pricking is difficult or dangerous
- gull control is the responsibility of the landowner, not the council
- culling can be emotive and the council therefore prefers to use the phrase 'gull control'
- complaints about gulls are likely to increase as the public become more aware of the council's actions
- the council's legal team have agreed use of Statutory Nuisance and/or Section 81 of the Environmental Protection Act 1990 powers can be used in circumstances where landowners make no effort to reduce numbers of gulls nesting on their land.

#### **4.8 Public engagement**

Public engagement has been one of the main aims of the review in order to encourage joint responsibility for the resulting actions. This has been achieved in several ways, including:

- ensuring the SID was accessible by the public and promoted through various means, including in the local press, on social media and through various networks
- seeking the opinion of local business owners on the impact of gulls on their businesses
- engaging with other councils on how public opinion has changed in their areas
- promoting when the recommendations will be discussed publically
- reviewing opinion and comment on the press web forums, telephone calls to the office and other means.

The SID included various opportunities for councillors and the public to have their say on ideas for tackling the gull problem, including:

- advanced submission of public statements
- verbal public statements on the day
- question and answer sessions after each presentation
- a workshop to discuss ideas for action and improved engagement.

Other councils were asked whether the authority had received any negative attention during the last 12 months regarding urban gull population from residents, business owners, visitors, other public services and / or the press. The responses showed that 43% have received negative attention as frequently as in previous years; 29% have received negative attention, but less frequently than previous years; 14% have not received any negative attention; and no councils reported an increase in negative attention received.

Businesses were asked for their initial comments about the management of urban gulls in Bath. The most common responses included:

- gulls put people off coming into Bath and thus affect business trade, mostly as a result of:
  - aggressive behaviour, which scares children and adults alike
  - noise, which can be deafening especially first thing in the morning
- the council needs to take responsibility for reducing gulls' opportunities to nest
- people dropping food waste on the ground are as much to blame as businesses, and those that do should be penalised more often.

In the two weeks leading up to and following the SID, the level of engagement by the public with the council or through local social media forums on the subject of gulls increased rapidly. Whilst this has since reduced again, the interest shown was likely as a result of the press coverage. Therefore, this is recognised as a useful means for sharing information in the future to promote joint responsibility and ownership.

#### **4.9 Partnership working**

Another main aim of the review has been improving partnership working to solve the problem. We had good engagement from other authorities in the lead up to the SID and want to continue to build on this

In preparation for the day, we asked councils to indicate how well local public services and other organisations take joint responsibility and work together to tackle the problem of gulls in their area. 29% indicated stakeholders are taking joint ownership for reducing the gull population through preventative action.

Councils were also asked to name the three stakeholders they believe should be doing more to help prevent an increase in the local gull population. The four most popular are:

- owners of food establishments
- local residents, tourists and business owners of non-food establishments
- commercial developers
- environmental organisations such as the RSPB and Natural England.

These results fit well with feedback received from local people in B&NES. Partnership working is a challenge in a subject such as this, which is so often seen as solely the responsibility of the council. A number of the recommendations reflect this challenge and the need to overcome it for long-term success.

## **5. Recommendations**

### **5.1 Draft recommendations**

The recommendations have been developed on the basis that the ideas have:

- a good evidence base and clear rationale
- the potential to make a noticeable impact
- limited financial implications, although this has not been considered in any great detail at this stage
- a good grounding to encourage joint responsibility and action

The ideas put forward have been discussed alongside the information provided. These have been collated in six high-level recommendations, with proposed actions outlined under each one:

1. Limit gulls' access to food waste
2. Increase the use of effective gull intervention methods
3. Carry out effective enforcement against those who break the rules
4. Improve education and engagement with businesses, residents and visitors
5. Undertake further research and utilise shared learning
6. Work with the Severn Estuary Gull Action Group to lobby Government to take more action

#### **1. Limit gulls' access to food waste**

- 1.1 Encourage all businesses to take responsibility for adequately containing food waste through the use of gull-proof sacks and cooperating with waste collection times
- 1.2 Further educate residents on waste and recycling procedures and obligations, including asserting the use of food caddies or galvanised bins in all cases
- 1.3 Investigate the feasibility of night-time refuse collections to limit the length of time food waste is left on the street
- 1.4 Pilot red plastic refuse sacks to ascertain whether this discourages gulls from accessing waste. If successful, consider the feasibility of rolling out to appropriate city residents.
- 1.5 Work with owners of guest houses and self-catering holiday apartments to encourage more accessible and better information for visitors about correct disposal of food waste
- 1.6 Work in partnership with the Business Improvement District (BID) to campaign:
  - a) commercial waste collectors to supply gull-proof sacks to businesses
  - b) businesses to commission commercial waste collection through responsible collectors.

#### **2. Increase the use of effective gull intervention methods**

- 2.1 Encourage owner-occupier egg replacement action through the provision of free replacement eggs and relevant information and advice to any business which wishes to pursue this approach
- 2.2 Promote gull-proofing of new buildings through the B&NES planning application process and planning guidance



- 2.3 Treat the council's own buildings with appropriate intervention methods to lead by example and share good practice
- 2.4 Further explore the 'Australia' model of developing nesting areas outside of the city centre, with a view to developing a pilot site if viable. These sites include nesting platforms to encourage nesting in locations where it is easier to oil/prick eggs.

### **3. Carry out effective enforcement against those who break the rules**

- 3.1 Broaden use by the enforcement team of online communications tools to recognise responsible businesses, highlight the number of penalties issued and monitor trends
- 3.2 Actively share performance information on penalties and convictions through the local media and council's website to broadcast a strong message to the public on enforcement against persistent offenders
- 3.3 Carry out effective enforcement for littering in identified 'hot spots' such as parks, car parks and around seating area.

### **4. Improve education and engagement with businesses, residents and visitors**

- 4.1 Develop an improved and consistent communications campaign to educate the public on what action the council is already taking to limit gull numbers, success rates and future plans
- 4.2 Provide clear and consistent guidance on what can and cannot be done, through:  
a) a 'one-for-all' leaflet with top 10 tips for how best to lessen your personal impact on gulls  
b) specific guidance for residents, businesses and visitors using the notion of 'respect our city' which outlines the details of their responsibilities
- 4.3 Train food safety officers on the preferred and successful approaches for dealing with gulls to share with business owners when visiting on routine inspections
- 4.4 Recognise excellence through new gull champions – those who are passionate about the need to work together to tackle the gull problem and lead by example.

### **5. Undertake further research and utilise shared learning**

- 5.1 Develop a cohesive gull strategy that includes:  
  - defined roles and responsibilities for the council, public and businesses
  - the short, medium and long term vision
  - an overview of what is already being done
  - themed objectives and actions for improvement
  - defined benchmarks for success
  - timetable for evaluation and review
  - approval of Natural England
- 5.2 Build on the existing link to the Severn Estuary Gull Action Group and shared learning to date to build knowledge on best practice and work across boundaries for a more joined up approach

5.3 Discuss the impact of landfill with other local councils and the opportunities to limit gulls' access to food at these sites.

**6. Work with the Severn Estuary Gull Action Group to lobby Government to take more action**

6.1 Lobby Government, via the LGA, to tackle urban gull issues at national level by providing advice and support to councils, informed by a national study of good practice

6.2 Lobby for clearer definitions in law on littering, in particular in relation to food waste, and better defined rules on offender enforcement within the Anti-Social Behaviour Bill

6.3 Campaign for a further reduction of food waste to landfill, with the specific aim of closing exposed landfill sites and reducing the food source for gulls

**5.2 Recommendation to PTE PDS**

**Planning, Transport and Environment PDS panel members are asked to:**

- **review and discuss the findings of the review and the draft recommendations outlined in section 5.1 and in Appendix one**
- **agree a final list of recommendations for submission to Cabinet members**
- **continue discussions with Cabinet at the next meeting of PTE PDS on 4 March.**

Full information for consideration by the panel is outlined in the recommendations table at Appendix two.

**5.3 Timetable of next steps**

The timetable below outlines work completed to date and the next steps in the review process.

**2013**

16 July Initial proposal for gulls conference

27 November Scrutiny Inquiry Day

**2014**

7 January Draft recommendations published

14 January Agree final recommendations PTE PDS

17 January Cabinet receive recommendations

14 February Deadline for Cabinet response

4 March Discuss Cabinet response PTE PDS

<b>Bath &amp; North East Somerset Council</b>		
MEETING	<b>Cabinet</b>	
MEETING	<b>10<sup>th</sup> February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2832
TITLE:	<b>Metro West Phase 1 Update Report</b>	
WARD:	Abbey, Bathavon North, Bathavon West, Bathwick, Farmborough, Keynsham East, Keynsham North, Oldfield, Saltford, Twerton, Walcot, Westmoreland, Widcombe.	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report: None</b>		

**1 THE ISSUE**

- 1.1 To update the Cabinet on progress with the Metro West Phase 1 Rail Project and especially to update Cabinet on the risks with the project and the potential revenue support that the new services may require when they open in 2019 or 2020. This will need to be factored into the medium term financial plan in due course.

**2 RECOMMENDATION**

- 2.1 To note the contents of this report and to provide continued support for the Metro West Phase 1 Rail Project and to acknowledge its links with the Getting around Bath and Keynsham Transport Strategies.
- 2.2 To note the possible capital cost over-run and to make a commitment to revenue support for the first three years of operation.
- 2.3 To note the possible revenue reversion risk.
- 2.4 To make consideration in the medium term financial plan for any of these emerging financial pressures.
- 2.5 To note the timetabling works required in relation to Metro West phase 1 and its impact on the Saltford Station proposal.

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

- 3.1 Prior approval was given to provide continued support for the Metro West Phase 1 project and to approve the allocation of £188,000 in the 2014/15 capital

programme for the preparation of the Outline Business Case for Metro West Phase 1. There was also provisional allocation of £329,000 for 2015/16 to allow the continued development of the project so that it can submit an application for a Development Consent Order (DCO). The remaining budget in 2015/16 after rephasing prior year funds is a total of £460,000, the actual expenditure sum for 2015/16 is likely to be £448,490, which will leave only a small balance remaining for further works in 2016/17.

- 3.2 The capital cost of the full WoE project is currently estimated at just over £58M to be financed from DfT Major Transport Scheme funding, which has been devolved to the West of England Local Enterprise Partnership (WoE LEP) in the Single Growth Fund. Should the cost of the project exceed this estimate then the Council would be liable for its share.
- 3.3 The formal offer letter from the WoE LEP, for £8.8M development costs up to and including 2017/18, is expected around Spring 2016. A full report will be provided in summer 2016, following the completion of the Outline Business Case, when firm resource commitments and approvals will need to be made prior to the commencement of the project. At that time it will be clearer what effect the project will have on the Council's capital and revenue budgets.
- 3.4 Approval of progression of the wider WoE project will result in new rail services which will need revenue support for the first three years of operation. This is based on current DfT policy. If this were to change the revenue pressure might extend past 3 years. All four of the WoE authorities will be required to commit to these three years of revenue support and approval to undertake the project will mean the Council will need to make provision for this in its medium term financial plan. The figures for likely revenue support are not yet fully known, although early indications are showing this is likely to be in the region of £0.5m of which our share would be 15%. There may be some potential mitigation of this from an increase in the Severn Beach Line fares. The project has a resource split based on predicted patronage and it is anticipated that revenue support will be allocated on a similar basis. The Council's share of future operating costs will represent a spending pressure commitment for the revenue budget in the financial year 2019/20.
- 3.5 There is a revenue reversion risk for the development costs on the wider WoE project, in the case that a capital project does not go ahead. However, this is considered to be low and Bath and North East Somerset Council would only be liable for 15% of it (based on the current capital contribution and resource split) should the development funding of £8.8m from DfT be withdrawn. Whilst the risk is considered to be low this amounts to £1.32m of the overall development costs and as such this will form a key consideration for BANES when assessing the business case.
- 3.6 There is a need for continued joint working with North Somerset Council, as promoters of the project.

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

- 4.1 A full Environmental Impact Assessment will be completed as part of the Outline Business Case and will be available in due course.

- 4.2 An environmental assessment is also needed as part of the Development Consent Order (DCO) procedure for the land required in addition to operational railway land.

## 5 THE REPORT

- 5.1 **Background:** An improvement to local rail services has been a long standing aspiration of the WoE. The Metro West Project aims to improve the local rail network which is under-developed compared with most other major urban areas. The aim is to provide regular half-hourly services across the sub-region. The first stage of this project, Metro West Phase 1, will re-open the Portishead railway and improve frequencies on the Severn beach Line and into Bath and North East Somerset. The project has received significant support from DfT who consider the proposal to be well developed.
- 5.2 The project will link the Bristol Enterprise Zone with the Bath Riverside Enterprise Area. Improved rail services at Oldfield Park will support the Bath Enterprise Area and at Keynsham will particularly support the adjacent Somerdale and other development areas. The improved rail frequency is seen as particularly significant in supporting the Master Plan, as well as being a central component of the Core Strategy, Economic Strategy, and both the Getting Around Bath and Keynsham Transport Strategies.
- 5.3 The first element of the Metro West programme (Metro West Phase 1) proposes to deliver a half hourly local service for:
- The Severn beach line (hourly for St. Andrews Road and Severn beach stations);
  - Bath to Bristol line (an additional hourly service overlaid with the existing hourly service and timed to provide an overall half hourly service); and
  - A reopened Portishead line with stations at Portishead and Pill (also serving Parson Street and / or Bedminster stations subject to further technical work).
- 5.4 The current stage of the project is in Network Rail's GRIP (Governance of Railway Investment Projects) 3 (Option Selection). This is outline engineering design, which is progressing with draft designs produced. The GRIP 3 approval in Principle engineering design is to be submitted for technical approval to Network Rail's Route Asset Managers. GRIP 3 includes several hundred deliverables, culminating with the updated capital cost estimate and construction strategy in March 2016. Grip 3 should be finished by April 2016.
- 5.5 Following the production of basic timetables by Network Rail, using their Railsys model, North Somerset Council has entered into a Development Agreement with Great Western Railway (GWR) for the operational design of the scheme and related advice. Further engagement is taking place with GWR regarding the train timetable planning based around 6 train sets. Whilst this work is subject to the completion of the GRIP 3 engineering design and the resolution of pathing conflicts with other train services, GWR are indicating that Metro West Phase 1 service can be operated with 6 train sets rather than 7, which keeps the operating costs down. GWR are preparing an Operational Cost estimate which will feed into

calculations to update the forecast train service subsidy. It is anticipated this will be available in April 2016.

- 5.6 The Council has an aspiration to open an additional station at Saltford, which can potentially be achieved after Metro West Phase 1 has been implemented. However, it is dependent upon the Metro West Phase 1 project delivering a workable timetable that will improve services at Keynsham and Oldfield Park to a half-hourly frequency. Unfortunately, the above GWR timetable work for Phase 1 has been delayed by a couple of months. As soon as this work has been completed the Council can then continue to undertake further feasibility work on the Saltford Station proposal.
- 5.7 Metro West Phase 1 also provides an opportunity to consider a possible rail link to the East of Bath. This would be dependent upon the location of a Park and Ride and its proximity to the halt. This will be considered as part of the work being undertaken by the LDF Steering Group, which is looking at the potential location of a Park and Ride site.
- 5.8 The Development Consent Order (DCO) Pre-application stage is progressing. However, there are several challenges with regard to the GRIP 3 engineering design and concluding the project land requirements. It is likely that the pre-application stage will take longer than previously envisaged. The DCO is now likely to be submitted in November 2016.
- 5.9 The Outline Business Case is currently being prepared by CH2M Hill and should be ready by summer 2016. However, it is dependent upon the timely completion of the Network Grip 3 work to produce an updated capital cost and the GWR timetabling work to produce an Operational Cost estimate.
- 5.10 There are implications for the project programme following the Hendy Review. Network Rail is currently working through the revised programme and further advice from them on this is expected in due course. Current indications are that the planned enhancement programme will still go ahead but with delay to the timescale.
- 5.11 A further report will be needed later in the year when the timetable and programme for the project, and the budget figures, are better understood.

## **6 RATIONALE**

- 6.1 The preliminary Business Case illustrated that the project has an excellent Benefit to Cost Ratio over a number of options and therefore has a strong likelihood of receiving funding. In addition the Business Case was subjected to an independent review in accordance with the (then) West of England Local Transport Body Board Assurance Framework.
- 6.2 Funding approval has now been indicated and the anticipated formal offer letter from the WoE LEP, for £8.8M development costs up to and including 2017/18, is expected around spring 2016.

## **7 OTHER OPTIONS CONSIDERED**

- 7.1 The project has reviewed, with Network Rail, a number of detailed timetable options to optimise the use of rolling stock and provide a regular service across

the West of England. These are detailed in the Preliminary Business Case, and will be selected and built upon in the Outline Business Case.

## 8 CONSULTATION

8.1 The following stakeholder engagement has been undertaken during the Preliminary Business Case and Outline Business Case preparation (thus far);

- Liaison with Network Rail about GRIP 1 / 2 and 3 / 4, Railsys modelling, outline engineering design and other technical issues;
- Liaison with Great Western Railway (formerly First Great Western) about operational matters, including timetabling and costing;
- Ongoing Metro West Stakeholder meetings;
- Public consultation about Portishead Station location;
- Liaison with some statutory environment bodies to inform the Environmental Impact Assessment and as part of the Development Consent Order pre-application work; and
- Stage 1 Public Consultation for the Development Consent Order.

8.2 The Council's Monitoring Officer, section 151 Officer and the Place Strategic Director have had the opportunity to input to this report and have cleared it for publication.

## 9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, by the Project Board for Metro West Phase 1, which is in compliance with the Council's decision making risk management guidance. Key risks will form part of the quarterly reporting to the Joint Transport Board. Risks at the project and programme level are managed through the Rail Programme Board.

9.2 North Somerset Council, as project lead, has robust budget monitoring mechanisms in place, including regular Highlight Reports (including budget, delivery and key risks) to the Rail Programme Board and Project Team. The Council has representatives on both of these.

<b>Contact person</b>	Christine Warren Tel: 01225 477602
<b>Background papers</b>	Metro West Overview and Metro West Phase 1 leaflets; Metro West Phase 1 Preliminary Business Case; Metro West Phase 1 Preliminary Business Case Review. Both these reports and leaflets can be found at:

<http://www.travelwest.info/projects/metrowest/metrowest-phase-1>

Metro West Phase 1 Highlight Report – presented to Rail Programme Board meeting on 11/12/15 (currently confidential).

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



<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>10 February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E2811</b>
TITLE:	<b>Heritage Services Business Plan: 2016-2021 update</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Annexe 1 – Heritage Services <u>Business Plan 2016-2021</u>		

## 1 THE ISSUE

1.1 This is the first update of the Heritage Services Business Plan 2015-2020 that was approved by Cabinet in February 2015. It covers the five financial years from 2016/17 to 2020/21, and has been prepared following the annual in-depth review of business activity. The revised Plan includes an analysis of the risk involved.

## 2 RECOMMENDATIONS

The Cabinet agrees to:

2.1 Approve the Heritage Services Business Plan 2016-2021;

2.2 Confirm that it wishes Heritage Services to continue to work to the business principles agreed by the Council Executive in 2004, as amended;

2.3 Approve the capital investment outlined in this report and note that the Budget report also on the agenda for this meeting recommends:

- 1) Full approval and inclusion in the Approved capital programme of the following projects:
  - a) The Archway Centre project at a total cost of £5.317 Million in 2017/18 and 2018/19, including a contribution by the Council of £1 Million, (£750k from corporate borrowing and £250k from service-supported borrowing), as detailed in this report
  - b) The Roman Baths Infrastructure projects totalling £100k planned for 2016/17
  - c) The Victoria Art Gallery air conditioning project, costing £150k in 2016/17, subject to completion of the Project Implementation process

- 2) Inclusion in the provisional capital programme of the block of Roman Baths infrastructure projects totalling £600k from 2017/18 to 2020/21
  - 3) Inclusion of information around emerging capital programme items, to be brought forward for inclusion in the capital programme in future years, for the investment of £1.15 Million per annum in both 2019/20 and 2020/21 in order to begin a further major refurbishment of the entire Roman Baths site
  - 4) Re-phasing of £100k currently included in Approved the capital programme to develop the second phase of the Visitor Management System project from 2015/16 to 2017/18.
- 2.4 Note the investment contained within the Business Plan and approve the procurement of goods and services necessary to carry out this investment, including new contracts for security and further digital interpretation during the period of the Plan.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The financial information contained within the Business Plan supports the Council's current Medium Term Service and Resource Plan (MTSRP) and the proposed Council Budget for 2016/17.
- 3.2 The Plan demonstrates how Heritage Services will attempt to increase its profit in order to meet savings targets required by the Council budget in 2016/17 and to generate further increases in return to the Council in each of the following four financial years to 2020/21.
- 3.3 The Plan demonstrates how annual profit will increase by £1.6 Million (32%) over the next five financial years, so that by 2020/21 annual profit will be £6.65 Million. Profit will increase by £600k in the financial year 2016/17, and by a further £250k p.a. in each of the subsequent financial years.
- 3.4 As a Business Unit working to business principles already approved by the Council Heritage Services absorbs all costs, including those cost increases that are funded corporately for all other Council services. In 2016/17 Heritage Services will fund an increase in National Insurance and pension contributions in excess of £100k p.a. that will be funded corporately for other Services.
- 3.5 The Plan incorporates and updates all of the assumptions made in the Heritage Services Business Plan 2015-2020, with three significant additions:
  - An increase in admission prices in 2018 similar to that made in 2016;
  - Visitor numbers will increase to match current year (2015/16) performance;
  - The visitor "mix" is amended to match current year performance.
- 3.6 The Plan identifies the level of risk associated with assumptions on visitor numbers and spend (income), together with the increasing difficulty that will be experienced in achieving further increases in profit in future years.

- 3.7 Heritage Services generates external income for the Authority of over £15 million p.a. This is planned to increase to £19 Million p.a. by 2020. This income is a strategic resource for the Authority, and represents a direct contribution to its finances from the local tourism economy. There are also indirect contributions via parking fees and the impact on rental values of Commercial Estate shops. The economic impact survey undertaken by the University of Bath in 2012 indicated that the Roman Baths levers £107 Million p.a. into the local economy.
- 3.8 This Authority is unique in the country in operating its museums service at a net surplus ("profit"). The net surplus earned for the Council by Heritage Services since the inception of Bath and North East Somerset Council has totalled c.£67 Million.
- 3.9 In financial year 2016/17 the target profit of £5.6 Million represents a reduction in each Council Tax bill in the district of c.£71. For example, the average Band D Council Tax bill would be £89 higher without this contribution to the Council's finances.
- 3.10 The annual profit targets contained within the revised Business Plan 2016-2021 are challenging, and their achievement is subject to a range of sensitivities and risks, including both local factors and world events.
- 3.11 The revised Business Plan 2016-2021 continues the on-going investment programme designed to improve visitor perceptions of value for money and thus continue to increase revenues and profitability. This includes both capital and revenue financed projects, including the refurbishment of the East Baths and the cyclical refurbishment of the Roman Baths, including its retail outlets. Subject to the success of a Round 2 HLF application, the Archway Centre will create a World Heritage Centre and Roman Baths Learning Centre, amongst other benefits.
- 3.12 The debt charges generated by capital investment are funded by planned increases in income generated by Heritage Services and are included in the financial projections that underpin the revised Business Plan. The increases in income generated by these projects are similarly included.
- 3.13 The investment proposed in the Plan does add pressure to the Council's VAT position. Based on current forecasts it is likely that the Authority could exceed its "partial exemption" limit at some point in the five years to 2020/21. The Heritage Services Investment Programme will at all times be managed with the Council's VAT advisors to ensure the Council does not breach the partial exemption limit.
- 3.14 The figures reflected in the plan are incorporated in the Council's financial planning process.

## **4 CORPORATE**

4.1 Heritage Services supports the Council Priorities in the following ways:

4.2 **Tackling waste and increasing efficiency:** the Service –

- runs at no cost to the local tax payer and returns a profit to the Council;
- reviews its cost base and staff establishment annually;
- works in partnership with others where possible.

#### **4.3 Delivering new homes and jobs:** the Service –

- employs 223 staff and invests in their development;
- promotes apprenticeships and other employment initiatives;
- informs and assists the planning process with Record Office resources;
- the Roman Baths levers £107 Million p.a. into the local economy.

#### **4.4 Improving local transport:** the Service –

- promotes use of Park & Ride and public transport in its publicity;
- encourages people to walk between our attractions.

#### **4.5 Investing in our area's young people:** the Service –

- gives local schools free admission to the Council's museums;
- organises formal and informal learning opportunities;
- plans to create a major new Roman Baths Learning Centre;
- works with local schools, colleges, universities, independent museums and heritage bodies.

#### **4.6 Supporting cleaner, greener and healthier local communities:** the Service –

- uses energy from the hot springs to heat the Pump Room complex;
- minimises delivery miles of food and retail merchandise;
- actively recycles everything it can;
- promotes museums and archives as agents of wellbeing and social cohesion;
- participates in the Bath Business Crime Reduction Partnership.

#### **4.7 Promoting greater choice and independence for older people:** the Service –

- makes concessions for seniors in its admission charges;
- ensures there is adequate public seating in its buildings;
- consults with Age UK and the U3A on new developments;
- offers volunteering opportunities for older people in the Museums and Record Office.

## **5 THE REPORT**

5.1 In September 2004 the then Council Executive decided that Heritage Services should be retained as an in-house service and should operate as a business unit with substantially improved operating arrangements focused upon:

- Sustaining and improving the annual profit generated for the Council;
- Improving the visitor experience; and
- Conserving the historic assets for present and future generations to enjoy.

5.2 This approach has been highly successful, with annual profit growing by over 100% in the years from 2005/06 to 2015/16.

5.3 The approved operating arrangements included the introduction of rolling 5-year profit targets for the Service, to be set by Council and included in the Corporate Financial Plan, with financial performance presented in fully inclusive accounts outside normal local authority conventions. This operating model ensures that a holistic approach is taken to decision-making and that all resources required to sustain and generate income flows are fully aligned.

- 5.4 The approved operating model allowed the Service to embark upon a long-term programme of development work on the site to conserve the ancient fabric, enhance the visitor experience and protect and develop the income streams to the Council. All such investment is subject to a detailed annual business case including prudent provision for the costs of borrowing and VAT implications. The Executive also approved the convening of an informal Advisory Board to validate the business case for the investment proposals.
- 5.5 Annual profit is calculated net of all costs, including capital charges, all investment streams (including the maintenance and development of assets) and a full allocation of corporate overhead. In order to deliver the operating model, the Service carried out a restructure in January 2005 to ensure that front-of-house operational and back-of-house building-related activities are fully integrated so as to provide a high-quality experience to daytime and evening customers. This structure remains appropriate to the Council's business requirements today.
- 5.6 The Council's Budget Management Scheme provides flexibility for Business Units to address profit targets on a medium term basis, rather than within individual financial years. The Heritage Services profit reserve that is hypothecated within General Reserves can therefore be used to carry forward surpluses or deficits from year to year in order to achieve the increases in profit required across the five financial years covered by this Plan.
- 5.7 The previous business plan provided for a "step change" in investment to achieve and sustain a significant increase in trading income. The current plan provides for this level of investment to be sustained and modestly increased, including the necessary procurement processes. This will include the procurement of a new security contract and further digital interpretation during the period of the Plan.
- 5.8 The 2016-2021 Business Plan summarises how the Service has performed when benchmarked against other leading visitor attractions. Detailed commercially-sensitive information is provided in the exempt appendices which will be available to Cabinet Members upon request. The Plan assesses the risk associated with assumptions on visitor volumes, including the threats posed by the development of competing visitor attractions, and sets out a business, pricing and marketing strategy to maximise income earned from the visitor market. The Plan also outlines the investment required to achieve and sustain income and profit levels on an on-going basis. Unlike many attractions that have a large local visitor base with many repeat visitors, the Roman Baths must attract one million different visitors each year.
- 5.9 The Council's Senior Management Team (SMT) has recognised that Services operating commercially should be empowered to use systems and processes that are fit for purpose, rather than those designed purely for traditional municipal services.
- 5.10 All systems and processes, including procurement processes, will be reviewed and amended to ensure that they support and enable the effective delivery of Business Plans by Business units across the Council. The Commercial Board will oversee this review in the first half of 2016/17. The Heritage Services Advisory Board will provide expert input to support this review.

- 5.11 There will be a further review of the service operating model in support of the Administration's Spending Review programme over the course of the business plan's life.
- 5.12 A new post of Facilities Technical Officer will be created in 2016/17 to increase capacity for planning and delivering the investment programme included in this Plan. This post, together with additional in-house payroll support, will enable Heritage Services to address the increasing demands of corporately-managed processes.
- 5.13 The joint 'saver' ticket to the Roman Baths and Fashion Museum was extended in 2015/16 to include admission to the Victoria Art Gallery's large temporary exhibition programme. The extension will continue, along with the extension of free admission to the Victoria Art Gallery for Discovery Card holders.

**Capital investment** will continue to be made in five key areas:

- 5.13 **The next phase of Roman Baths Development** to maintain, refresh and update the 'visitor offer' and extend step-free access throughout the attraction. This will involve:

- a) investment of £750k in the East Baths project, with £250k invested in 2015/16 and a further £500k in 2016/17. This project involves essential conservation work as well as state-of-the-art interpretation and lighting. This project is already included in the Approved Capital Programme.

A budget of £500k was provided for these works in 2015/16, of which £250k is no longer required as planned flood protection works were completed from other Council budgets. Approval is sought for this amount to be transferred to increase the Council contribution to the Archway Centre project.

- b) Investment of £2.3 Million (1.15 Million p.a.) in 2019/20 and 2020/21 in order to refurbish the main Roman Baths shop and begin a further major refurbishment of the entire Roman Baths site. This is highlighted in the emerging capital items for inclusion in the capital programme for next year. Further capital investment will be required to complete this project in the following financial years, phased in order to ensure that the attraction remains open and in order to minimise any impact on the Council's VAT position.

- 5.14 **Investment in the infrastructure of the Roman Baths site**; the works planned for 2016/17 will cost £100k and include conservation of the King's Bath area of the site, together with tanking and fitting out of two vaults beneath Stall Street. These works are recommended for full approval. The projects from 2017/18 to 2019/20 totalling a further £600k are recommended for inclusion in the provisional capital programme. Further details are provided in the attachments to Annexe 1 to this report.

- 5.15 The development of **the Archway Centre**, funded mainly from grants. The project, which has already received £168k of HLF Round 1 funding, will refurbish run-down former spa buildings and give them a new lease of life by creating in them a World Heritage Centre and Roman Baths Learning Centre. For the first time there will be one city-centre base where residents and visitors will be able to learn why Bath is a World Heritage Site and then go out and explore it for themselves. The Roman Baths Learning Centre will bring the site's educational

offer up to the standard now expected of a major visitor attraction, with state-of-the-art facilities and four times the present capacity. It will be used not just by schools but by learning and community groups of all ages. The construction process will offer skills development opportunities for apprentices and engagement opportunities for volunteers. Once it is up and running, the Service will work with partner bodies to deliver programmes for a range of new audiences. The project will also open up to public view an area of the Roman Baths that has never before been seen by daytime visitors.

- 5.16 The total cost of this project is currently estimated at £5.317 Million, which will be funded from grant and other contributions, primarily from the Heritage Lottery Fund, and a Council contribution of £750k corporately-supported borrowing and £250k service-supported borrowing, the latter to be transferred from this project from the East Baths project, subject to approval (as above). This project is recommended for full approval in the capital programme, subject to the receipt of Round 2 HLF funding.
- 5.18 Heritage Services has been successful in gaining a Round 1 HLF award to fund the main Round 2 application, which will be made in June 2016.
- 5.19 Investigations have revealed that the **Victoria Art Gallery air conditioning system** requires urgent replacement, at a cost of c. £150k. These works will need to be carried out as a new capital project as early as possible in 2016/17 in order to ensure that the Gallery can remain open and attract high quality exhibitions. Approval is sought for this new project to be added to the full capital programme, subject to completion of the Project Implementation (PID) process.
- 5.20 Installation and development of an integrated **Visitor Management System**, which is already included in the Approved Capital Programme. Re-phasing of the project will require expenditure of £100k on the retail and discovery card elements of the project to be deferred from 2015/16 to 2017/18.
- 5.21 These developments, along with all other capital projects, will be subject to the Council's project implementation and capital review processes, together with planning processes as appropriate.
- 5.22 This Plan provides the business strategy necessary to meet the Council's financial planning assumptions of a sustained increase in profit and incorporates a programme of further cost base reductions to divert resources into investment.

## **6 RISK MANAGEMENT**

- 6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.
- 6.2 The Plan is underpinned by extensive and integrated modelling of all key visitor, income and cost assumptions and is sensitive to normal tolerance on the business model and its assumptions. However there is a risk that the profit targets for 2016-2021 will not be achieved, both due to the sensitivity of planning assumptions and to national and international economic factors. The Robustness of Estimates statement for the Place Directorate will include provision for this risk in the financial year 2016/17.

## **7 EQUALITIES**

- 7.1 An Equalities Impact Assessment of the Heritage Service Business Plan was undertaken as part of the wider Service equalities impact action plan that looked at all business and non-business activities across the Service.

## **8 RATIONALE**

- 8.1 Heritage Services operates as a business unit, with annual profit targets and investment levels agreed corporately on a rolling basis. The business strategy to achieve these targets is detailed in a Business Plan ('The Plan'), reviewed and revised each year. The Plan provides a fully integrated approach to income generation and the investment necessary to achieve it, and is aligned with the Council's corporate aims and objectives.
- 8.2 In 2010 the Audit Commission commended Heritage Services for its achievements in value-for-money and for the business systems that enable these to be made as part of their assessment of the Council's 'Use of Resources'. A review of governance by the Council's internal audit service in 2013/14 rated the current arrangements as 'excellent'.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 During 2014/15 the s151 Officer and Strategic Director (Place) commissioned an options review to consider the best governance model for the Service and to identify any areas where business performance could be enhanced yet further. The review recommended that Heritage Services remain an in-house service and that its operating freedoms granted in 2004 be restored in order to enable it to continue to thrive in the competitive visitor attractions market.
- 9.2 The process of revising and updating the Business Plan has involved consideration of a number of different pricing, marketing and investment options. The financial and business effects of these options were modelled and evaluated. The business strategy attached recommends a coherent and integrated series of decisions that are most likely to enable the Service to meet the targets required of it by the Financial Plan and sustain this level of performance in future years.
- 9.3 Another option would be for Heritage Services to cease functioning along the business lines of the past ten years and return to being a conventional local authority museum service. The absence of investment would lead to a loss of focus and competitiveness and result in falling revenues to the Council. This course of action is not recommended.

## **10 CONSULTATION**

- 10.1 Cabinet members; Scrutiny Panel; Staff; Service Users; Local Residents; Section 151 Finance Officer; Monitoring Officer.
- 10.2 Work on the Business Plan has involved consultation with a number of people and agencies:
- 10.2.1 The Strategic Director 'Place' and Divisional Director 'Community Regeneration' have been consulted; the Heritage Services Advisory Board was consulted, in



particular on investment plans. The Panel advises the Cabinet Members for Finance and Efficiency and Economic Development and the Chair of the Planning, Housing and Economic Development Policy Development and Scrutiny Panel.

10.2.2 Ongoing sectoral liaison and benchmarking through the Association of Leading Visitor Attractions (ALVA) has ensured the best possible market intelligence;

10.2.3 Colleagues in Finance were also fully consulted and involved;

10.2.4 Visitor feedback is gathered and analysed during the year to inform the decision making process.

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

11.1 Customer Focus; Economic Development; Sustainability.

## **12 ADVICE SOUGHT**

12.1 The Council's Monitoring Officer (Divisional Director, Legal and Democratic Services) and Section 151 Officer (Divisional Director, Finance) have had the opportunity to input to this report and have cleared it for publication. The Section 151 Officer has made a number of amendments to the report.

<b>Contact person</b>	Stephen Bird, Head of Heritage Services: 01225 477750
<b>Sponsoring Cabinet Member</b>	Councillor Patrick Anketell-Jones (Economic Development)
<b>Background papers</b>	Report of the Council Executive, Thursday 14 <sup>th</sup> October, 2004 Report to Cabinet, Heritage Services Business Plan 2015-2020 and Museum Forward Plans, 11 February 2015
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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## Heritage Services Business Plan 2016–2021

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#### Attachments:

Further details are provided for Cabinet Members in the confidential attachments.

## I. The business unit.

The Council established Heritage Services as an internal business unit in 2005. It approved bespoke financial arrangements to give the Service the freedom and agility to plan and to implement investment, pricing and marketing decisions.

The Service is unique in the UK in operating at no cost to the local taxpayer. It returns a net surplus of over £5 Million p.a. to the Council, measured on a full cost basis. Within the Council it is unusual in self-funding **all** cost increases, including increases in employer on-costs and other fixed costs. As a result, in 2016/17 the Service will return a net surplus of £5.6 Million, having first funded staff-related cost increases in excess of £100k p.a. that will be met corporately for other Services.

Through its rolling 5-year business plan, the Service maximizes the commercial opportunities offered by the Council's world class heritage assets. Using planned re-investment of a proportion of its earned income, the Service conserves and develops these assets, maintains and extends the audiences who enjoy them and protects and enhances the income streams earned through them.

Performance, business planning and investment strategy are reviewed by the Heritage Services Advisory Board of external specialists in governance, finance, museums and visitor attractions, who advise Cabinet Members and the Scrutiny Panel Chair on the soundness of the Service's business plan.

This business plan continues to address the key issues identified by the high-level options review of Heritage Services' governance arrangements and development opportunities led by Winckworth Sherwood (WS) in 2013/14. It also progresses the Forward Plans for the Roman Baths, Fashion Museum and Victoria Art Gallery that have been approved by Cabinet over the last two years.

The financial pressures faced by the Council require a more commercial approach to be taken across many Services. The Council's Senior Management Team has agreed in principle that all such Services, including Heritage Services, should be empowered to use systems and processes that are fit for purpose, rather than the systems and processes designed purely for traditional public sector services.

This includes the processes available to procure goods and services. Heritage Services' procurement requirements are consistent with those of other operators of major UK visitor attractions. The procurement of goods and services of the appropriate quality and within the necessary timescales is extremely difficult within a municipal framework. The Council's Head of Procurement recognises the difficulties that this causes and has undertaken to work with the Service to achieve improvements and efficiencies.

Achievement of the financial targets within this Plan will depend heavily upon the availability systems and processes that are fit-for-purpose, including procurement processes tailored to the requirements of a Service required by the Council to succeed commercially in the competitive visitor attractions sector.

## 2. Business philosophy.

The Service does not seek to maximise income to the exclusion of other considerations. The business strategy is to maintain the sustainability of three interdependent areas of activity:

- Conservation – preserving our unique heritage
- Customer care – improving the visitor experience
- Commercial development – remaining competitive and maximising income-earning opportunities

This business philosophy is characterised as the ‘tripod of sustainability’ in Figure I below.

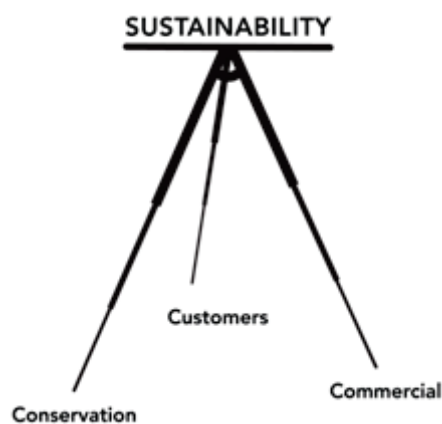


Figure I. The Tripod of Sustainability.

This model argues that, to ensure the long-term sustainability of the Council’s irreplaceable heritage assets, equal attention must be paid to each of the three key areas of activity. It demonstrates that the more one disturbs this balance by unduly extending or contracting any one of the tripod legs, the less sustainable the Service becomes.

The philosophy also applies to the city of Bath, where authenticity and integrity are hallmarks of its World Heritage Site status.

### 3. Business performance 2005-2015.

Significant investment at the Roman Baths since 2005 has improved the state of conservation of the ancient monument and enhanced the quality of the visitor experience. This has led to excellent visitor feedback, higher visitor numbers, increased income and a string of awards.

Since 2005 Heritage Services has:

- earned income (turnover) of £117 Million;
- made a total net profit of £37 Million – a return of 32% on annual turnover;
- more than doubled annual profit to over £5 Million p.a.

Benchmarking against other leading UK visitor attractions has shown Heritage Services as a whole, and the Roman Baths in particular, to operate with great success in the competitive national and international attractions market. The current operation:

- is consistently in the top quartile for profitability;
- is consistently top quartile for income;
- has employee costs that are the lowest in the country.

Investment in conservation, the visitor experience and commercial development has increased over the last 10 years, but is still at a relatively low level when compared with other national visitor attractions.

Admission charges across this period have risen by well above the rate of inflation. One would expect this to reduce demand, but visitor numbers have still increased significantly due to improvements in the visitor experience.

The continuous line on the graph at Figure 2 below demonstrates how the Roman Baths' headline adult admission charge has increased from 2005 to 2014; the dotted line shows the increase in the Retail Prices Index (RPI) over the same period.

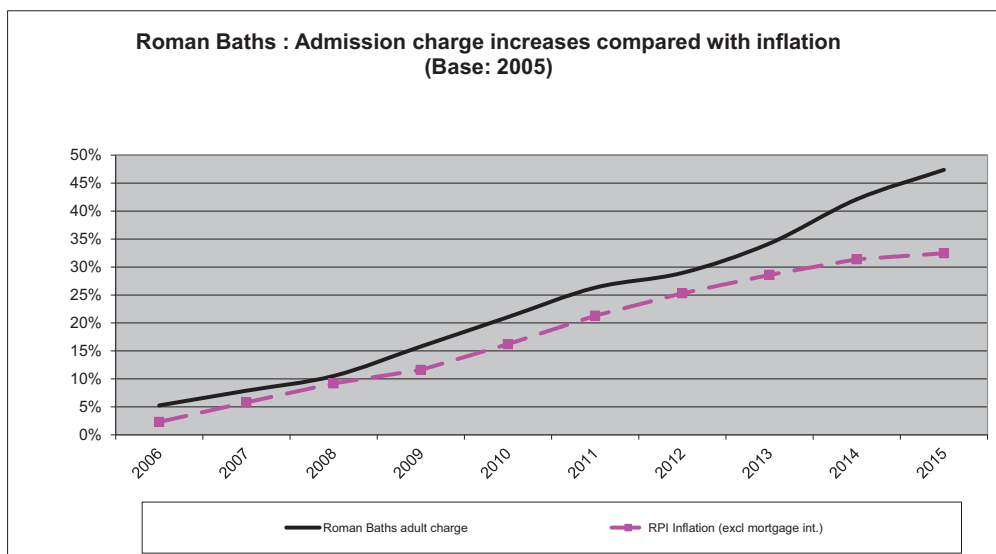


Figure 2: Roman Baths' admission charge increases compared with inflation (2006-2015).

In Figure 3 below the continuous line on the graph shows the growth in Roman Baths' total visitor numbers. The dotted line illustrates the 5-year trend which currently stands at just over 950,000 visitors p.a.

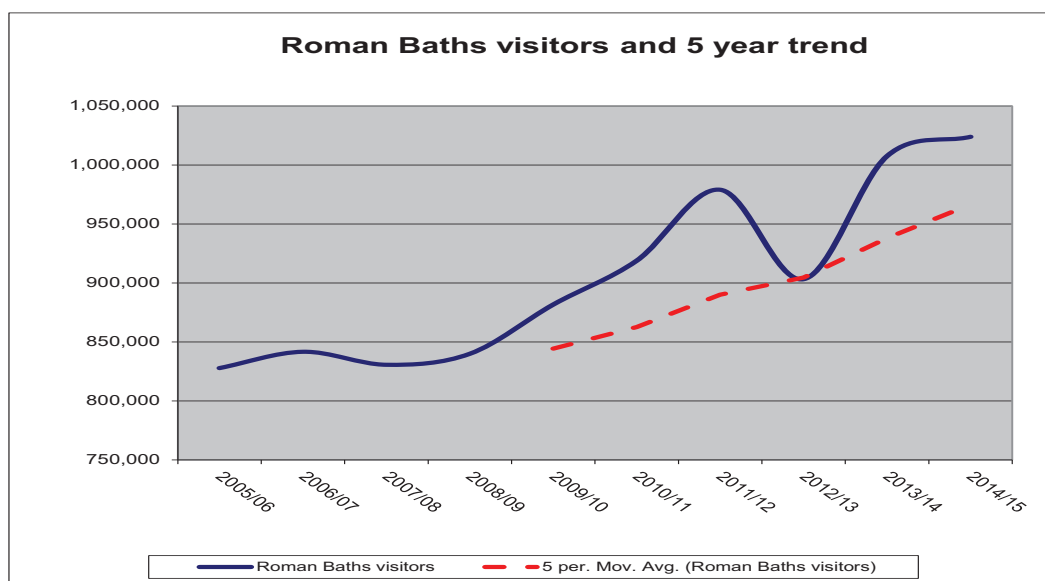


Figure 3: Roman Baths' visitors 2005-2015 showing the 5-year trend line.

### Threats to the business.

Every year since 2000 there have been geo-political, economic, public health, environmental and meteorological events which have either prevented people from travelling or have influenced their decisions about flying and where it is safe to go. The effects of these have been felt across the visitor attractions sector. They include:

- 2000** Mad Cow Disease (BSE);
- 2001** Foot-and-Mouth Disease (FMD); 9/11;
- 2002** War in Afghanistan; Bali bomb;
- 2003** Wars in Iraq and Afghanistan; SARS scare; Bath Spa not open;
- 2004** Wars in Iraq and Afghanistan; Madrid bombs; Bath Spa not open;
- 2005** Wars in Iraq and Afghanistan; London bombs; Bath Spa not open;
- 2006** Wars in Iraq and Afghanistan;
- 2007** Wars in Iraq and Afghanistan; FMD; Glasgow Airport attack; West Country flooding;
- 2008** Wars in Iraq and Afghanistan; Credit crunch;
- 2009** Wars in Iraq and Afghanistan; Recession; Swine 'flu;
- 2010** War in Afghanistan; Recession; Ash Thursday;
- 2011** War in Afghanistan; Recession; Bombing of Libya; Japan earthquake/tsunami;
- 2012** War in Afghanistan; Recession; London Olympics; wettest summer in 100 years;
- 2013** War in Afghanistan; Unrest in Egypt and Syria;
- 2014** War in Afghanistan; Unrest in Egypt, Syria and Iraq; Stonehenge; West Country flooding; ebola; Malaysian Airlines' disasters;
- 2015** Islamic State; terror attacks in North Africa, Paris and Belgium; migration crisis.

#### 4. Performance in 2014/15 and 2015/16.

Visitor numbers at the Roman Baths hit record levels in 2013/14 (1,008,000) and 2014/15 (1,024,000), and are expected to marginally exceed even these levels in 2015/16 (1,033,000 projected). This followed several years of investment in the visitor experience, new marketing to support it and the emergence from recession.

The budgets for 2014/15 and 2015/16 assumed overall visitor numbers that were:

- At the upper end of the range consistent with providing a high quality visitor experience;
- Consistent with the highest levels of visitor numbers ever achieved by the site.

Performance in 2014/15 significantly exceeded in-year budgets due almost entirely to higher than planned Roman Baths' visitor numbers. This increase in income was offset in 2014/15 by a marginally lower than budgeted admission spend (income) per visitor, largely as a result of an increase in the number of group visitors.

The profit target was increased significantly for 2015/16, when performance has been very close to budget. On current projections profit is likely to marginally exceed the annual target by c. £248,000 (1.6% of turnover).

The table at Figure 4 below illustrates the total income and profit generated in 2014/15 and currently forecast for the financial year 2015/16.

<b>Figure 4: Heritage Services financial performance: 2014/15 and 2015/16</b>						
	2014/15 Actual	2014/15 Budget	Increase / (Decrease)	2015/16 Forecast	2015/16 Budget	Increase / (Decrease)
	£000	£000	£000	£000	£000	£000
External turnover (income excluding internal charges)	15,034	14,073	962	15,848	15,477	370
<b>Net profit</b>	<b>5,293</b>	<b>4,581</b>	<b>712</b>	<b>5,243</b>	<b>4,995</b>	<b>248</b>
Roman Baths visitors	1,024,000	948,000	76,000	1,033,000	1,010,000	+23,000
Roman Baths average spend (income) per visitor*	£11.84	£11.94	-£0.10	£12.15	£12.28	-£0.13

\* (admission income plus gross retail (& other sales) profit and café / restaurant commission)



## Trend analysis.

The increases in income and profit since 2013/14 have been driven almost entirely by record increases in Roman Baths’ visitor volumes. Budgets have been adjusted upwards to assume the continuance of these record visitor numbers. The resultant convergence of “actual” and “budgeted” performance is illustrated in the graph at Figure 5 below, which charts the 1-year trend in average monthly visitor volumes and day-visitor-related income.

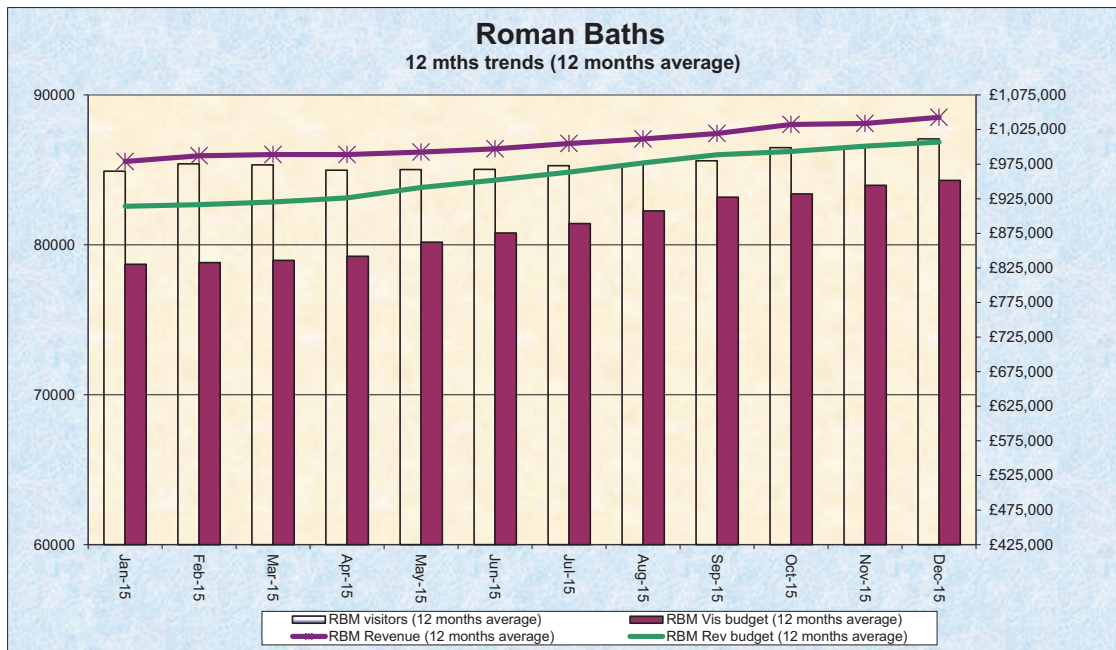


Figure 5: 12 month trend in average monthly visitor volumes and day-visitor-related income.

The average monthly number of visitors is measured on the left hand scale; the blue hatched columns demonstrate the growth in the actual number of visitors received, whilst the solid purple columns demonstrate the average budgeted monthly visitor numbers.

The average monthly visitor admission and secondary income is measured on the right hand scale; the purple, starred line demonstrates the actual growth in average monthly income, whilst the smooth green line demonstrates the average budgeted monthly income;

Figure 5 shows that, at December 2015, actual average monthly income has grown to c.£1.04 Million (c. £12.5 Million p.a.) as a result of c.87,000 visitors per month (1 million + p.a.). This is just above the average budgeted level of income of c.£12.1 Million p.a., based on a rolling average of just over 84,000 visitors per month.

The short term trends illustrated in this graph are reliant upon sustaining visitor numbers at the current, record levels. The budget proposed for 2016/17 and subsequent years assumes that these trends will be sustained at unprecedentedly high levels over the next five years. Section 9 on Risk below illustrates the financial impacts should these record short term trends not be sustained.

Visitor numbers have increased marginally following the implementation of the Visitor Management System in March 2015. This system records family visits differently from the previous system. As a result, non-paying child visitor numbers recorded in 2015/16 are higher by c.10,000 (1%). The visitor numbers assumed for future years have been adjusted to reflect this change in methodology.

The Roman Baths will face severe congestion on a more sustained basis than in previous years. In 2015/16 the attraction has received more visitors than the maximum capacity (5,000) on 20 days, as against 18 days in 2014/15. The attraction was close to capacity throughout the peak season.

Overcrowding at peak times of year is starting to impact on customer satisfaction levels, as illustrated in the graph at Figure 6 below, which measures Roman Baths performance (in the columns) against the ALVA average (the 0% line. ALVA = Association of Leading Visitor Attractions). This shows that visitor satisfaction has declined in each of the last three financial years alongside the record numbers of visitors.

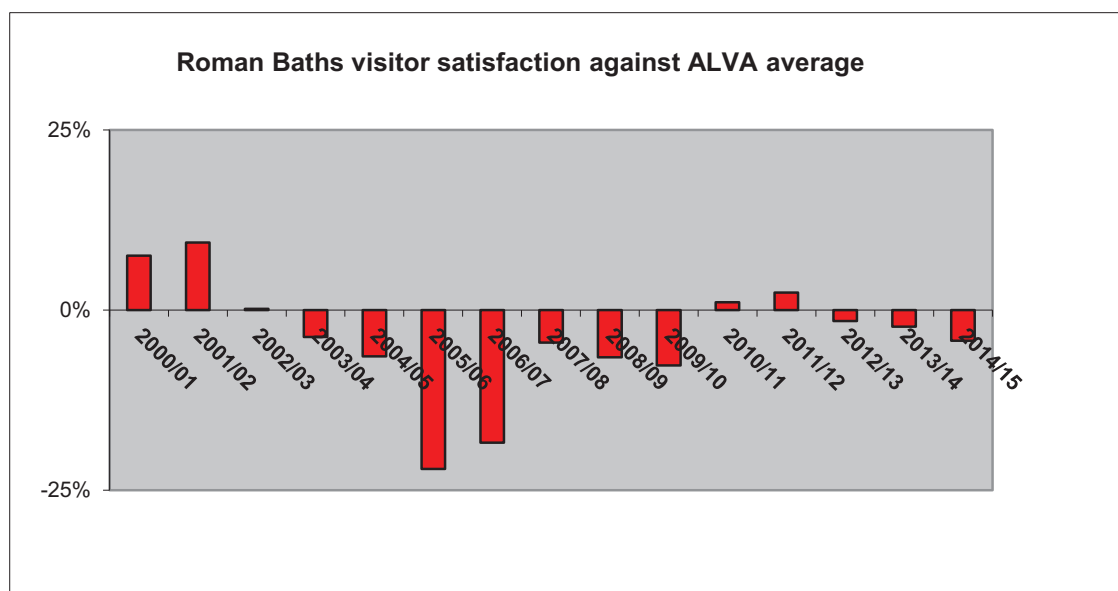


Figure 6: Roman Baths' visitor satisfaction against the ALVA average.

The majority of the increase in income achieved from 2005/06 to 2015/16 has been because of increases in prices and average visitor spend. Only 24% of it has been as a result of increases in visitor numbers. Annual budgets have assumed exceptionally high levels of visitor numbers, especially in the last three financial years. When budgets have been exceeded in these years it has been because actual visitor numbers in each year have surpassed even these unprecedentedly high assumptions.

The Roman Baths is a very high price, high yield, high profitability operation in comparison to other major national heritage attractions. Admissions income is consistently amongst the very highest in the country, although further increases in secondary spend (retail and catering) are limited by the restricted space available.

## 5. Business targets 2016-2021.

The targets in this Plan aim to grow annual profit by £1.6 Million (32%) over the next five financial years, so that by 2020/21 annual profit will be £6.65 Million p.a.

The Business Plan 2016-2021 proposes measures that will achieve the increase in the first year (2016/17). The increase required over the cumulative five year period will be achieved by using the Heritage Services hypothecated profit reserve to carry forward cumulative surpluses or deficits, illustrated at Figure 7 below.

However, achieving the required increases in turnover and profit becomes increasingly challenging because:

- Profitability is already amongst the very highest nationally;
- Increases in day visitor income rely wholly on price increases as visitor volumes are at their maximum level;
- Expansion of secondary spend is constrained by restrictions in physical space;
- Increased investment is required to underpin price increases;
- Increase in fixed costs, including capital charges related to capital investment;
- Increases in Superannuation and National Insurance costs and implementation of the living wage, together with consequent effects on wage differentials;
- Increases in costs due to changes in corporate processes, including payroll and project management.

The table at Figure 7 below demonstrates likely performance in each year based on the updated, detailed financial model that underpins this Business Plan. This shows that the targets should be marginally exceeded across the 5 years of the Plan. The over and under-achievements each year are well within the margin for error on such a model. All assumptions will be fully monitored and reviewed as usual over the coming year and will be reflected in future revisions of this Plan.

<b>Figure 7: Heritage Services: key financial and visitor targets</b>						
	2015/16 (budget)	2016/17 (proposed)	2017/18 (proposed)	2018/19 (proposed)	2019/20 (proposed)	2020/21 (proposed)
	000	000	000	000	000	000
External turnover (income excluding internal charges)	£15,460	£16,485	£17,012	£17,753	£18,385	£18,971
<b>Net Profit</b>	<b>£4,995</b>	<b>£5,595</b>	<b>£5,763</b>	<b>£6,115</b>	<b>£6,362</b>	<b>£6,553</b>
Profit target	£4,995	£5,595	£5,845	£6,095	£6,345	£6,595
Surplus (shortfall) against target		£0	(£82)	£20	£17	(£42)
Cumulative surplus	B/F: £206	£206	£124	£144	£161	£119
<i>Net profit per Council Tax payer</i>	£63	£71	£73	£77	£80	£83
<i>Profit as a % of external turnover</i>	32%	34%	34%	34%	35%	35%
Roman Baths visitors	1,010	1,035	1,035	1,035	1,037	1,038
Fashion Museum visitors	97	100	100	100	100	100
Victoria Art Gallery visitors	149	144	144	144	144	144
Roman Baths average income per visitor*	£12.28	£13.00	£13.47	£14.12	£14.58	£15.05
* (admission income plus gross retail (& other sales) profit and café / restaurant commission)						

The year-on-year increase in profit of £600k in 2016/17 will necessitate a significant increase in admission, retail and other trading income, offset by increases in staffing costs and the sustained investment required to sustain and continue to grow these income streams, as illustrated in the table at Figure 8 below.

<b>Figure 8: Increase in income, costs and profit from 2015/16 budget to 2016/17</b>		
Area	Increase £000	Rationale
Increase in trading income	£1,025	External turnover less non trading income
<b>Less:</b>		
Increase in employee costs	£365	Superannuation and NI; Pay award; National Living Wage; new corporate processes; balance of investment introduced in 2015/16, adjusted for grant-funded staff
Increased marketing + improvements in the visitor experience and facilities	£120	To sustain higher visitor volumes
Increase in maintenance and dilapidations	£40	Inflation and Assembly Rooms lease (legal requirement)
Increased retail purchases	£59	Cost of retail sales included in trading income above
Increases in debt charges; utilities; business rates, and inflation	£29	Fixed and other unavoidable costs, net of saving achieved in interpretation costs
Reduction in grant expenditure	(£188)	End of grant funded projects
Total increase in costs	£425	
<b>Additional net profit</b>	<b>£600</b>	<b>Included in Figure 7 above</b>

## 6. Business Strategy 2016-2021.

To achieve the business targets above, it will be necessary to continue the strategy contained in the Heritage Services Business Plan 2015-2020. This will mean:

- Keeping Roman Baths visitor numbers at unprecedentedly high levels;
- Keeping admission charges amongst the highest in the country;
- Sustaining staffing and investment to improve visitor satisfaction and support large price increases;
- Generating an extra profit of £600k next year, and an extra profit of £250k p.a in each subsequent year.

This may be summarised as ‘the five highs’:

- High volume
- High price
- High yield
- High investment
- High risk

The detailed proposals in the Plan include:

### **Roman Baths:**

- Significantly increase admission charges in 2018, with further large increases in the other four years; these increases follow a significant price increase in 2016;
- Sustain visitor numbers at the current record levels of over 1 million in each financial year, including the current record numbers of group visitors;
- 90% of the planned increase in admission income will come from increases in admission prices; no significant increase in overall visitor numbers is assumed;
- All price increases will be monitored and reviewed in detail to assess possible impacts on price resistance and yield and inform future Business Plans.

### **Fashion Museum:**

- Similar increases in prices as for the Roman Baths;
- Increased, sustained visitor volumes achieved via the promotion of the expanded combined ticket and improvements in the core visitor offer;
- A focus on improving levels of secondary spend, supported by the re-introduction of free admission to the Assembly Rooms.

### **Victoria Art Gallery:**

- Sustained visitor numbers and admission income via the expanded combined ticket, introduced in 2015;
- Increase in opening hours to cover 7 days a week in order to be consistent with the other sites covered by the expanded combined ticket;

- Continued free admission to charging exhibitions for residents (ie Discovery Card holders) introduced in 2015.

#### **Feasibilities for future developments:**

- Suitable premises are still needed for a one-stop-shop History Centre for the Council's 'Designated' archives collections;
- A feasibility study has examined options for the development of the Victoria Art Gallery site into the adjacent void to improve its financial sustainability; the findings will be reviewed over the coming year;
- A further feasibility study has examined options for the re-location of the Fashion Museum when the current Assembly Rooms lease expires in 2022; potential sites for re-location have been identified and these will be reviewed further in 2016/17.

Both studies are based on recommendations contained in the recent WS Options Review.

## **7. Investment.**

Staffing and investment continue to be relatively low when compared with other visitor attractions. To sustain and grow visitor numbers, satisfaction levels and income, the increased level of investment in the quality of the visitor experience and associated marketing will be sustained.

Recent research by Visit Britain and others has emphasised the importance of developing the visitor experience and emotional engagement with the visit. Investment in the visitor 'product' over the next five years will therefore include not only physical improvements but also new developments in digital and virtual interpretation. The award of a new audio guide contract in February 2016 includes multi-media as well as audio content, together with the introduction of a smartphone "app".

**The Archway Centre:** the Plan also provides for the operating costs of the Archway Centre, which should open during 2018/19. The project, which has already received £168k of HLF Round 1 funding, will refurbish some run-down former spa buildings and give them a new lease of life by creating in them a World Heritage Centre and Roman Baths Learning Centre. For the first time there will be one city-centre base where residents and visitors will be able to learn why Bath is a World Heritage Site and then go out and explore it for themselves. The Roman Baths Learning Centre will bring the site's educational offer up to the standard now expected of a major visitor attraction, with state-of-the-art facilities and four times the present capacity. It will be used not just by schools but by learning and community groups of all ages. The construction process will offer skills development opportunities for apprentices and engagement opportunities for volunteers; and, once it is up and running, the Service will work with partner bodies to deliver programmes for a range of new audiences. The project will also open up to public

view an area of the Roman Baths that has never before been seen by daytime visitors. The net operating costs of between £150k and £200k p.a. represent an investment of c. 1% of annual turnover to sustain future audiences and income flows.

**The Assembly Rooms site**, incorporating the Fashion Museum, has seen increased fixed costs, in particular the dilapidations programme and a downturn in all income streams. In order to reverse this trend investment on the site will focus on:

- enhancing the visitor experience to achieve the visitor numbers planned for 2016/17 onwards; and
- preparing the Fashion Museum for relocation at the end of the current Assembly Rooms lease in 2022.

Investment in exhibitions and displays at the Fashion Museum will be reviewed alongside planned dilapidation works at the Assembly Rooms site to ensure the efficient use of resources and to contain costs within the overall level included in the Business Plan 2015-20.

**Revenue investment:** proposed increases in on-going investment (reflected in the table at Figure 8 above) include:

- Full-year effect of increased customer-facing, marketing and maintenance staff to cope with record visitor volumes and extended opening hours – an additional £30k in 2016/17;
- Marketing activity: a small (£80k) further increase in the enhanced level of investment established in 2015/16, to deliver continued record visitor numbers and attract new off-peak markets;
- Improvements in the visitor experience and facilities, and continued increased levels of security – an additional £50k p.a. in 2016/17 and a further £60k p.a. from 2018/19.

**Capital investment:** the three major projects during the life-time of the Plan will be:

- **East Baths Development:** environmental protection work, conservation, new display lighting and the very latest virtual interpretation techniques to raise the standard of presentation and quality achieved throughout the rest of the museum and Baths. This project will be completed in 2016/17.
- **The Archway Centre:** this is subject to a Round 2 Heritage Lottery Fund (HLF) grant and a capital contribution by the Council of £1 Million (of which £750k will be corporately funded). While the Learning Centre will protect existing income streams, its principal benefit will be as a long-term investment in inspiring the audiences of tomorrow. This project is currently planned for 2017/18 and 18/19.
- **Roman Baths development:** parts of the last development programme are over five years old, and the site requires another cyclical programme of works

phased over several years. This cycle will both allow the attraction to remain open and avoid the adverse VAT impacts that will be suffered if significant investment takes place in any one year. It is anticipated that c.£2.3 Million will be invested in this project in 2019/20 and 2020/21.

The core programme of capital investment in the **infrastructure** of the Roman Baths will continue as in previous years at a level of £100-£200k p.a. Individual projects will continue to be reviewed annually by the Heritage Services Advisory Board and via the corporate capital approvals process.

Capital investment of £100k in the second phase of the **Visitor Management System** to develop the retail and Discovery Card modules has been postponed. This phase of the project will require at least one year to plan and implement, and will therefore be deferred to 2017/18.

**Victoria Art Gallery:** recent investigations have revealed that the Gallery's air conditioning system requires urgent replacement, at a cost of c.£150k. These works will be carried out as a new capital project as early as possible in 2016/17 to ensure that the Gallery has the necessary environmental conditions to attract top quality exhibitions. This is particularly important now that the Gallery forms part of a joint offer to customers with the Roman Baths and Fashion Museum.

## 8. Marketing.

Achieving and sustaining target visitor numbers of more than 1 million p.a. requires a major change to marketing strategy and an increase in marketing activity. The team has been strengthened to increase its capacity and its digital skills. It will embark on a series of substantial out-of-home marketing and promotional campaigns for the Roman Baths. These will encourage off-peak and evening visitors and help to reduce crowding at peak times.

The WS Options Review recognised the high performance of Heritage Services' commercial activities, but advocated better and bolder marketing campaigns to national and international markets. In response, the highly successful summer evening campaign undertaken for the past three years will be bolstered by spring and autumn Roman Baths campaigns in 2016 to encourage adult visitors at off-peak times. This will tap into emerging trends such as short breaks by young couples and empty-nesters. The summer campaign will be extended to the London underground network to reach some of the substantial potential market in the south east of England. Recent accessibility improvements at the Roman Baths also give opportunities to reach the increasing number of people taking holidays with family members of different generations.



Mobile-optimisation has transformed the visibility of our websites. They are now being enhanced to make the most of video streaming, supported by social media messaging and active digital engagement as part of larger marketing campaigns. We have increased our capacity to create, manage and monitor good press and public relations stories, both on-line and in traditional media.

2016 will see the introduction of on-line ticket sales for individuals, following the integration of credit card sales with the Council's other financial systems. On-line ticket purchase is already in place for some of our agents and resellers.

Emerging markets, in particular from the Far East, continue to replace the dominance of North America. Additional marketing capacity, native speaker assistance and new staff skills are being developed to realise the potential of these opportunities. It is the success in reaching long-haul markets, in particular Mandarin-speaking visitors, which has sustained large visitor numbers in the winter months in recent years.

Developments in the Roman Baths include interpretation in four new languages in 2016, the redisplay of the East Baths in 2017 and opening up of never-before seen Roman remains in autumn 2018. The building of the Archway Centre will be supported by a communications plan for the new schools' programme and life-long learning opportunities, running from 2017 to a major launch in autumn 2018 and beyond.

A complete redisplay of the Fashion Museum will be supported by a step-change in marketing and promotion designed to sustain current visitor numbers. Victoria Art Gallery promotion will also be increased, in particular by encouraging sales of three-way saver tickets.

## 9. Risk.

The risk inherent in the Service's business activities has grown exponentially with its success. Relatively small variations in visitor numbers and business activity now have a relatively large effect upon both income and profit in any year, as almost all costs are fixed in the short term.

This risk is reflected in the Council's General Reserves via the Robustness of Estimates calculation for the Place Directorate and the Heritage Services profit reserve. In view of the increase in risk over the next 5 years, the total net risk provision was increased to £1.1 Million (c. 7% of income), consisting of the £206k currently hypothecated to Heritage Services in the profit reserve plus a further £900k within General Reserves. This Plan recommends that the total net risk provision should be maintained at that level for 2016/17, and increased in future years.

Maintaining Roman Baths' visitor numbers at around 1 million p.a. is still uncharted territory and continues to carry a significant risk. The graph at Figure 9 below illustrates visitor numbers over the last 30 years, and shows that the underlying trend has grown to just over 900,000 p.a. over the last 20 years.

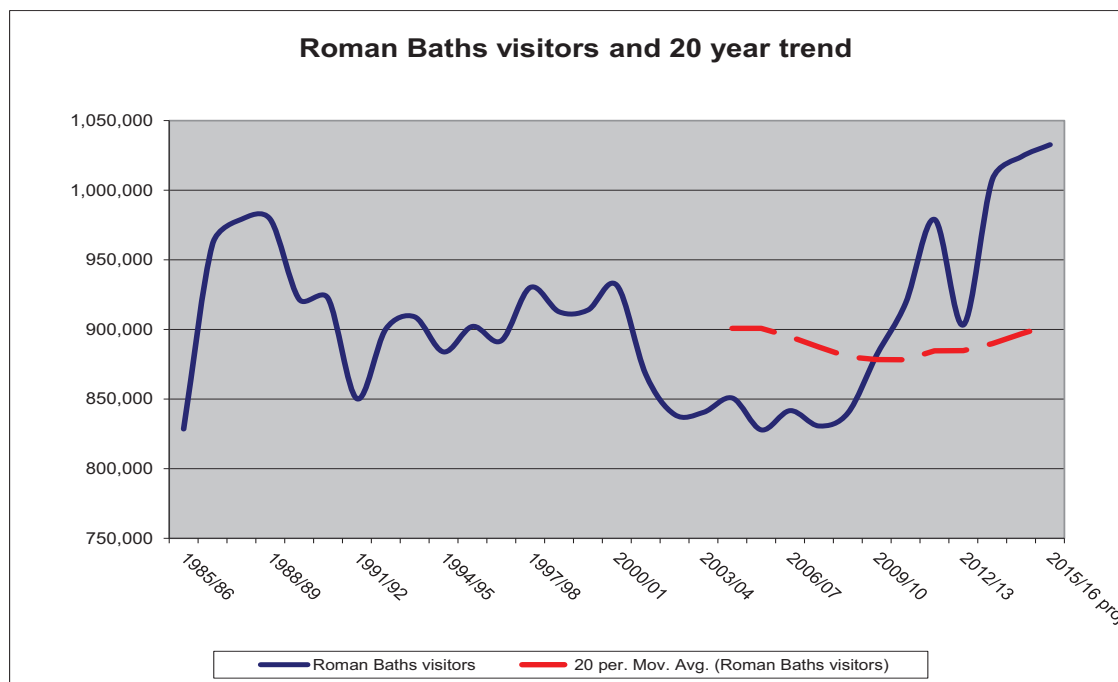


Figure 9: Roman Baths' visitors and trends 1985 to 2015.

The numbers assumed for each of the next five years are substantially higher than this underlying trend.

The table at Figure 10 below illustrates key trends in visitor volumes and the shortfall in annual income should Roman Baths visitor numbers reduce to the trend levels. These shortfalls would translate into reductions in profit in any financial year as the majority of costs within that period are fixed.

<b>Figure 10: Roman Baths visitor numbers: trends and risks</b>		
Visitor trend	Visitor numbers	Income shortfall in 2016/17
3 year trend (2012– 2015)	c.980,000	£0 - £700k p.a.
5 year trend (2010 –2015)	c.965,000	c.£900k p.a.
20 year trend	c.900,000	c. £1.75 Million p.a.
Seven years to 2009/10	c.840,000	c. £2.5 Million p.a.

Visitor numbers in any year can also be influenced by common factors such as the weather, the timing of major sporting and political events, and transport issues. The table at Figure 11 below illustrates a small number of scenarios and the impact on income and profit that could result from even very small variations.

<b>Figure 11: Roman Baths visitor numbers: illustration of variations</b>		
Factor	Visitor numbers	Value of 10% variation in 2016/17
Easter weekend	c. 17,000	c.£22k
Busy summer Saturday and Sunday	c. 11,000	c.£14k
Busy summer weekday	c.5,000	c. £7k

In addition to the risk inherent in the business, the other key areas of risk for the next five financial years are in the following areas:

**External events:** the Business Plan assumes that there will be no significant geo-political, security, economic, environmental or meteorological events in the next five years that will inhibit people’s willingness to travel or visit UK attractions.

**Customer resistance:** continued above-inflation price rises increase the risk of customer resistance. Long queues at the entrance will increase the likelihood of walkaways by dis-satisfied or time-restricted tourists. These factors are estimated, but the effect can be somewhat different in practice.

**Reputation:** record visitor numbers are highly likely to detract from the quality of the visitor experience. Falling visitor satisfaction and above-inflation price rises will lead to a loss of reputation with negative publicity by word-of-mouth and social media.

**Financial:** expenditure to support the Service’s successful growth of income will be an increasing proportion of overall Council expenditure, particularly as the Council’s finances shrink. This will pose an increasing risk to the Council’s ‘partial exemption’ VAT position that could incur an additional VAT cost of around £1m p.a. if the 5% threshold is breached. The Plan assumes that rates of interest and inflation will continue at their recent, historically low levels.

**Systems and processes:** financial pressures on the Council have led to increasing standardisation of process and systems. These changes focus on supporting shrinking local authority services aimed at a local client base, but are often not appropriate for a business that the Council expects to grow and sell its services commercially to a national and international customer base.

The WS Options Review highlighted the imperative for the Service to be able to use industry standard, fit-for-purpose commercial systems and procedures if it is to remain competitive. In order to successfully deliver the continued increases in income and profit required by this Plan it is essential that the Service is empowered to employ appropriate systems and processes to achieve the commercial objectives that the Council has set. This includes the ability to specify and control investment projects to ensure that they are fully aligned with commercial and marketing objectives.

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>10<sup>th</sup> February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 2765</b>
TITLE:	<b>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2015 to December 2015</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report</b></p> <p><b>Appendix 1:</b> Revenue &amp; Capital Monitoring Commentary  <b>Appendix 2:</b> Revenue Monitoring Statement: All Council Spending  <b>Appendix 3:</b> Capital Monitoring Statement: All Council Spending  <b>Appendices 4(i) &amp; 4(ii):</b> Proposed Revenue Virements &amp; Revised Revenue Cash Limits 2015/16  <b>Appendices 5(i) &amp; 5(ii):</b> Capital Virements &amp; Capital Programme by Portfolio 2015/16</p>		

**1 THE ISSUE**

1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2015/16 to the end of December 2015.

**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 December 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 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 2015 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 budgets which are forecast to be overspent, the service Directors 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 2015/16 financial year to the end of December 2015 by Cabinet Portfolio. The current forecast outturn position is for an underspend of £128,000 which equates to 0.03% of gross budgeted spend (excluding Schools).

5.4 In addition, as previously reported, uncommitted New Care Act burdens funding will be transferred to a specific Council Care Act Reserve at year end, currently estimated to be £750,000.

5.5 Strategic Directors will work to manage their budgets within the overall allocations approved by the Council, and this will include the development of appropriate mitigating actions as the financial year progresses.

5.6 The forecast outturn position includes the requirement for the delivery of £9.73m savings as part of the approved budget for 2015/16. In addition to this, a further £1.695m of in-year rebasing has been actioned resulting in there no longer being a requirement to use reserves to balance the 2015/16 budget.

5.7 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.

5.8 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.

5.9 Appendix 3 outlines the current position for the 2015/16 Capital budget of £80.295m (excluding contingency), with a current forecast spend of £56.901m which is £23.394m less than the budget.

5.10 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.

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<b>Background papers</b>	<i>Budget Management Scheme</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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### REVENUE BUDGET MONITORING APRIL 2015 TO DECEMBER 2015

- 1.1 Appendix 2 outlines the Council's current financial position for the 2015/16 financial year to the end of December 2015 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an underspend of £128,000, or 0.03% of the gross expenditure budget (excluding Schools).
- 1.2 Strategic Directors will continue to work to manage their budgets within the overall budget allocations approved by the Council. This will include the development of appropriate mitigating actions as the financial year progresses.
- 1.3 The forecast outturn position includes the requirement for the delivery of £9.73m savings as part of the approved budget for 2015/16. In addition to this, a further £1.695m of in-year rebasing has been actioned resulting in there no longer being a requirement to use reserves to balance the 2015/16 budget.
- 1.4 Within the current net £128,000 forecast underspend figure, there are areas of over and under spending which are detailed below, along with any planned management actions being taken to reduce projected overspends.
- 1.5 In addition, uncommitted New Care Act burdens funding will be transferred to a specific Council Care Act Reserve at year end, currently estimated to be £750,000.

#### 1.6 **Leader's Portfolio – forecast £197,000 overspend**

There is a £147,000 overspend is forecast in Legal & Democratic Services, owing to the use of agency staffing as the new Council Solicitor reviews workload and staff requirements ahead of permanent recruitment. There is also a £50,000 forecast overspend in Strategy & Performance, mainly arising from staffing costs. Both services are currently undergoing a restructuring exercise, which will aim to fully deliver the allocated savings targets from 2016/17 onwards.

#### 1.7 **Finance & Efficiency Portfolio – forecast £426,000 underspend**

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

**Support Services:** There is a £259,000 overspend across Support Services. Within this amount, Traded Services income targets are forecast to be £190,000 less than budget, split £47,000 in Print Services, £64,000 in Cleaning Services (due to the backdated living wage increase) and £79,000 in Community Meals (Catering Services). There are reviews underway in all Services to assess the on-going deliverability of the income targets.

There is also a £306,000 forecast overspend within Commercial Estate owing to shortfall of income targets and £80,000 fees incurred for on-going asset revaluations required by external auditors. This is offset by forecast underspends elsewhere in Property Services & Corporate Estate of £317,000, owing to staffing vacancies, recharge income and a one-off rates rebate.

In addition, there is a £20,000 overspend forecast in Human Resources due to loss of school income, and an £80,000 forecast overspend in Housing Benefit Subsidy payments, owing to debt recovery levels dropping from the high levels in achieved in 2014/15.

This is partially offset by a forecast net underspend of £61,000 in Business Support, within which an underspend in Information Technology more than exceeds the overspend caused by additional staffing costs in People Services Financial Management savings targets in 2015/16 being delayed.

**Corporate costs:** £685,000 forecast underspend, mainly due to a projected surplus on the Council contribution required for historic pension deficit recovery.

### **1.8 Adult Social Care & Health Portfolio – forecast on target**

Within Adult Social Care & Health, a balanced outturn position is being forecast. However the commissioning budgets are supported by the earmarking of funds from the protection of social care element of the Better Care Fund transferred to the Council from B&NES CCG under a Section 75 agreement. It is currently anticipated that £2.2 million will be required in 2015/16 to fund service pressures in purchased care for Mental Health and Older Adults service users. If future guidance for the usage of this monies changes, it is likely that the council would need to identify alternative sources of funding to support the provision of the statutory adult social care service.

It is also currently anticipated that the provision of additional £1.5 million of New Care Act burdens will not be fully committed in the current year, and is forecast that at least £750,000 of this amount should be released to a specific Council Care Act Reserve, and this amount is likely to increase. Work is currently being undertaken to review the demand level of placements, as well as the impact of re-ablement and the Care Act.

It has now been confirmed that the Government's in-year Public Health Grant cut will be £543k. The service has identified in-year savings of £203k, leaving a balance of £340k which will be funded by a transfer from the Revenue Budget

### **1.9 Children's Services Portfolio – forecast £544,000 overspend**

The forecast overspend within this Portfolio is mainly due to two pressures. The use of agency staff to support the Children, Family Assessment and Intervention, Children in Need and Court Duty teams is resulting in a £352,000 forecast overspend. The agency staff are being used to cover sickness, maternity and added case-loads.

In addition, there is also a forecast overspend of £410,000 for Home to School Transport, due to pressures on Special Educational Needs transport. Placing pupils locally with behavioural issues is becoming increasingly difficult, as the three special schools within the area have reached current capacity. Efforts are being made to extend capacity by opening units for behaviour within mainstream schools. This has increased following a review the SEN requirements after the commencement of the new academic year.

There are one-off savings in commissioning of £126,000, and savings in Children Leaving Care and the School Improvement & Achievement Service budgets which are partially mitigating these overspends.

#### **1.10 Homes & Planning Portfolio – forecast £169,000 underspend**

There is a £91,000 underspend forecast in Housing, which is due to staffing vacancies and additional enabling fee income. There is also a net underspend of £78,000 forecast in Development Management & Building Control as a result of vacant posts, underspends on software and additional Neighbourhood Planning Grant income.

#### **1.11 Economic Development Portfolio – forecast £269,000 underspend**

The forecast underspend is due to the £248,000 forecast over achievement of Heritage Services profit target, based on performance to date, and some staffing vacancies within Economy & Culture.

#### **1.12 Community Services Portfolio – forecast £229,000 overspend**

Within Waste & Fleet Services, there is a net forecast underspend of £72,000. This includes an adverse forecast of £175,000 in Fleet Services, and an external review of the service is underway with a view to closing these gaps. Underspends within Waste Services include £138,000 in Waste Recycling owing to variations and deflation in the contract and £124,000 on refuse fuel costs.

There is a forecast overspend of £110,000 in Parks & Bereavement Services, mainly due to health and safety work at Haycombe. This is partially offset by a forecast underspend in Public Protection of £51,000, due to staffing vacancies and increased income on licencing.

In addition, there is an overspend of £240,000 forecast in Place Overheads, the remaining balance of a three year Directorate management savings target, and alternative proposals will need to be developed.

#### **1.13 Transport Portfolio – forecast £233,000 underspend**

There is an underspend of £201,000 forecast within Public & Passenger Transport, mainly owing to a reduction in fare values within concessionary fares and savings relating to the MOD site. There is also a £49,000 underspend forecast in Highways and Traffic Management mainly due to some short term staffing vacancies. This is partially used to offset a £29,000 forecast overspend in Transport, Planning & Policy, caused by agency staff covering sickness and vacancies.

## **CAPITAL BUDGET MONITORING – APRIL 2015 TO DECEMBER 2015**

- 2.1 The approved Capital Programme for 2015/16 is currently £81.080, and is detailed in Appendix 5(ii). Changes to the Capital Programme since November Cabinet are shown highlighted in Appendix 5(i).

### **Progressing Capital Projects Updates**

- 2.2 **Bath Transport Package** - Seven bus stop upgrades remain with final Bus Shelters and Real Time Information to complete in March 2016 (there are some operational issues with RTI which is taking some time to resolve). Variable Message Signs on the A46 and A420 have been issued to Highways England for installation on their network; these will be installed during 2016/17.
- 2.3 **Kennet & Avon Towpath & Cycle Parking** – Works on tow path improvements to the length, width and surface of the towpath to be delivered by the Canals & River Trust, funding arrangements for this are now in place, with funding secured from Cycle City Ambition Fund.
- 2.4 **Leisure Works** – The program of leisure works are being developed following the re-procurement of leisure services.
- 2.5 **Metrowest: Greater Bristol Metro Project** – A detailed update on progression, including financial commitments requiring confirmation of underwriting by the individual councils, is to be presented to Cabinet in February.
- 2.6 **Affordable Housing** – Talks are progressing with developers around the Extra Care Scheme at Ensleigh (Lansdown) and proposals are being drawn up for these works. 18 additional rural units over 2 sites have been approved for delivery.
- 2.7 **Bath Quays Waterside (Innovation Quay)** – Contractor activities are now underway including design, planning & consents. Construction is anticipated to commence in early 2016 and to complete by the end of 2016/17.
- 2.8 **Bath Quays North** – Detailed business case is in development including options for development of first stage works. These will be considered in detail for approval in early 2016.
- 2.9 **Bath Quays Bridge** – Bridge build design has commenced. This is being considered as part of the overall Bath Quays business case. This is to be funded by the Cycle City Ambition Fund.
- 2.10 **Gypsy and Traveller Sites** – The site works are now complete and the site is now occupied.
- 2.11 **East of Bath Transportation** – Following approval in November 2014 for work to develop options for a Park & Ride to the east of the city extended public consultation was undertaken in September and Council resolution during November 2015 has identified further investigation and study works to be undertaken.

- 2.12 **Waste Project** – Works to explore options for the relocation proposals of the Refuse collection depot, Commercial Waste & Recycling Service and Waste Transfer Station at Midland Road are underway.
- 2.13 **Saw Close Regeneration** – Development works underway for regeneration proposals for the area around Saw Close.
- 2.14 **Somer Valley Business Centres** – Business case underway for development of new / expansion of existing business center facilities.
- 2.15 **Archway Project** – Heritage Lottery Funding is being sought to develop a new Archway Centre, which will provide a new Roman Baths Learning Centre and World Heritage Centre and extend public access to previously unseen parts of the Roman Baths.
- 2.16 **Keynsham New Build and Regeneration** – Of the 3 remaining retail units 2 are reserved waiting confirmation of the business rates before final acceptance. During the Christmas period one of the units was used as a ‘pop up’ arts shop which proved very popular.
- 2.17 **Bishop Sutton Primary School** - The Phase 1 one classroom extension and associated works of new school reception, remodelling to hall and external access and car parking works were completed ready for occupation on 1st September 2015. Construction of the five classroom block has started and is on target for practical completion in August 2016 and occupation in September 2016.
- 2.18 **Paulton Junior School** – The approved scheme is a four classroom extension although the school requested an option be considered for an additional two units. Planning was submitted and has been approved, therefore for a six classroom extension and the school are committed to finding the funding for the additional two classrooms. The contractors currently tendering will submit a base bid for four classrooms with an option to build on another two if the school can provide this funding. Tenders are due in of 8<sup>th</sup> February.
- 2.19 **St. Saviour’s Junior School** - The final phase of constructing the kitchen extension and the external works will be completed on programme on 19<sup>th</sup> January. Currently all construction elements are complete and the soft landscaping is due to be finished on 15<sup>th</sup> January. The final account will be within budget and agreed prior to completion.
- 2.20 **Saltford Primary** – A scheme and budget has been prepared for a six classroom extension having relocated successfully a family of badgers that were undermining the old temporary units on the site. Currently the scheme is seeking pre-app advice, with planning submission due February 2016. Funding for the works will be included in the capital budget 2016-17. Also ongoing discussions re shared use of a playing field with the Parish Council.
- 2.21 **Ensleigh new school** - The planning application has been submitted and a decision is due by the end of January 2016. Contractors’ tenders have been received and are currently being evaluated with initial indication being that these

are all within budget. Target start on site remains early Spring 2016, with delivery of the new school planned for Reception year pupils to start in September 2017.

- 2.22 Client Data System – Children’s Social Care & Adult Social Care Database -**  
The Children’s system was successfully implemented in November. The Adults system implementation is making good progress with business processes being designed and tested, changes to the timetable for fully implementing the Care Act have removed the urgency to deliver the adult social care module of Liquidlogic by April 2016. This gives us the opportunity to review the timetable and ensure that we achieve maximum functionality from the system to best meet our local needs as well as the requirements of the Care Act. It also means that we will be well placed to ensure smooth transition to the new system.

Portfolio Summary Monitor <b>REVENUE SPENDING For the Period APRIL 2015 to DECEMBER 2015</b>	CURRENT YEAR 2015/16 FORECAST OUTTURN					ADVERSE / FAVOURABLE
	Forecast Gross Expenditure	Forecast Gross Income	Net Forecast Actual	Annual Current Budget	Forecast over or (under) spend	
	£'000	£'000	£'000	£'000	£'000	
Leader	6,657	(1,097)	5,560	5,363	197	ADV
Finance & Efficiency	107,208	(100,771)	6,437	6,863	(426)	FAV
Adult Social Care & Health	111,343	(48,387)	62,956	62,956		ON TARGET
Children's Services	161,837	(132,438)	29,398	28,854	544	ADV
Homes & Planning	7,032	(3,446)	3,585	3,755	(169)	FAV
Economic Development	16,394	(19,429)	(3,036)	(2,767)	(269)	FAV
Community Services	31,232	(10,092)	21,140	20,911	229	ADV
Transport	26,395	(20,490)	5,905	6,138	(233)	FAV
<b>TOTAL COUNCIL</b>	<b>468,097</b>	<b>(336,151)</b>	<b>131,946</b>	<b>132,074</b>	<b>(128)</b>	<b>FAV</b>

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	Current Year		Prior Years		Budget					Forecast					Variance				
	Actuals £' 000's	Commitments £' 000's	Actual Spend to Date £' 000's	Total Spend £' 000's	Budget 2015/2016 £' 000's	Budget 2016/2017 £' 000's	Budget 2017/2018 £' 000's	Budget 2018/2019 £' 000's	Budget 2019/2020 £' 000's	Total Scheme Budget £' 000's	Forecast 2015/2016 £' 000's	Forecast 2016/2017 £' 000's	Forecast 2017/2018 £' 000's	Forecast 2018/2019 £' 000's	Forecast 2019/2020 £' 000's	Forecast 2020 Onwards £' 000's	Total Scheme Forecast £' 000's	Current Year £' 000's	Scheme £' 000's
<b>Capital Monitor Apr 2015/16 - Dec 2015/16</b>																			
<b>Summary by Senior Manager</b>																			
Place	17,065	2,585	19,650	76,173	48,460	7,778	3,410	1,050	0	136,871	35,593	9,241	810	0	0	35	121,851	(12,867)	(15,020)
Resources	3,009	1,688	4,678	55,200	17,572	25	90	135	0	73,022	9,997	8,816	99	627	284	30	75,053	(7,575)	2,030
People & Communities	4,562	1,301	5,864	48,714	14,282	2,914	1,081	258	0	67,229	11,310	5,666	1,081	258	0	0	67,229	(2,952)	0
<b>Total</b>	24,636	5,555	30,191	180,087	80,295	10,717	4,581	1,443	0	277,123	56,901	23,922	1,990	885	284	65	264,133	(23,394)	(12,988)
<b>Corporate Budgets</b>	0	0	0	0	795	0	0	0	0	785	0	0	0	0	0	0	0	(785)	(785)
<b>GRAND TOTAL</b>	24,636	5,555	30,191	180,087	81,080	10,717	4,581	1,443	0	277,908	56,901	23,922	1,990	885	284	65	264,133	(24,179)	(13,774)

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2015/16 Revenue Virements for Approval

Appendix 4 (i)

REF NO	REASON/ EXPLANATION	CABINET MEMBER	TRANSFER FROM CASHLIM (£'s)	Income (£'s)	Expenditure (£'s)	CABINET MEMBER	TRANSFER TO CASHLIM (£'s)	Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
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The following virements are reported for approval under the Budget Management Scheme rules.

<b>OVERALL TOTALS</b>			0	0	0		0	0	0		
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2015/16 Revenue Virements for Information

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

INFO 15#29	Central Overhead Recharges (Legal Services)	Leader	Strategy & Performance		10,206	Leader	Council Solicitor & Democratic Services		1,264,180	Technical adjustment to reflect the change to the accounting treatment to internal Corporate Overhead recharges. The change removes both the actual recharge and the associated budget for this recharge, so has a nil impact on the service.	Budget virement is on-going.
		Finance & Efficiency	Various		356,806						
		Adult Social Care & Health	Adult Services		78,689						
		Children's Services	Various		281,283						
		Homes & Planning	Various		344,942						
		Economic Development	Various		15,700						
		Community Services	Various		176,554						
INFO 15#30	Customer Services Restructure	Community Services	Libraries & Information		22,432	Finance & Efficiency	Customer Services		22,432	Re-alignment of staffing budget following transfer of posts from Libraries & Information to Customer Services.	Budget virement is on-going.
INFO 15#31	Lansdown Playing Fields Bookings	Community Services	Neighbourhoods & Environment - Parks & Bereavement Services		9,000	Community Services	Public Protection & Health Improvement - Active Leisure		9,000	Removal of internal recharge budgets between services following transfer of responsibility for Lansdown booking administration from Leisure to Parks.	Budget virement is on-going.
INFO 15#32	Workplaces Programme	Finance & Efficiency	Property Services		78,650	Finance & Efficiency	Commercial Estate		80,376	Adjustment to Workplaces Programme budget, as approved by the Workplaces Steering Group.	Budget virement is one-off.
		Corporate Estate Including R&M	Corporate Estate		85,376		Council's Retained ICT Budgets		83,650		

2015/16 Revenue Virements for Information

REF NO	REASON/ EXPLANATION	CABINET MEMBER	TRANSFER FROM		CABINET MEMBER	TRANSFER TO		DESCRIPTION	ONGOING EFFECTS	
			CASHLIM	Income (£'s)		CASHLIM	Expenditure (£'s)			
INFO 15#33	Concessionary Rent	Finance & Efficiency	Commercial Estate	9,000	Finance & Efficiency	Corporate Estate Including R&M	9,000	Creation of income budget for Concessionary Rent from UNISON.	Budget virement is on-going.	
INFO 15#34	Living Wage Implementation	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges	195,734	Finance & Efficiency	Traded Services		114,676	Transfer of corporately held budget for the Living Wage following its implementation. This virement provides the budget to those Services with employees affected.	Budget virement is on-going.
					Children's Services	Learning & Inclusion		1,000		
					Economic Development	Economy & Culture		1,487		
					Community Services	Various		43,505		
		Transport	Various				35,066			
<b>OVERALL TOTALS</b>				<b>9,000</b>	<b>1,655,372</b>		<b>9,000</b>	<b>1,655,372</b>		
								<b>1,664,372</b>		

Portfolio Cash Limits 2015/16 - Revenue Budgets

Appendix 4(ii)

CABINET PORTFOLIO	Service	Nov'15 Approved Cash Limits	Technical Adjustments, below BMS limits or already agreed - shown for information	Total Virements for Approval	Jan'16 Revised Cash Limits
		£'000	£'000	£'000	£'000
<b>Leader</b>	Council Solicitor & Democratic Services	1,438	1,264		2,702
	Strategy & Performance	2,871	(10)		2,861
	<b>PORTFOLIO SUB TOTAL</b>	<b>4,309</b>	<b>1,254</b>		<b>5,563</b>
<b>Finance &amp; Efficiency</b>	Finance	2,162	(1)		2,161
	People Services	514	(1)		513
	Risk & Assurance Services	1,016	(7)		1,008
	Council's Retained ICT Budgets	4,357	77		4,433
	Customer Services	2,394	9		2,402
	Human Resources	544	(15)		529
	Property Services	3,089	(143)		2,946
	Corporate Estate Including R&M	4,264	(150)		4,115
	Commercial Estate	(14,093)	(102)		(14,195)
	Traded Services	(112)	115		3
	Strategic Director - Resources	46	(1)		45
	Corporate items (Tourism Levy, Trading Opps, Community Use of Assets & Corporate Travel Plan)	(200)			(200)
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	3,008			3,008
	Unfunded Pensions	1,679			1,679
	Corporate Budgets incl. Capital, Audit & Bank Charges	1,694	(196)		1,498
	New Homes Bonus Grant	(3,709)			(3,709)
	Magistrates	17			17
	Coroners	305			305
	Environment Agency	219			219
	<b>PORTFOLIO SUB TOTAL</b>	<b>6,997</b>	<b>(415)</b>		<b>6,582</b>
<b>Adult Social Care &amp; Health</b>	Adult Services	62,485	(79)		62,406
	Adult Substance Misuse (Drug Action Team)	550			550
	<b>PORTFOLIO SUB TOTAL</b>	<b>63,035</b>	<b>(79)</b>		<b>62,956</b>
<b>Children's Services</b>	Children, Young People & Families	12,417	(281)		12,136
	Learning & Inclusion	15,800	1		15,801
	Health, Commissioning & Planning	(108,504)	( )		(108,504)
	Schools Budget	109,422			109,422
	<b>PORTFOLIO SUB TOTAL</b>	<b>29,136</b>	<b>(280)</b>		<b>28,855</b>
<b>Homes &amp; Planning</b>	Development Management	2,071	(324)		1,747
	Building Control & Land Charges	355	(1)		354
	Housing	1,673	(19)		1,654
	<b>PORTFOLIO SUB TOTAL</b>	<b>4,099</b>	<b>(345)</b>		<b>3,755</b>
<b>Economic Development</b>	Economy & Culture	1,783	(1)		1,782
	World Heritage	160	(1)		159
	Heritage including Archives	(4,995)			(4,995)
	Project Delivery	49			49
	Regeneration, Skills & Employment	252	(13)		240
	<b>PORTFOLIO SUB TOTAL</b>	<b>(2,751)</b>	<b>(14)</b>		<b>(2,765)</b>

**Portfolio Cash Limits 2015/16 - Revenue Budgets**
**Appendix 4(ii)**

CABINET PORTFOLIO	Service	Nov'15 Approved Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Jan'16 Revised Cash Limits £'000
<b>Community Services</b>	Place - Overheads	242			242
	Public Protection & Health Improvement - Regulatory	1,262	7		1,269
	Neighbourhoods & Environment - Waste & Fleet Services	14,787	20		14,808
	Neighbourhoods & Environment - Parks & Bereavement Services	2,091	(167)		1,925
	Libraries & Information	1,670	(24)		1,646
	Public Protection & Health Improvement - Active Leisure	1,057	8		1,065
	<b>PORTFOLIO SUB TOTAL</b>	<b>21,110</b>	<b>(155)</b>		<b>20,955</b>
<b>Transport</b>	Transport - Planning & Policy	670	1		672
	Highways & Traffic Management	7,773	15		7,789
	Transport & Parking Services - Parking	(6,682)	19		(6,663)
	Transport & Parking Services - Public & Passenger Transport	4,376			4,376
	<b>PORTFOLIO SUB TOTAL</b>	<b>6,138</b>	<b>35</b>		<b>6,173</b>
	<b>NET BUDGET</b>	<b>132,074</b>			<b>132,074</b>
<b>Sources of Funding</b>					

Council Tax	74,455			74,455
Revenue Support Grant*	20,504			20,504
Retained Business Rates	21,744			21,744
Collection Fund Deficit (-) or Surplus (+)	1,578			1,578
Council Tax Freeze Grant	813			813
Balances	12,979			12,979
<b>Total</b>	<b>132,074</b>			<b>132,074</b>

**Capital Virements - Additions & Reductions 2015/2016**

**Appendix 5 (i)**

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP15#035-2015	Minor Disposal - James Street West	3rd Party Contribution	7,000		Resources - Property Services		7,000	3rd party contribution to cover building monitoring costs. Approved by Technical Adjustment Oct 2015
CAP15#036-2015	Transport Improvement Programme	S106 Contribution	8,000		Place - Environmental Services		8,000	Lark Place parking scheme increased s106 contribution. Approved by Single Member Decision Nov 2015
CAP15#037-2015	Transport Improvement Programme	3rd Party Contribution	4,600		Place - Environmental Services		4,600	Cameron Hill addition of VAS sign & Corston addition of VAS sign contribution from Parish Council contributions. Approved by Officer Delegated Decision Nov 2015
CAP15#038-2015	Affordable Housing	3rd Party Contribution	56,468		Place - Community Regeneration		56,468	Repayment of previously allocated grant provides additional source of funding for Affordable Housing to increase the current budget. Approved by Technical Adjustment Nov 2015
CAP15#039-2015	Kiosks for Customer Services	Service Supported Borrowing	9,125		Resources - Support Services		9,125	Cost of additional kiosk functionality as per Customer Services requirements, and the consultancy requirement for the kiosks installation. Approved by Technical Adjustment Nov 2015
CAP15#040-2015	Cycle City Ambition Fund 2	Government Grant	743,000		Place - Environmental Services		743,000	To utilise the CAF 2 grant funding for 2015/16 of £655,000 for the Kennet and Avon Canal towpath improvements and £88,000 for cycle parking. Approved by Single Member Decision Nov 2015
CAP15#041-2015	Saw Close Development	Corporate Supported Borrowing	100,000		Place - Community Regeneration		100,000	Provisional scheme on 2015/2016 Capital Programme. Approved by Single Member Decision Nov 2015
CAP15#042-2015	Cycle City Ambition Fund 2	Government Grant	-48,000		Place - Environmental Services		-48,000	Re-phasing CCAF2 grant funding of £48k from 2015/16 to 2016/17 in line with Single Member Decision Nov 2015
CAP15#043-2015	Leisure - Council Client / Contingency	Service Supported Borrowing	-150,000		Place - Environmental Services		-150,000	Realignment of phasing on Bath Leisure Centre Refurbishment works into 16/17
CAP15#044-2015	Bath Leisure Centre Refurbishment	Service Supported Borrowing	500,000		Place - Environmental Services		500,000	Realignment of phasing on Bath Leisure Centre Refurbishment works into 16/17
<b>OVERALL TOTALS</b>			<b>1,230,193</b>	<b>0</b>		<b>0</b>	<b>1,230,193</b>	
				<b>1,230,193</b>			<b>-1,230,193</b>	

**Capital Virements - Additions & Reductions Future Years**

**Appendix 5 (i)**

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP15#003-FY	Cycle City Ambition Fund 2	Government Grant	48,000		Place - Environmental Services		48,000	To utilise the CAF 2 grant funding for 2016/17. Approved by Single Member Decision Nov 2015
CAP15#004-FY	Leisure - Council Client / Contingency	Service Supported Borrowing	150,000		Place - Environmental Services		150,000	Realignment of phasing on Bath Leisure Centre Refurbishment works into 16/17
CAP15#005-FY	Bath Leisure Centre Refurbishment	Service Supported Borrowing	-500,000		Place - Environmental Services		-500,000	Realignment of phasing on Bath Leisure Centre Refurbishment works into 16/17
<b>OVERALL TOTALS</b>			<b>-302,000</b>	<b>0</b>		<b>0</b>	<b>-302,000</b>	
				<b>-302,000</b>			<b>302,000</b>	

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**Capital Programme by Portfolio - 2015/2016**  
**Revised Capital Cash Limits by Portfolio**

	<b>Budget at November 2015 Cabinet</b>	<b>Approvals to February 2016 Cabinet</b>	<b>Budget at February 2016 Cabinet</b>
<b>CAPITAL SCHEME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Transport</u></b>			
Highways Maintenance Programme	7,683	0	7,683
Transport Improvement Programme	2,352	-17	2,335
Local Sustainable Transport Fund	0	0	0
LSTF: Riverside Path & Employers Grant, Bath	486	0	486
Cycle City Ambition / 7 Dials	817	0	817
CCAF2 Kennet & Avon Canal towpath improvements	0	655	655
CCAF2 Cycle Parking	0	40	40
Victoria Bridge	77	0	77
Batheaston Bridge	36	0	36
A431 Kelston Road Stabilisation	369	0	369
Rossiter Road	65	0	65
MetroWest - the Greater Bristol Metro Project	430	30	460
Salford Station - reopening feasibility work	100	0	100
Park and Ride East of Bath Project Development	209	0	209
2 Tunnels Northern Link Cycle Scheme	-122	0	-122
2 Tunnels	-53	0	-53
Bath Transport Package - Main Scheme	7,809	0	7,809
Bath Transport Package - Property	0	0	0
20mph Schemes	130	0	130
Cycle Schemes	40	0	40
Better Bus Fund	31	0	31
Parking - Vehicle Replacement Programme	15	0	15
	<b>20,474</b>	<b>708</b>	<b>21,181</b>
<b><u>Community Services</u></b>			
Waste Vehicles	283	0	283
Neighbourhoods - Bin and Bench Replacement	68	0	68
Litter Bins	12	0	12
Public WC Conversions	9	0	9
Waste Re-provision feasibility work	150	0	150
Vehicle Replacement: Neighbourhoods	380	0	380
Parks Vehicles	167	0	167
Cemetery Vehicle Replacement	40	0	40
Cleansing Vehicles	146	0	146
Allotments	50	0	50
River Safety	0	0	0
Beechen Cliff Woodland & Other Open Spaces Improvements	58	0	58
Royal Victoria Park Skate Park	267	0	267
Royal Victoria Park Open Space Improvement	0	0	0
Queen Square Improvements	6	0	6
East of Bath Skate Park	0	0	0
Improvements at the Sandpits - Play Equipment	0	0	0
Play Equipment	146	0	146
Great Dell Walkway	76	0	76
Haycombe Improvements (was Neighbourhoods - Haycombe)	98	0	98
Cemetery Florist/Café)	23	0	23
Sydney Gardens	60	0	60
Haycombe Cemetery Entrance	32	0	32
Environmental Protection Vehicles	15	0	15
Wellow Sports Grant	0	500	500
Leisure facility modernisation	0		

**Capital Programme by Portfolio - 2015/2016**  
**Revised Capital Cash Limits by Portfolio**

	<b>Budget at November 2015 Cabinet</b>	<b>Approvals to February 2016 Cabinet</b>	<b>Budget at February 2016 Cabinet</b>
<b>CAPITAL SCHEME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leisure - Council Client / Contingency	500	-150	350
Bath Recreation Ground Trust	0	0	0
Paulton Library Relocation	0	0	0
	<b>2,586</b>	<b>350</b>	<b>2,936</b>
<b><u>Economic Development</u></b>			
Leisure Dilapidations	650	0	650
Odd Down Playing Fields Development	696	0	696
Odd Down Playing Fields Cycle Track	0	0	0
Visitor & Till Management System	100	0	100
Beau Street Coin Hoard	12	0	12
Roman Baths Development: East Baths Development	500	0	500
Assembly Rooms Dilapidations	0	0	0
Temple Precinct	0	0	0
Heritage Infrastructure Development	100	0	100
Abbey Churchyard 11 & 12 - Refurb Restaurant	0	0	0
BWR - Council Project Team	385	-15	370
BWR - Affordable Housing	779	0	779
BWR - Infrastructure	2,731	0	2,731
BWR - Replacement of Destructor Bridge	1,657	0	1,657
BWR - Relocation of Gas Holders	2,735	15	2,750
BWRE/Green Park	150	0	150
NRR Infrastructure	740	0	740
London Road Regeneration	550	0	550
Innovation Quay - Strategic Flooding Solution (other names: BEA Flood Mitigations / Bath Quays Waterside (RIF) / Enterprise Area - Flood Mitigation Phase 1)	5,455	0	5,455
Radstock Regeneration	54	0	54
River Corridor & RoSPA safety works	521	0	521
Cattlemarket/Cornmarket	51	0	51
Digital B&NES (was BDUK)	938	0	938
Somer Valley Business Centres (was: Midsomer Norton Business Centre)	113	0	113
Bath Quays South	451	0	451
Bath Quays North	792	0	792
Radstock and Westfield Implementation Plan	100	0	100
Saw Close Development Works	0	100	100
South Road Car Park	155	0	155
Manvers Street	57	0	57
Cleveland Pools	100	0	100
Energy at Home	774	0	774
	<b>21,346</b>	<b>100</b>	<b>21,446</b>
<b><u>Children's Services</u></b>			
Schools Capital Maintenance Programme 2015/16	2,023	0	2,023
Schools Minor Works and DDA Schemes	230	0	230
School Energy Invest to Save Fund	730	0	730
Early Years - 2yr Olds Funding / S106	77	0	77
Client Data System for Children's Social Services	644	0	644
St Mary's Writhlington Replace Classroom Block	113	0	113
Weston All Saints Primary School - Basic Need	1,106	-84	1,021
Castle Primary School - Basic Need	325	0	325
Paulton Infant School - Basic Need	123	0	123
St Saviour's Junior School - Basic Need	1,164	0	1,164
Oldfield Park Junior School - Basic Need	200	0	200

**Capital Programme by Portfolio - 2015/2016**  
**Revised Capital Cash Limits by Portfolio**

	<b>Budget at November 2015 Cabinet</b>	<b>Approvals to February 2016 Cabinet</b>	<b>Budget at February 2016 Cabinet</b>
<b>CAPITAL SCHEME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Westfield Primary School - Basic Need	113	0	113
Paulton Junior School - Basic Need	1,334	0	1,334
Bishop Sutton Primary School - Basic Need	1,492	0	1,492
St John's School Keynsham classroom refurbishment	59	0	59
Basic Needs Feasibility / Option Appraisal	197	-50	147
Children's Centre Capital Schemes	46	0	46
MOD Foxhill Mulberry Park - New School Feasibility Study	19	0	19
MOD Warminster Road - New School Feasibility Study	19	0	19
Schools Devolved Capital	1,630	0	1,630
Ensleigh - New Primary School Feasibility Study	626	0	626
Salford Primary - Basic Need	317	0	317
Chew Magna Primary - Flooding works	31	0	31
Short Breaks for Disabled Children	30	0	30
Universal Infant Free School Meals	-21	0	-21
Schools LA Contribution to Capital / Private Capital / Seed Challenge / Travel Plans	49	0	49
Ralph Allen ALC	51	0	51
Writhlington BSF	31	0	31
Writhlington ALC	25	0	25
Moorlands Junior IT Suite	1	0	1
Wellsway Sports Hall	42	0	42
Oldfield Co-Ed Improvements	26	0	26
Youth Projects	3	0	3
Children's Services Capital Schemes	2	0	2
Children's Services Capital Schemes Managed by Property Services	7	0	7
Southdown Infant / Junior Schools	199	99	298
Peasedown St John Primary	31	0	31
St Saviours Infant School - Basic Need	77	0	77
Chandag Infants UIFSM	29	0	29
Farmborough Primary BN Feasibility Study	21	0	21
St Marys Writhlington BN Feasibility Study	0	0	0
Southdown Schools (Roundhill Primary Sch) BN Feasibility Study	15	-15	0
Westfield Primary BN Feasibility Study	0	0	0
Castle Primary BN Phase 2 Feasibility Study	15	0	15
Whitchurch Primary BN Feasibility Study	20	0	20
Bathampton School Basic Needs	15	0	15
Bathford Primary School BN 2015-2016	36	0	36
Castle Primary BN Phase 3 Feasibility Study	0	0	0
St Michaels Junior School Pratten Building Feasibility Study	0	20	20
Bathampton Primary	6	0	6
East Harptree - DDA BN Feasibility Study	0	10	10
Keynsham East New School Feasibility Study - Cost	0	20	20
	<b>13,329</b>	<b>0</b>	<b>13,329</b>
<b>Finance &amp; Efficiency</b>			
Public Realm-Northumberland Place	128	0	128
Public Realm-Pattern Book	75	0	75
Public Realm-Street Furniture	18	0	18
Public Realm-Team Costs	20	0	20
Public Realm-City Information Scheme	123	0	123
Public Realm High Street	0	0	0
Workplaces Programme Delivery	1,757	-7	1,750
Keynsham Regeneration & New Build	4,302	0	4,302

**Capital Programme by Portfolio - 2015/2016**  
**Revised Capital Cash Limits by Portfolio**

	<b>Budget at November 2015 Cabinet</b>	<b>Approvals to February 2016 Cabinet</b>	<b>Budget at February 2016 Cabinet</b>
<b>CAPITAL SCHEME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporate Estate Planned Maintenance	2,008	0	2,008
Disposals Programme (Minor)	169	0	169
Commercial Estate Investment Fund	350	0	350
Grand Parade & Undercroft	4,880	0	4,880
Equality Act Works	1,037	0	1,037
Englishcombe Lane	17	0	17
Roseberry Place	48	0	48
1 - 3 James Street West	119	7	126
7 - 9 Lower Borough Walls	73	0	73
Key Disposal - Keynsham K2 Charlton Road	-1	0	-1
Lewis House (Inc Comms Hub & OSS)	386	7	393
The Hollies	86	0	86
Saw Close Development	70	0	70
South Road Car Park MSN	0	0	0
Victoria Hall	12	0	12
Bathampton Farmhouse	40	0	40
Manvers street - Acquisition of land and rights	0	0	0
Capital Contingency	785	0	785
	<b>16,503</b>	<b>7</b>	<b>16,510</b>
<b><u>Leader</u></b>			
Desktop As a Service - VDI Technology	266	0	266
Customer Services System	351	0	351
IT Asset Refresh (Servers and Network)	347	0	347
Windows 7 Upgrade	66	0	66
New Customer Payments & Library Kiosks	78	9	87
LGA Bonds Investment	50	0	50
LAA Performance Reward Grant	171	0	171
	<b>1,328</b>	<b>9</b>	<b>1,338</b>
<b><u>Homes and Planning</u></b>			
Affordable Housing	1,245	56	1,301
Gypsy & Traveller Sites	611	0	611
	<b>1,856</b>	<b>56</b>	<b>1,912</b>
<b><u>Adult Social Care &amp; Housing</u></b>			
Disabled Facilities Grant	1,494	0	1,494
Adult Social Care Database replacement	933	0	933
	<b>2,428</b>	<b>0</b>	<b>2,428</b>
<b>TOTAL CAPITAL SCHEME BUDGET</b>	<b>79,850</b>	<b>1,230</b>	<b>81,080</b>
<b><u>Sources of Funding (£'000)</u></b>			
EU/Government Grant	<b>30,480</b>	<b>-680</b>	<b>29,800</b>
Revenue	<b>2,942</b>	<b>0</b>	<b>2,942</b>
Other Council Support including Borrowing and Capital Receipts	<b>43,523</b>	<b>459</b>	<b>43,982</b>
s106 Contribution	<b>1,361</b>	<b>1,387</b>	<b>2,748</b>
Other 3rd Party	<b>1,544</b>	<b>63</b>	<b>1,608</b>
<b>Total Sources of Funding (£'000)</b>	<b>79,850</b>	<b>1,230</b>	<b>81,080</b>

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>10<sup>th</sup> February 2016</b>	
TITLE:	<b>Treasury Management Monitoring Report to 31<sup>st</sup> December 2015</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E 2769</b>
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> – Performance Against Prudential Indicators  <b>Appendix 2</b> – The Council’s Investment Position at 31<sup>st</sup> December 2015  <b>Appendix 3</b> – Average monthly rate of return for 1<sup>st</sup> 9 months of 2015/16  <b>Appendix 4</b> – The Council’s External Borrowing Position at 31<sup>st</sup> December 2015  <b>Appendix 5</b> – Arlingclose’s Economic &amp; Market Review Q3 of 2015/16  <b>Appendix 6</b> – Interest &amp; Capital Financing Budget Monitoring 2015/16  <b>Appendix 7</b> – 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 2015/16 for the first nine months of 2015/16.

**2 RECOMMENDATION**

The Cabinet agrees that:

- 2.1 the Treasury Management Report to 31<sup>st</sup> December 2015, prepared in accordance with the CIPFA Treasury Code of Practice, is noted
- 2.2 the Treasury Management Indicators to 31<sup>st</sup> December 2015 are noted.

**3 RESOURCE IMPLICATIONS**

- 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 2015/16 is 0.47%, which is 0.08% above the benchmark rate.
- 5.2 The Council's Prudential Indicators for 2015/16 were agreed by Council in February 2015 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 31<sup>st</sup> December 2015 is given in **Appendix 2**. The balance of deposits as at 30<sup>th</sup> September 2015 and 31<sup>st</sup> December 2015 are also set out in the pie charts in this appendix.
- 5.4 The Council is the accountable body for the West of England Revolving Investment Fund (RIF) and received grant funding of £57 million at the end of the 2011/12 financial year. The Council acts as an agent and holds these funds on behalf of the West of England Local Enterprise Partnership until they are allocated in the form of repayable grants to the constituent Local Authorities to meet approved infrastructure costs. Since these funds are invested separately from the Council's cash balances and have been placed short term with the Debt Management Office and other Local Authorities, they are excluded from all figures given in this report. The current value of the fund is £35.3 million.
- 5.5 Gross interest earned on investments for the first nine months totalled £178k. Net interest, after deduction of amounts due to Schools, the West of England Growth Points, CHC and other internal balances, is £121k. **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.47%, which is 0.08% above the benchmark rate of average 7 day LIBID +0.05% (0.39%).

### Summary of Borrowings

- 5.6 £10 million of annual borrowing matured during the third quarter of 2015/16. These funds were re-borrowed for a further 12 months at a more beneficial interest rate. The Council's total borrowing was £108.3 million as at 31<sup>st</sup> December 2015.
- 5.7 The Council's Capital Financing Requirement (CFR) as at 31<sup>st</sup> March 2015 was £177 million with a projected total of £219 million by the end of 2015/16 based on the capital programme approved at February 2015 Council. This represents the Council's underlying need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.
- 5.8 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 31<sup>st</sup> March 2015 apportioned to Bath & North East Somerset Council is £13.95m. 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 5.6.

5.9 The borrowing portfolio as at 31<sup>st</sup> December 2015 is shown in **Appendix 4**.

### **Strategic & Tactical Decisions**

5.10 As shown in the charts at **Appendix 2**, the proportion of investments in Foreign Banks increased during the quarter, reflecting new short term investments in very highly rated counterparties (AA-). To increase diversification, the Council invests in AAA rated Money Market funds, with a balance of £11.3m invested in these as at 31<sup>st</sup> December 2015.

5.11 The Council continues to not hold any direct investments with banks in countries within the Eurozone reflecting both on the underlying debt issues in some Eurozone countries and the low levels of interest rates. The Council's investment counterparty list does not currently include any banks from Portugal, Ireland, Greece, Spain and Italy.

5.12 The Council's average investment return is running slightly above the budgeted level of 0.45%, although the impact is offset by the lower than budgeted investment balances held.

### **Future Strategic & Tactical Issues**

5.13 Our treasury management advisors economic and market review for the third quarter 2015/16 is included in **Appendix 5**.

5.14 The Bank of England base rate has remained constant at 0.50% since March 2009. In the opinion of the Council's treasury advisors, Arlingclose, falling oil prices and sub-target inflation (with CPI falling to 0.5% in December) is easing pressure on officials to act, though forward expectations are still focusing on a rate rise in Q3 2016.

5.15 In their opinion the lack of inflationary signals is expected to allow policymakers to hold off monetary tightening for longer than the market currently expects. However, the near-term risk is that the Bank Rate could rise sooner than anticipated.

5.16 The benefits of the Council's current policy of internal borrowing are monitored regularly against the likelihood that long term borrowing rates are forecast to rise in future years. The focus is now on the rate of increase and the medium-term peak and, in this respect, the current forecast is that rates will rise slowly and to a lower level than in the past.

### **Budget Implications**

5.17 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 remain on target for 2015/16.

5.18 This position will be kept under review during the remainder of the year, taking into account the Council's cash-flow position and the timing of any new borrowing required.

**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 Finance and Efficiency, Chief Finance Officer and Monitoring Officer.

8.2 Consultation was carried out via e-mail.

**9 RISK MANAGEMENT**

9.1 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 and Borrowing advice is provided by our Treasury Management consultants Arlingclose.

9.2 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 carries out this scrutiny.

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

<b>Contact person</b>	<i>Tim Richens - 01225 477468 ; Andrew Stanton - 01225 477209</i> <a href="mailto:Tim_Richens@bathnes.gov.uk">Tim_Richens@bathnes.gov.uk</a> ; <a href="mailto:Andrew_Stanton@bathnes.gov.uk">Andrew_Stanton@bathnes.gov.uk</a>
<b>Background papers</b>	<i>2015/16 Treasury Management &amp; Investment Strategy</i> <i>1<sup>st</sup> Quarter Treasury Performance Report (Cabinet)</i> <i>2<sup>nd</sup> Quarter Treasury Performance Report (Cabinet)</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	



## 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.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	£'000	£'000
Borrowing	219,000	108,300
Other long term liabilities	2,000	0
<b>Cumulative Total</b>	<b>221,000</b>	<b>108,300</b>

#### 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.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	£'000	£'000
Borrowing	182,000	108,300
Other long term liabilities	2,000	0
<b>Cumulative Total</b>	<b>184,000</b>	<b>108,300</b>

#### 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.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	£'000	£'000
<b>Fixed interest rate exposure</b>	<b>182,000</b>	<b>88,300*</b>

\* 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.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	£'000	£'000
<b>Variable interest rate exposure</b>	<b>104,000</b>	<b>20,000</b>

### 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.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	£'000	£'000
<b>Investments over 364 days</b>	<b>50,000</b>	<b>0</b>

### 6. Maturity Structure of borrowing

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

	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	%	%	%
Under 12 months	50	Nil	28*
12 months and within 24 months	50	Nil	7
24 months and within 5 years	75	Nil	9
5 years and within 10 years	100	Nil	0
10 years and above	100	Nil	56

\* The CIPFA Treasury management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date (which are at 6 monthly intervals for the £20m of LOBO's). However, the Council would only consider repaying these loans if the Lenders exercised their options to alter the interest rate.

### 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. A summary guide to credit ratings is set out at **Appendix 7**.

	<b>2015/16 Prudential Indicator</b>	<b>2015/16 Actual as at 31<sup>st</sup> Dec. 2015</b>
	Rating	Rating
<b>Minimum Portfolio Average Credit Rating</b>	<b>A-</b>	<b>AA-</b>

## APPENDIX 2

### The Council's Investment position at 31<sup>st</sup> December 2015

The term of investments, from the original date of the deal, are as follows:

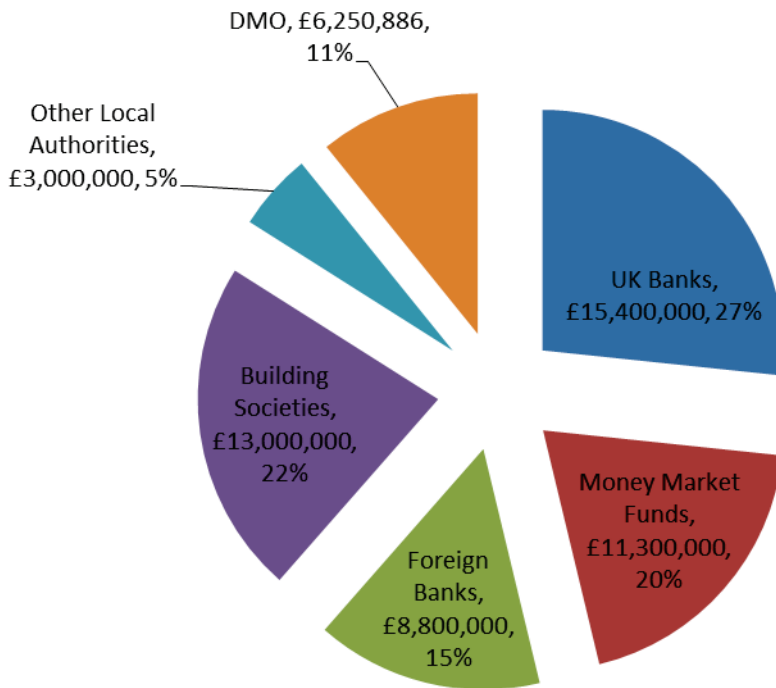
	<b>Balance at 31<sup>st</sup> Dec. 2015</b>
	£'000's
Notice (instant access funds)	15,500
Up to 1 month	21,251
1 month to 3 months	21,000
Over 3 months	0
<b>Total</b>	<b>57,751</b>

The investment figure of £57.751 million is made up as follows:

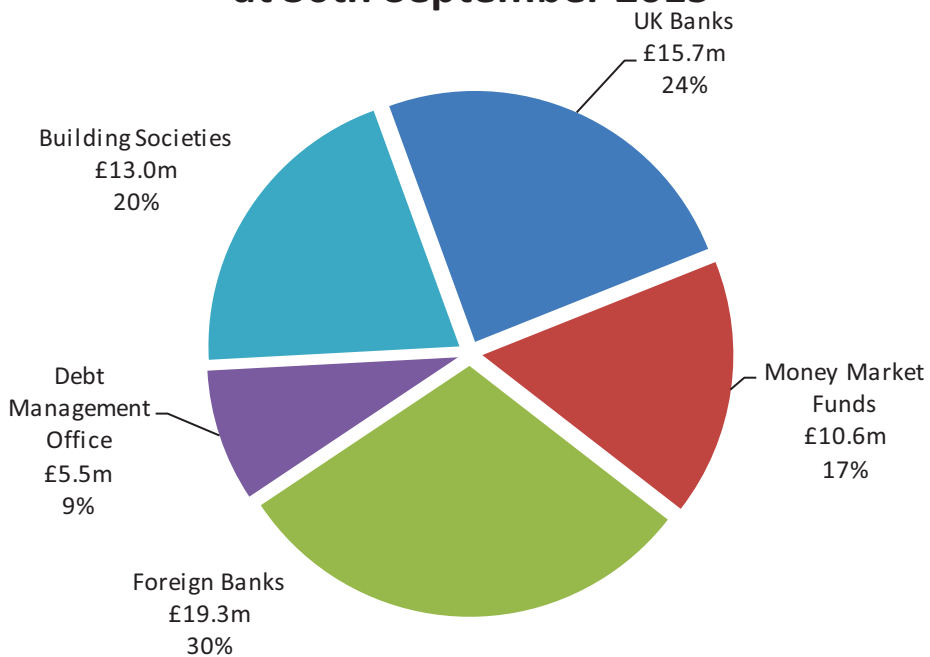
	<b>Balance at 31<sup>st</sup> Dec. 2015</b>
	£'000's
B&NES Council	28,727
B&NES CHC	8,256
Local Government Fund	12,250
West Of England Growth Points	134
Schools	8,384
<b>Total</b>	<b>57,751</b>

The Council had an average net positive balance of £66.3m (including Growth Points & B&NES CHC Funding) during the period April 2015 to December 2015.

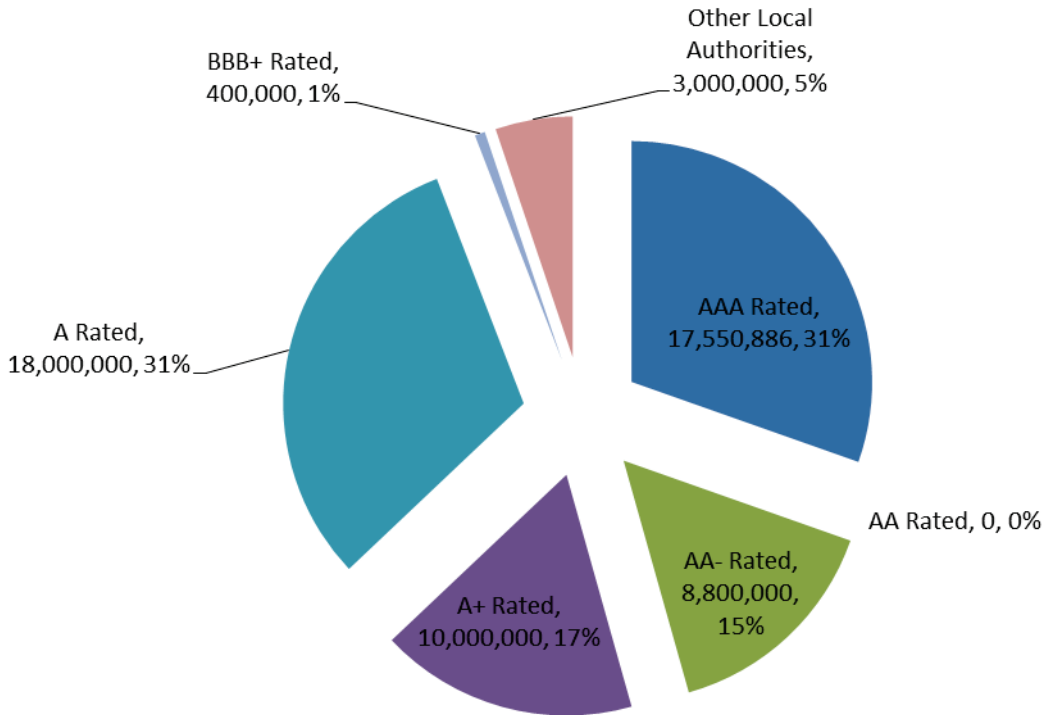
**Chart 1: Council Investments as at 31st December 2015 (£57.7m)**



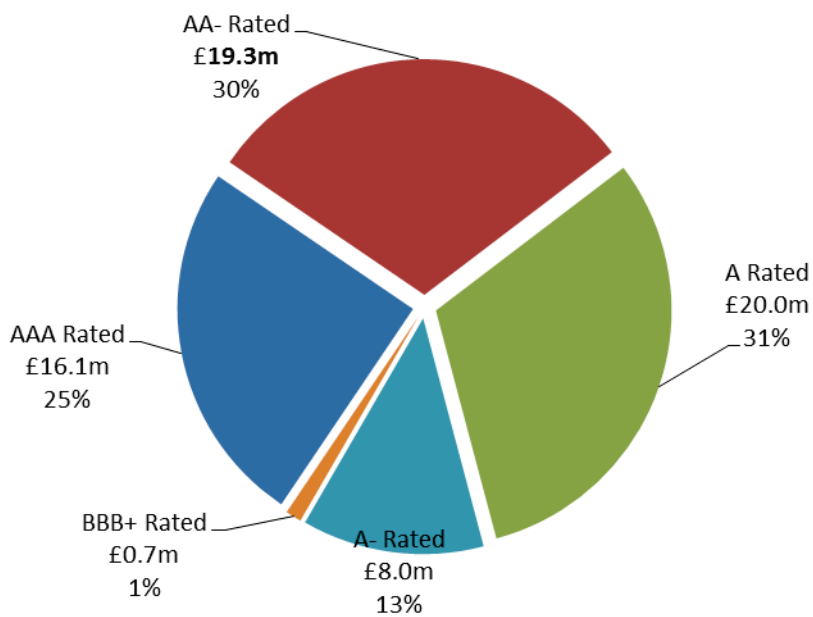
**Chart 2: Council Investments (£64.1m) as at 30th September 2015**



**Chart 3: Council Investments per lowest equivalent Long Term credit rating (£57.7m) 31st December 2015**



**Chart 4: Council Investments per Lowest Equivalent Long-term Credit Ratings (£64.1m) 30th September 2015**



## APPENDIX 3

### Average rate of return on investments for 2015/16

	April %	May %	June %	July %	Aug. %	Sept. %
Average rate of interest earned	0.45%	0.46%	0.48%	0.48%	0.47%	0.48%
Benchmark = Average 7 Day LIBID rate +0.05%)	0.40%	0.41%	0.41%	0.41%	0.41%	0.41%
Performance against Benchmark %	+0.05%	+0.05%	+0.07%	+0.07%	+0.06%	+0.07%

Continued...	Oct. %	Nov. %	Dec. %	Average for Period
Average rate of interest earned	0.46%	0.48%	0.49%	<b>0.47%</b>
Benchmark = Average 7 Day LIBID rate +0.05%)	0.41%	0.41%	0.41%	<b>0.41%</b>
Performance against Benchmark %	+0.05%	+0.07%	+0.08%	<b>+0.06%</b>

## APPENDIX 4

### Council's External Borrowing at 31<sup>st</sup> December 2015

LONG TERM	Amount	Start Date	Maturity Date	Interest Rate
PWLB	10,000,000	15/10/04	15/10/35	4.75%
PWLB	5,000,000	12/05/10	15/08/35	4.55%
PWLB	5,000,000	12/05/10	15/08/60	4.53%
PWLB	5,000,000	05/08/11	15/02/31	4.86%
PWLB	10,000,000	05/08/11	15/08/29	4.80%
PWLB	15,000,000	05/08/11	15/02/61	4.96%
PWLB	5,300,000	29/01/15	15/08/29	2.62%
PWLB	5,000,000	29/01/15	15/02/61	2.92%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
Eurohypo Bank*	10,000,000	27/04/05	27/04/55	4.50%
West Midland Police Authority	5,000,000	08/10/14	10/10/16	1.10%
Portsmouth City Council	3,000,000	15/10/14	17/10/16	1.08%
London Borough of Ealing	5,000,000	21/10/15	19/10/16	0.60%
Gloucestershire County Council	5,000,000	25/11/14	25/11/19	2.05%
West Midland Police Authority	5,000,000	27/11/15	25/11/16	0.62%
Gloucestershire	5,000,000	19/12/14	19/12/19	2.05%

County Council				
<b>TOTAL</b>	<b>108,300,000</b>			
<b>TEMPORARY</b>	<b>Nil</b>			
<b>TOTAL</b>	<b>108,300,000</b>			<b>3.64%</b>

\*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 October to December 2015 (provided by Arlingclose)

It was confirmed that output increased in three of the four main industrial groupings within the economy in Q3 2015 with only construction falling in this period.

Production output increased by 0.2% in Q3 2015 compared with Quarter 2 (Apr to June) 2015, this figure was unrevised from the previously published estimate. Within the production sub-industries, output from mining and quarrying, including oil and gas extraction, increased by 2.6%; manufacturing (the largest component of production) decreased by 0.4%, and electricity, gas, steam and air conditioning supply industries increased by 1.0%. Water supply and sewerage increased by 0.3%.

Construction output decreased by 1.9% in Q3 2015, this figure was revised downwards by 0.3 percentage points from the previously published estimate. Construction output fell by 0.1% between Quarter 3 2014 and Quarter 3 2015, again, this figure was unrevised from the previously published estimate.

The service industries increased by 0.6% in Q3 2015, this figure was revised downwards by 0.1 percentage points from the previous estimate, marking the eleventh consecutive quarter of positive growth. This follows a 0.5% increase in Quarter 2 2015.

With regards to the expenditure components of GDP, the largest negative contribution to GDP came from net trade, which contributed -1.0%, this figure was revised downwards by 0.5 percentage points from the previous estimate. Household final consumption expenditure contributed 0.6%, revised upwards by 0.1 percentage points, and general government final consumption expenditure contributed 0.1%, revised downwards by 0.2 percentage points. Business investment was estimated to have risen by 0.2% on the quarter and 0.6% on the year, both of these figures were unrevised.

## APPENDIX 6

### Interest & Capital Financing Costs – Budget Monitoring 2015/16 (April to December)

April to December 2015	YEAR END FORECAST			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
<b>Interest &amp; Capital Financing</b>				
- Debt Costs	4,589	4,589	0	
- Internal Repayment of Loan Charges	(9,281)	(9,281)	0	
- Ex Avon Debt Costs	1,340	1,340	0	
- Minimum Revenue Provision (MRP)	6,559	6,559	0	
- Interest on Balances	(199)	(199)	0	
<b>Sub Total - Capital Financing</b>	<b>3,008</b>	<b>3,008</b>	<b>0</b>	



## 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 an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>10<sup>th</sup> February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 2770</b>
TITLE:	<b>Treasury Management Strategy Statement and Investment Strategy 2016/17</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b>  Appendix 1 - Treasury Management Strategy 2016/17  Appendix 2 - Investment Strategy 2016/17  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 due to be scrutinised by the Corporate Audit Committee at the 4<sup>th</sup> February 2016 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 to February Council for approval that decisions to borrow from the Local Government Association (LGA) Bond Agency, as detailed in Appendix 1, are delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance & Efficiency.

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 16<sup>th</sup> February 2016 to the Chief Finance Officer and Cabinet Member for Finance & Efficiency, 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)**The resource implications are included in the report and appendices.

**4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**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 Treasury 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 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 2016/17 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 due to be scrutinised by the Corporate Audit Committee at the 4<sup>th</sup> February 2016 meeting, following which any recommendations will be reported back verbally as an update to this report.

### **2016/17 Treasury Management & Investment Strategy**

- 5.6 The Strategy Statement for 2015/16 set Treasury Indicators for 2015/16 – 2017/18, which included a total borrowing requirement at the end of 2015/16 of £184 million. At the end of December 2015, external borrowing was at £108.3 million, which may increase before the end of the 2015/16 financial year should a review of the daily cashflow highlight additional liquidity funding is required.
- 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 Chief Finance Officer and the Cabinet Member for Finance & Efficiency to agree any changes to the indicators prior to reporting for approval at Full Council on the 16<sup>th</sup> February 2016.
- 5.8 The proposed investment strategy recognises the Council's position as accountable body for West of England funds, including Regional Infrastructure Fund and Local Growth Fund.
- 5.9 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.
- 5.10 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.
- 5.11 Appendix 1 also details the Council's current portfolio position as at 31<sup>st</sup> December 2015, which shows after the netting off of the £45.5 million investments, the Council's net debt position was £62.8 million.
- 5.12 The 2016/17 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.

5.13 The Counterparty listing in Appendix 3 includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in Appendix 2 as at 31<sup>st</sup> December 2015 are included in the listing in Appendix 3.

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

## **6 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 Finance & Efficiency, Section 151 Finance Officer 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.

<b>Contact person</b>	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> <a href="mailto:Tim_Richens@bathnes.gov.uk">Tim Richens@bathnes.gov.uk</a> <a href="mailto:Jamie_Whittard@bathnes.gov.uk">Jamie Whittard@bathnes.gov.uk</a>
<b>Background papers</b>	<i>2015/16 Treasury Management &amp; Investment Strategy</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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## **APPENDIX 1**

### **TREASURY MANAGEMENT STRATEGY – 2016/2017**

#### **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 2016/17 to 2018/19**

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 2016/17 – 2018/19**

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. Unrated investments are assigned a score based on their perceived risk.

	<b>2016/17</b>
Minimum Portfolio average credit rating	A-

#### Interest rate exposures

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

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Upper limit on fixed interest rate exposures	£229m	£268m	£300m
Upper limit on variable interest rate exposures	£141m	£180m	£212m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

#### Maturity structure of borrowing

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

	<b>Upper</b>	<b>Lower</b>
Under 12 months	50%	0%
12 months and within 24 months	75%	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 long-term principal sum invested to final maturities over 364 days will be:

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Limit on proportion of principal invested over 364 days	£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.

	2016/17	2017/18	2018/19
Operational boundary – borrowing	£229m	£268m	£300m
Operational boundary – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Operational boundary – TOTAL	£231m	£270m	£302m
Authorised limit – borrowing	£266m	£302m	£333m
Authorised limit – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Authorised limit – TOTAL	£268m	£304m	£335m

### **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:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in November. Wages are growing at 2.4% a year, and the unemployment rate has dropped to 5.2%. Mortgage approvals have risen to over 70,000 a month and price annual house price growth is around 4.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was 2.1% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 82nd consecutive month at its meeting in December 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the

outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. Financial markets have reacted extremely negatively on concerns that the Chinese slowdown will present a significant drag on global growth. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators suggested recent global turbulence has not knocked the American recovery off course, although activity has weakened a little. The Federal Reserve raised policy rates at its meeting in December as expected, but accompanying statements suggested that the tightening cycle will be gradual and very much data dependent. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation and undertook further monetary easing late in the year.

**Credit outlook:** The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

**Interest rate forecast:** The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling at or below 2% several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 1.8% level by around 0.3% a year. The uncertainties surrounding both the timing of UK

and US interest rate rises, and the fallout from slower Chinese growth are likely to prompt short-term volatility in gilt yields.

### Arlingclose Interest Rate Forecasts

*Arlingclose central interest rate forecast – December 2015*

	Bank Rate	3 month LIBID	12 month LIBID	20-year gilt yield*
Q1 2016	0.50	0.60	1.20	2.50
Q2 2016	0.50	0.70	1.35	2.53
Q3 2016	0.75	0.80	1.45	2.55
Q4 2016	0.75	0.95	1.55	2.58
H1 2017	1.00	1.15	1.80	2.63
H2 2017	1.25	1.40	2.00	2.68
H1 2018	1.50	1.60	2.15	2.73
H2 2018	1.50	1.70	2.15	2.78

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

The Council has budgeted for investment interest rates to remain constant at 0.45% for 2015/16 & beyond, reflecting the planned short-term duration of investments.

### **Local Context**

#### Current Portfolio Position

The Council's treasury portfolio position at 31<sup>st</sup> December 2015 comprised:

	<b>Principal</b>	<b>Ave. rate</b>
	£m	%
<b>External Borrowing</b>		
Fixed rate funding – PWLB	60.3	4.45
Fixed rate funding – LA's	28	1.26
Variable rate funding – LOBOs	20	4.50*
Other long term liabilities	Nil	N/A
<b>TOTAL GROSS EXTERNAL DEBT</b>	<b>108.3</b>	<b>3.63</b>
<b>Investments</b>		
Short Term Investments	45.5	0.48
Long Term Investments	Nil	N/A
<b>TOTAL INVESTMENTS**</b>	<b>45.5</b>	<b>0.48</b>
<b>NET DEBT</b>	<b>62.8</b>	<b>5.92</b>

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

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

\*\* Total Investments includes Schools balances where schools have not opted for an external bank account and cash balances related to B&NES CHC Pooled budgets.

## **Borrowing Strategy**

AS at 31<sup>st</sup> December 2015, the Council held £108.3 million of long-term loans (a increase of £10.3m on the previous year) as part of its strategy for funding previous years' capital expenditure, and we will continue to monitor appropriate opportunities for borrowing in line with the overall Capital Financing Requirement.

The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31<sup>st</sup> March 2016 is expected to be £200 million, and is forecast to rise to £266 million by March 2017 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 2016/17 is:

	£m
Not borrowed in previous years	92
Forecast increase in CFR	66
Loans maturing in 2016/17	18
<b>TOTAL</b>	<b>176</b>

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in

2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

#### Sources of borrowing

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

- Public Works Loan Board (PWLB) and any successor body
- 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)
- Capital market bond investor
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

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.

**LGA Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be subject to specific approval in accordance with the Council's appropriate delegation.

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 2016/17, 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 Authority 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 Authority 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, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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.



### 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**

### **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<sup>st</sup> 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 0.3% of the overall assets of the Fund. These investments will operate within the framework of this 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.

## **Local Growth Fund (LGF)**

In 2016/17 the Council, acting in its capacity as Accountable Body for the West of England Local Enterprise Partnership (WoE LEP), will receive £42.407m of Local Growth Fund (LGF) from Central Government. The grant is expected to be paid as a one-off sum in early April 2016.

The Local Growth Fund was allocated through competitive bidding, following submission of a Strategic Economic Plan by the LEP outlining local priorities to maximise growth, and is part of the wave of Growth Deals negotiated with Government, which were first announced in July 2014, and expanded in January 2015. Following the recent Spending Review, the West of England has an indicative LGF allocation totalling £149.296m to 2020/21.

The LEP determines the priority infrastructure projects to receive funding, including investment in transport improvements, superfast broadband and training facilities for young people.

The first £16.600m payment of the Fund, in April 2015, was paid to the council as un-ring-fenced s31 capital grant. To maximise local flexibility, it is not tied to specific projects; areas can flex funding between individual schemes to respond to local changes.

Investments are made in line with the council's overall Treasury Management Strategy. Interest is earmarked to fund the Council's corporate support and governance costs that come with performing the Accountable Body function for the LEP.

## Approved Investment Counterparties

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

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
<b>UK Central Govt.</b>	N/A	N/A	£unlimited 50 Years	N/A	N/A
<b>AAA</b>	£10m 5 Years	£15m 20 Years	£10m 30 Years	£10m 20 Years	£5m 20 Years
<b>AA+</b>	£10m 5 Years	£15m 10 Years	£10m 30 Years	£5m 10 Years	£5m 10 Years
<b>AA</b>	£10m 4 Years	£15m 5 Years	£10m 30 Years	£5m 5 Years	£5m 10 Years
<b>AA-</b>	£10m 3 Years	£15m 4 Years	£10m 30 Years	£5m 4 Years	£5m 10 Years
<b>A+</b>	£10m 2 Years	£15m 3 Years	£10m 30 Years	£5m 3 Years	£5m 5 Years
<b>A</b>	£10m 1 Year	£10m 2 Years	£10m 30 Years	£5m 2 Years	£5m 5 Years
<b>A-</b>	£10m 6 Months	£10m 1 Year	£10m 30 Years	£5m 1 Year	£5m 5 Years
<b>BBB+</b>	£5m 3 Months	£10m 6 Months	£10m 30 Years	£3m 6 months	£3m 2 Years
<b>BBB</b>	£5m Overnight	£5m 3 Months	N/A	N/A	N/A
<b>None</b>	£3m 6 Months	N/A	£10m 30 Years	£5m 1 Year	£3m 5 Years
<b>Pooled Funds</b>	£10m Per Fund				

The majority of the Council's investments will be made for relatively short periods and in higher 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.

#### Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Current Bank Account: 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-.

#### Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

#### Government

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

#### Corporates

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely. They will however only be made following a favourable external credit assessment and on the specific advice of the Council's treasury management adviser.

### Registered Providers

Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

### Pooled Funds

Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority 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 Authority'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 BBB+ 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.

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

## **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 £15m per country for those rated AAA and £10 million per



country for those rated AA+. There is no limit on investments in the UK, irrespective of the sovereign credit rating.

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).

Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

### **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
<b>TOTAL</b>	<b>60</b>

The time limit for long-term investments in UK Local Authorities & Local Government will be 50 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.

## **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 2016/17**

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 2016/17 authorised borrowing limit of £266 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.

## Proposed Counterparty List - Unsecured Bank Investments

2016/17										
CRITERIA										
Duration	Council Limit (£m)	FITCH RATINGS			Moody's Ratings		S&P Ratings			
		S/Term	L/Term	Support	S/Term	L/Term	S/Term	L/Term		
<b>UK Banks</b>										
	<b>Sovereign Rating</b>		<b>AA+</b>		<b>Aa1</b>		<b>AAA</b>			
Barclays Bank plc	1 Year	10	F1	A	5	P-1	A2	A-2	A	
Close Brothers Ltd	1 Year	10	F1	A	5	P-1	Aa3			
Goldman Sachs International	1 Year	10	F1	A		P-1	A1	A-1	A	
HSBC Bank plc	3 Years	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-	
<b>Lloyds Banking Group</b>										
Lloyds Bank plc	2 Years	10	F1	A+	5	P-1	A1	A-1	A	
Bank of Scotland plc	2 Years	10	F1	A+	5	P-1	A1	A-1	A	
<b>Royal Bank of Scotland Group</b>										
National Westminster Bank plc	3 Months	5	F2	BBB+	5	P-2	A3	A-2	BBB+	
Royal Bank of Scotland plc	3 Months	5	F2	BBB+	5	P-2	A3	A-2	BBB+	
Santander UK plc (domiciled in UK)	1 Year	10	F1	A	2	P-1	A1	A-1	A	
Standard Chartered Bank	2 Years	10	F1	A+	5	P-1	Aa2	A-1	A+	
<b>UK Building Societies</b>										
Nationwide	1 Year	10	F1	A	5	P-1	A1	A-1	A	
Yorkshire	3 Months	5	F1	A	5	P-2	Baa1	-	-	
Coventry	1 Year	10	F1	A	5	P-1	A2	-	-	
Leeds	1 Year	10	F1	A	5	P-1	A2	-	-	
<b>Foreign Banks</b>										
<b>Australia</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Australia & New Zealand Banking Group	3 Years	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-	
Commonwealth Bank of Australia	3 Years	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-	
<b>National Australia Bank Group</b>										
National Australia Bank Ltd	3 Years	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-	
Westpac Banking Corporation	3 Years	10	F1+	AA-	1	P-1	Aa2	A-1+	AA-	
<b>Canada</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Bank of Montreal	2 Years	10	F1+	AA-	2	P-1	Aa3	A-1	A+	
Bank of Nova Scotia	2 Years	10	F1+	AA-	2	P-1	Aa2	A-1	A+	
Canadian Imperial Bank of Commerce	2 Years	10	F1+	AA-	2	P-1	Aa3	A-1	A+	
Royal Bank of Canada	3 Years	10	F1+	AA	2	P-1	Aa3	A-1+	AA-	
Toronto-Dominion Bank	3 Years	10	F1+	AA-	2	P-1	Aa1	A-1+	AA-	
<b>Finland</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Pohjola Bank OYJ-A SHS	2 Years	10	F1	A+	5	P-1	Aa3	A-1+	AA-	
<b>Germany</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Deutsche Bank AG - Registered	3 Months	5	F1	A	5	P-2	A3	A-2	BBB+	
Landesbank Hessen-Thuringen	1 Year	10	F1+	A+		P-1	A1	A-1	A	
<b>Netherlands</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Bank Nederlandse Gemeenten	5 Years	10	F1+	AA+	1	P-1	Aaa	A-1+	AAA	
Cooperatieve Centrale Raiffe	2 Years	10	F1+	AA-		P-1	Aa2	A-1	A+	
ING Bank NV	1 Year	10	F1	A	5	P-1	A1	A-1	A	
<b>Singapore</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Development Bank of Singapore Ltd	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-	
Oversea-Chinese Banking Corp	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-	
United Overseas Bank Ltd	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-	
<b>Sweden</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Svenska Handelsbanken	3 Years	10	F1+	AA-	2	P-1	Aa2	A-1+	AA-	
Nordea Bank NV	3 Years	10	F1+	AA-	2	P-1	Aa3	A-1+	AA-	
<b>Switzerland</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
Credit Suisse AG	1 Year	10	F1	A	5	P-1	A1	A-1	A	
<b>USA</b>										
	<b>Sovereign Rating</b>		<b>AAA</b>		<b>Aaa</b>		<b>AAA</b>			
J P Morgan Chase Bank NA	2 Years	10	F1+	AA-	5	P-1	Aa3	A-1	A+	
<b>Supernational</b>										
Council of Europe Development	5 Years	10	F1+	AA+	-	P-1	Aa1	A-1+	AA+	
European Bank for Reconstruction & Dev	5 Years	10	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	
Kreditanstalt Fuer Wiefrauf	5 Years	10	F1+	AAA	-	P-1	Aaa	A-1+	AAA	
Nordic Investment Bank	5 Years	10	-	-	-	P-1	Aaa	A-1+	AAA	

## Summary Guide to Credit Ratings

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

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>Cabinet</b>	
MEETING DATE:	<b>10 February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 2800</b>
TITLE:	Budget and Council Tax 2016/17 and Financial Outlook 2016/17 to 2019/20	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> – Budget Aims and Ambitions</p> <p><b>Appendix 2</b> – The Budget and Council Tax Proposal of the Cabinet 2016/17. This comprises a covering document, plus 4 Annexes</p> <p><b>Annex 1</b> Draft Base Revenue Budget 2016/17 – individual service cash limits</p> <p><b>Annex 2</b> Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget</p> <p><b>Annex 3</b> Draft Capital Programme 2016/17-2020/21 including other emerging projects and programmes on an indicative basis - items shown for provisional approval.</p> <p><b>Annex 3i</b> Highways Maintenance Programme 2016/17</p> <p><b>Annex 3ii</b> Transport Improvement Programme 2016/17</p> <p><b>Annex 3iii</b> Schools Planned Maintenance Programme 2016/17</p> <p><b>Annex 3iv</b> Corporate Estate Planned Maintenance Programme 2016/17</p> <p><b>Annex 4</b> Minimum Revenue Provision (MRP) Policy</p> <p><b>Appendix 3</b> – 2016/17 Budget - Saving Details</p> <p><b>Appendix 4</b> - Budget Setting Process – Advice of the Monitoring Officer</p> <p><b>Appendix 5</b> – Council Pay Policy Statement</p> <p><b>Appendix 6</b> – Equality Analysis on Budget Proposals</p>		

## **1 THE ISSUE**

- 1.1 This report presents the Cabinet's revenue and capital budgets for the 2016/17 financial year together with a proposal for a Council Tax level for 2016/17.

## **2 RECOMMENDATION**

The Cabinet is asked to recommend:

### **2.1 That the Council approve:**

- a) The General Fund net revenue budget for 2016/17 of £115.729m and the associated Council Tax increase of 1.25% plus a further 2% for Adult Social Care, as set out in Appendix 2.
- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2016/17.
- c) The adequacy of reserves at Appendix 2 Table 10 with a risk-assessed level of £10.5m.
- d) The individual service cash limits for 2016/17 summarised at Appendix 2 Table 6 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 Finance & Efficiency and the Chief Executive.

### **2.2 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.**

### **2.3 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 2, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 2.**

### **2.4 That in relation to the capital budget the Council:**

- a) approves a capital programme of £58.063m for 2016/17 and notes items for provisional approval in 2016/17 and the programme for 2017/18 to 2020/21 as shown at Appendix 2, 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 3iv to the relevant Strategic Director in Consultation with the appropriate Cabinet Member.
- c) approves all other delegations as set out in the budget report.
- d) approves the Minimum Revenue Provision Policy as shown at Appendix 2, Annex 4
- e) approves the Capital Prudential Indicators as set out in Appendix 2 Table 8.



- 2.5 That the Council agree the Council's proposed pay policy statement, including the provision in respect of minimum pay rates in 2016/17 as set out at Appendix 5 delegating implementation arrangements to the Employment Committee where appropriate.
- 2.6 Authorise the Council's Section 151 Officer, in consultation with the Cabinet Member for Finance & Efficiency, 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 carrying out equality analysis. Thus the Council has a record of the equality considerations, which including 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) which help to make our decision-making processes more transparent. Further equality analysis can be undertaken as new information is made available.
- 4.4 When a budget proposal has implications for people covered by the Equality Act 2010, equality analysis must be carried out and the results considered before decisions are taken on the proposal. The decision maker must assure themselves that they are fully appraised 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 equality analysis and actions that can be taken to remove or minimise any potential adverse impacts.
- 4.5 An Equality Analysis on budget proposals is included in Appendix 6.
- 4.6 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 financial planning assumptions which set the basis for the draft budget proposal for 2016/17.
- Its draft budget proposal for 2016/17 (Appendix 2). This provides the detail of the first year of the Directorate Plans and recommends revenue and capital

budgets for 2016/17, together with capital commitments for future years, and recommends a level of Council Tax for 2016/17.

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 £1.8m or 1.5% decrease in the non-schools budget to £115.729m
- An increase in the DSG estimated at £2.5m with total funding of £122.7m (including academies). The majority of the additional funding relates to the additional resources 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.
- An increase in the Council's level of Council Tax, comprising a 2% Adult Social care precept and a 1.25% general increase in order to avoid cuts to frontline services. This excludes Police, Fire and Parish precepts.
- These budget proposals are set out in detail at Appendix 2.

5.3 It is important to be clear on the process to be followed in setting the 2016/17 Budget. The Monitoring Officer has given specific guidance which is set out at Appendix 4, 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 16<sup>th</sup> February and any decision having to be deferred until the reserve date on 25<sup>th</sup> February. This includes potential delays to the Council Tax billing process.

5.5 The Council is required under the provisions of the Localism Act 2011 and associated statutory guidance to publish an annual statement of its policies relating to the pay of its direct workforce, in particular its 'Chief Officers' and 'lowest paid employees'. 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 ahead.

5.6 Appendix 5 sets out for Council approval the draft Pay Policy Statement for 2016/17.

## **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 Directorate Plans which have fed into this budget. This has included five budget engagement meetings across the area hosted by the Connecting Communities Area Forums (Bath, Bathavon, Chew Valley, Keynsham and Somer Valley), 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 Engagement meetings.

8.3 Comments received from consultation, including the Area Forums, 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 2 to this report includes (at Annex 2) the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. One of the considerations taken into account is the Directors' Review of Robustness of Estimates and Budget Risks/Sensitivities and the Corporate Risk Register. This is completed by all Directors in respect of their own services.

<b>Contact person</b>	Tim Richens, Divisional Director – Business Support (01225) 477468
<b>Background papers</b>	Directorate Plan reports to Policy Development & Scrutiny Panels during November 2015. Consultation Response Summary – Report to Resources PDS 8 <sup>th</sup> February 2016 Financial Settlement 2016/17 and future years, CLG website
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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## APPENDIX 1

### **Budget Aims and Ambitions**

Bath and North East Somerset Council, in partnership with other local public sector agencies has developed an ambitious 2020 vision for the area. This vision, sets out the Councils overarching aspirations for the future.

***‘Bath and North East Somerset will be internationally renowned as a beautifully inventive and entrepreneurial 21st century place with a strong social purpose and a spirit of wellbeing, where everyone is invited to think big – a ‘connected’ area ready to create an extraordinary legacy for future generations’***

From this, the Cabinet have identified three core aims and six key priorities for the Council to focus on:

#### Core Aims:

Ensuring the Council:

- Is efficient and well run;
- Invests in the future of the area; and
- Puts the interests of residents first

Key Priorities:

- Tackling waste and increasing efficiency
- Improving transport
- Delivering new homes and jobs
- Investing in young people
- Supporting cleaner, greener and healthier communities
- Promoting choice and independence for older people.

These areas will guide Council activity and budget planning over the next year; ensuring that resources are allocated in a robust and sustainable manner and enable the Council to invest in the things that matter most to local people.

Below are some examples of how the budget will deliver the Cabinet’s commitments:

#### **Tackling waste and increasing efficiency**

- Delivering internal organizational savings and improving financial efficiencies to produce over £5 million worth of efficiency savings.
- Exploring more opportunities for sharing services and collaborating with other organisations, including health, other public services and local authorities.
- Generating over £3 million of new income in 2016/17 by innovative means, such as:
  - More weddings and events in a variety of local places
  - Growing income from the Council’s commercial estate
  - Growing the visitor economy, with more markets, pop-ups and events

## **APPENDIX 1**

- Developing the CCTV service to operate on a more commercial footing
- Increasing income from our Heritage estate and assets

### **Improving local transport**

- Funding to support the implementation of Transport Strategies for Bath, Keynsham, Chew and Somer Valleys in order to tackle congestion and improve local transport;
- Investing an additional £500k in highway maintenance, over and above the £3.6 million granted by Government, in order to better maintain the condition of our local roads;
- Continued support of local buses, including additional investment through the Better Bus Fund;
- Increasing cycling opportunities and encouraging participation;
- Support for phase 1 of the MetroWest project to enable more frequent local rail services to Keynsham and Bath.

### **Delivering new homes and jobs**

- Investing more than £3.2 million in new affordable housing schemes throughout the area, including support for extra-care housing and a shared-housing initiative for young people, as well as affordable housing schemes in rural and urban areas;
- Improving connectivity through continued support for rural broadband and investing £2.25 million investment in the Digital B&NES project to enable the provision of ultra and superfast broadband to local businesses;
- Supporting local traders through investment in improved Wayfinding;
- Up to a £30 million investment to support Bath Quays delivery, enabling the creation of thousands of local jobs whilst optimising a return for the Council;

### **Investing in our young people**

- Protection for front-line children and youth services including children's centres, child protection services and schools.
- Providing £200k to improve and expand facilities at Riverside Youth Hub.
- Investing over £6 million in new and improved school buildings in order to modernise facilities for local school children and support parental choice;
- Providing £150k to upgrade and modernise children's play areas throughout the district.

### **Supporting cleaner, greener and healthier communities**

- Protecting front line environmental services including street cleansing, with no further public toilet closures;
- Providing £60k to tackle the urban gull problem and enable the delivery of the new Gull Strategy;
- Investing in new leisure facilities in Bath and Keynsham to support an increase in participation in physical activities;
- Providing £50k to upgrade and replace old and damaged litter bins and benches.

## **APPENDIX 1**

### **Promoting greater choice and independence for older people**

- Protecting front-line adult health and social care services with additional funding enabled through the new Social Care precept.
- Investing over £1 million in Disabled Facilities Grants to enable home adaptations that support greater independence for elderly and vulnerable residents;
- Protection of funding for advice services delivered by the local Citizens Advice Bureau.

Further details on the context and strategic drivers of the budget are set out in the Council's Corporate Strategy 2016-2020. This strategy sets the Council's direction of travel over the next four years enabling it to shape its business so that it is able to deliver the Cabinets manifesto commitments in 2016/17.

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## **THE BUDGET PROPOSAL OF THE CABINET 2016/2017**

### **Budget Headline**

The proposed Budget for 2016/17 is the first to be prepared following the announcement by Government of the Comprehensive Spending Review for 2016/17 to 2019/20 and the resulting challenging Local Government Finance Settlement for the same period.

The Budget focusses on protecting high priority frontline services, delivering important manifesto commitments, growing income and further increasing the efficiency of Council services.

As part of the Local Government Finance Settlement, the Government recognised the acute financial challenges facing Adult Social Care services and have therefore proposed the introduction of a specific Adult Social Care council tax precept. Therefore, in order to protect frontline adult social care services, this specific council tax precept of 2% is included in our proposed Budget.

Whilst significant savings and additional income generation proposals totalling £11.7m are included in our proposed Budget, we are also recommending that Council Tax is increased by 1.25% in 2016/17 in order to avoid cuts to frontline services. The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,240.90 (£1,201.85 in 15/16).

The proposed net revenue budget for Bath & North East Somerset Council next year, 2016/17, is £115.729m, a net cash decrease of £1.787m on the previous year. This includes the impact of significant reductions in government funding amounting to 17.7% for 2016/2017.

### **The Budget Context**

The most recent Government Spending Review, announced in December 2016 confirms that financial challenge facing local government will continue to 2019/20 at least. This represents a full decade of sustained funding reductions which will fundamentally have changed the way in which the Council is actually funded for providing public services. Indeed by 2019/20 we now anticipate our core Government grant funding to be almost completely wiped out.

Since 2011/2012 the reduction in Government Grant Funding has averaged over 10% per annum resulting in over £30M of savings and additional income generation over the last three years alone.

**Table 1: Reduction in Government Grant Funding 2011/12 to 2015/16**

	2011/12	2012/13	2013/14	2014/15	2015/16
Actual B&NES Funding Reduction	-13.5%	-8.3%	-9.4%	-9.6%	-13.7%

The Council had anticipated that local government funding would continue to be squeezed for the next four year period and that 2016/17 would be particularly challenging. This early financial planning identified that further grant funding reductions of up to 10% per year could potentially be expected which, together with anticipated cost and demographic pressures would require up to £38m in additional savings and income generation over the next four year period.

The Local Government Finance Settlement was announced on 17th December 2015 and included firm figures for 2016/17 and indicative figures for a further 3 years to the end of the Spending Review period.

The Settlement was far worse than the Council had anticipated with annual cash reductions to grants exceeding the anticipated 10% per annum reductions. The decreases in funding for 2016/17 and 2017/18 are particularly large and result in an additional £3.6M of grant reductions for 2016/17 and £9.1M over the 4 year period. Further details of the grant changes are set out in Table 2 below.

The key basis of this disappointing Settlement was a change made by the Government to the allocation and distribution of the grant reductions across local government, moving from the flat rate reductions applied to all councils over the previous 4 years, to an approach based on a Council's overall funding including Council Tax and New Homes Bonus. This gives rise to a huge variation in grant reductions across the country from as little as -0.6% to -32%. A significant number of authorities, including the Council Leader have raised concerns over this approach with the Local Government Minister.

**Table 2: Reduction in Government Grant Funding 2016/17 to 2019/20**

	2016/17	2017/18	2018/19	2019/20
Actual B&NES Funding Reduction	-17.7%	-15.9%	-10.6%	-11.7%

In financial terms, the Settlement has increased the saving and additional income required to at least £43M over the four year period broken down as follows:

**Table 3: Estimated Budget Shortfall 2016/17 to 2019/20**

	2016/17	2017/18	2018/19	2019/20
Council Savings and Income Target	£12M	£11M	£12M	£8M

Also within the Settlement the Government have made a number of further provisions and funding changes as follows:-

- A provision for Adult Social Care (ASC) authorities to make a specific ASC Council Tax increase of up to 2% to be spent specifically on ASC cost pressures.
- There is no continuance of government grant incentives for general council tax freeze funding, and the general council tax referendum limit remains at 2% (this excludes the ASC Council Tax increase).
- The in-year reductions to Public Health Funding in 2015/16 have been made permanent, together with on-going cash reductions of up to 2.6% per annum. Final funding settlements for Public Health Grant have yet to be announced but we have anticipated an overall 7.4% reduction for 2016/17.
- Education Support Grant is to reduce by 75% over the 4 year period to 2019/20 with a 19% reduction in 2016/17.
- A consultation on future changes to the New Homes Bonus scheme was launched as part of the Settlement the Government seeks to reduce this funding stream by over 50% from 2017/18.
- A future consultation on the introduction of a 100% Local Business Rate Retention scheme was confirmed for summer 2016 as the Government confirmed intentions to introduce this by 2019/20.
- An additional £1.5bn of funding for the Better Care Fund was announced, starting from 2017/18 over a 3 year period. No specific details of the level or conditions for this funding have been provided to date.
- The Government have offered local authorities the opportunity to agree a minimum 4-year funding Settlement offer subject to the agreement of a local efficiency plan. Further details of this have yet to be provided, including the requirements for such an efficiency plan.

Taking account of the Settlement, the Budget proposal outlines savings and additional income totalling £12M for 2016/2017.

The Council has a prudent level of reserves and can use these to support and smooth the effects of policy changes and additional financial challenges, particularly recognising the ongoing reductions in Council funding to 2019/20 and beyond.

The future indicative figures provided as part of the Settlement through to 2019/20 show a tough set of financial targets that will need to be met in order to deliver balanced Budget proposals for future years. It will become increasingly difficult to meet the challenge without significant changes and redesign of Council services over this period.

## **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 2016/2017. Annex 1 provides the breakdown of the Budget for 2016/2017.

Section 2 sets out the position regarding future years 2017/18 to 2019/20.

Section 3 sets out the recommended capital programme for 2016/2017 including the indicative capital programme through to 2020/2021. 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 2016/2017.

**Table 4: Summary Net Revenue Budget and Capital Programme 2016/17**

	<b>2016/17</b>
<b>Revenue Budget Funding:</b>	<b>£m</b>
Council Tax	77.847
Revenue Support Grant	14.423
Retained Business Rates (after tariff)	22.509
Reserves & Collection Fund	0.951
<b>Total Funding</b>	<b>115.729</b>
<b>Net Revenue Budget Spend</b>	<b>115.729</b>
<b>Capital Programme – for approval</b>	<b>58.063</b>
<b>Capital Programme - for provisional approval (subject to)</b>	<b>53.396</b>

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

## Section 1 – The Revenue Budget for 2016/2017

### The Budget Proposal

Each Directorate of the Council prepared a detailed Directorate Plan covering the 2016/17 Financial Year with some specific directions of travel for the following 3 years to 2019/20. These plans were reported to the relevant Policy and Development Scrutiny (PDS) Panel throughout November 2015.

The Directorate Plans set out the specific service and resource requirements for 2016/2017. Feedback from the individual PDS panels, the five Budget Fairs which were this year held as part of the Community Forums, trade unions and other stakeholders has been considered by the Cabinet in arriving at the proposed Budget for 2016/2017.

Subsequent to this, a number of further amendments were needed to the Directorate Plans to allow for the significant impact of the Local Government Finance Settlement received on 17<sup>th</sup> December 2015. These amendments were set out at the Resources PDS Panel on 8<sup>th</sup> February 2016 which included an open invitation to all members of the Council.

All of the detailed proposals for additional resources, savings and additional income to support this balanced Budget proposal are further summarised in the Service Impact Statements set out at Appendix 3 to this report.

The proposed Budget recognises the very difficult financial challenge facing the whole of the public sector and the increasing need to prioritise resources. The Cabinet have identified three core aims as a focus to ensure the Council:

- Is efficient and well run;
- Invests in the future of the area; and
- Puts the interests of residents first

In order to present proposals for a balanced budget in 2016/2017, the Cabinet have examined a range of options as part of its spending review of the Council. This has included consideration of proposals provided by Management, as part of the ongoing Strategic Review to generate the additional savings or income to address the Budget gap.

The Strategic Review covered the four strategic priorities of the Council as set out in the Corporate Strategy as follows:

- **A strong economy and growth**
- **A focus on prevention**
- **A new relationship with customers and communities**
- **An efficient business**

The Review considered spending across the Council to ensure efficiency savings and income generation opportunities are maximised ahead of reductions to Council services. The outputs from this review are reflected in the Directorate Plans and those which form part of the Budget proposal for 2016/17 are set out at Appendix 3.

### **Corporate Assumptions**

The assumptions which underpin the 2016/2017 Budget are set out below:

- An estimated pay increase of 1% from 1 April 2016 which covers the period until 31 March 2017 (this also provides for some additional provision for lowest pay spine points).
- National changes to the employers national insurance rates – increasing by 3% from 1 April 2016 for earnings from £8K to £43K with an estimate annual cost to the Council of £1.3M per annum.
- Continued low rates of interest of under 0.5% per annum for treasury management cash investments. The Council will maintain a minimum cash policy.
- Balanced budgets are achieved for 2015/2016 with no new 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 and the overriding need to meet cash outflows.
- 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 and, will generally increase in line with the increase in the costs of the relevant service.
- No general increases are proposed to Car Parking Charges during 2016/2017, with the exception of changes to charges for car parking season tickets as set out in Appendix 3.
- 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 17 December 2015 and included firm figures for 2016/17 and indicative figures for a further 3 years to the end of the Spending Review period.

This showed the Council's funding baseline for 2016/2017 reducing by 17.7% which represented a reduction of £7.8M in cash terms, this was significantly worse than the financial planning assumptions which had allowed for a reduction of around 10%. Over the four year period the settlement was £9.1M worse than the medium term financial plan assumptions.

The main factor in the worse than expected position reflects a change in the Government's method for allocating the grant reductions between Councils. The Provisional Settlement, without any prior consultation, took into account income raised

from Council Tax and New Homes Bonus when distributing grant reductions. This has varying impacts on different Council's with those which had higher Council Tax bases (like Bath & North East Somerset Council) receiving a higher level of reduction in Settlement Funding Assessment (Revenue Support Grant & Retained Business Rates Baseline).

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 (35.5% for 2016/17). 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 with the Council's indicative RSG reduced to just £0.5m by 2019/20.

This settlement confirms that B&NES Council will remain one of the lowest funded unitary authorities, in fact the Council has the 9<sup>th</sup> lowest core spending power per dwelling when comparing all Unitary Authorities for 2016/2017.

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 £5.199m for 2016/2017. This is the sixth year for funding for New Homes Bonus and includes an additional £1.490m for 2016/2017. This funding is un-ring-fenced and is currently fully allocated as part of the overall revenue Budget supporting all Council services. The government is currently consulting on the future of the New Homes Bonus scheme with a proposed reduction of £800m (over half) nationally starting from 2017/2018.

The Settlement did not include any provision of funding to support Council Tax freezes, as had been the case in previous years. Prior years Council Tax Freeze Grants have been transferred into core grant funding and are being reduced in line with the reductions set out above.

### **Retained Local Business Rates**

The 2016/2017 financial year will be the fourth year of operation of the retained local business rate shares although only two years (2013/14 & 2014/15) has been fully completed at this point.

As part of the Spending Review 2016 and the Settlement, the Government has signaled its intention to extend the current retained local business rates into a 100% local retention scheme by 2019/20. Whilst there are no direct changes for 2016/17, the Government will be issuing a consultation document on this during 2016. The Council, with all the WoE authorities, has sought assurance from Government that the proposed changes will not adversely impact on our existing City Deal arrangements where 100% of business rates are already retained for the Economic Development Fund.

The Budget proposal also reflects the continuation of the Somerset Business Rates Pool; consisting of Somerset County Council, Bath & North East Somerset (B&NES) and North Somerset Unitary councils, Mendip, Sedgemoor and South Somerset District councils, and Taunton Deane Borough Council. Using forecasts for business rates income based on 2016/17 estimates, the forecast gains from pooling are anticipated as being £2.3m for across the pool with the forecast gain for the Council being £350k.



As part of the proposed Budget, reasonable assumptions have been made for likely future Business Rate income, together with specific proposals as part of the Strategic Review to generate further income. 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 2017/2018.

The West of England City Deal arrangements have no impact on retained local business rates as the pooling arrangements include a “no worse off” provision. The City Deal also sits alongside the Somerset Business Rates Pool so the two financial arrangements operate completely separately and have no impact on each other.

Business Rates form an increasingly large proportion of the Councils core income and this will increasingly be the case as we seek to grow this income stream and Government seeks to use this in the determination of future grant funding. Significant changes to this income stream propose a key risk for the Council going forward and the national revaluation to be undertaken during 2016 for a 2017 implementation will need to be carefully monitored and considered.

### **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 2015/2016 is complicated by the conversion of several schools to academies, and the transfer of additional funding for new studio schools into the DSG from other funding routes. The overall increase in the DSG is estimated for 2016/2017 at £2.53m with total funding of £122.73m. The majority of the additional funding relates to the additional resources 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.

The Pupil Premium, paid to schools to supports pupils from deprived backgrounds has also had a cash freeze attached to its funding rates. This means that all school funding has been contained at the same funding rates as 2015-16. The financial pressures on schools including pay awards, NI changes and Superannuation charge increases will have to be found by schools through efficiency gains.

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 £49.25m in 2016/2017 leaving £73.48m payable to the Council.

This recoupment by the DFE is based on 10 secondary, 3 special, 11 primary and 3 Studio academies in 2016/2017. These school numbers include 5 primary school anticipated to convert to academies on 1<sup>st</sup> April 2016. 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 changes proposed to the Education Services Grant (ESG) which provides 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 DFE have informed the Local Authority of a planned reduction and a phasing out of this element of Local Authority and school funding. In 2016-17 the reduction planned for B&NES amounts to 243k and has been incorporated into the overall funding set out in the Local Authority budget.

### **Adult Social Care**

As set out above, the Government announced the provision within the Local Government Finance Settlement for Adult Social Care (ASC) authorities to apply a specific increase in local council tax rates of up to 2% from 2016/17 to specifically meet ASC costs pressures.

Whilst some of these costs pressures facing ASC have been identified by the Council as part of the financial planning processes, a number of additional costs pressures have emerged over recent months including:

- Financial pressures from providers, a number of whom have already written to notify of intended fee increases
- The full impact of Government's national living wage
- Increasing demand and demographic pressures
- The reallocation of Government Care Act grant funding

Taking account of these pressures, the Budget proposal includes the provision for the full increase of 2% in the Council Tax to meet these ASC cost pressures. This will raise approximately an additional £1.5M which will be passed directly to the ASC Budget on the basis that service works to ensure costs pressures are contained within this provision.

This new Government flexibility for a specific ASC Council Tax increase comes with a range of certification requirements to ensure the funding raised is spent on ASC and effectively ring-fences the ASC Budget within the Council.

### **The Better Care Fund**

The Better Care Fund is providing a significant incentive to support the integration of health and social care, requiring Clinical Commissioning Groups and Local Authorities to pool budgets and agree an integrated spending plan. Greater integration is seen as a potential way to use resources more efficiently, in particular by reducing avoidable hospital admissions and facilitating early discharge.

In 2016/2017 nationally the fund increases from the £3.8bn in 2015/16 to a mandated minimum of £3.9bn, the local flexibility to pool more than the mandatory amount will remain. From 2017/2018 the government will make funding available incrementally to Local Authorities, worth £1.5bn by 2019/2020.

Changes to the Better Care Fund in 2016/2017 include a more streamlined approach to planning and assurance; this includes redirecting the £1bn payment for performance framework to fund NHS commissioned out-of-hospital services which may include a wide range of services including social care. There is also a requirement to develop a clear, focused action plan for managing delayed transfers of care (DTC), including locally agreed targets.

The 2016/2017 Budget proposal incorporates the following financial provisions for the Better Care Fund:-

- Revenue funding transferred from B&NES CCG for Council commissioned Better Care Fund schemes will remain consistent with the 2015/2016 allocation of £8.4m.
- £540k of funding related to the payment for performance in 2015/16 will be reviewed against locally priorities in funding out-of-hospital services in line with the requirements in the Better Care Fund 2016/2017 planning guidance.

To access the fund the Health and Wellbeing Board will jointly agree plans for how the money will be spent with sign off by the relevant Council and B&NES CCG groups.

Beyond 2016/2017, the Spending Review sets out an ambitious plan so that by 2020 health and social care are integrated across the country. Every part of the country must have a plan for this in 2017, implemented by 2020. The Council and the B&NES CCG are already well advanced with this integration.

Areas will be able to graduate from the existing Better Care Fund programme management once they can demonstrate that they have moved beyond its requirements. Further details will be set out in guidance during 2016.

### **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 - £Nil

No specific allocations of on-going funding have been made within the Budget proposal for new revenue Budget statutory or policy service commitments.

A number of cost, demand and legislative pressures have been recognised within the Budget Proposal as summarised in Table 5 of this Appendix.

#### One-off Funding Allocations - £2.34M

These following allocations are to be made from the anticipated Council Tax Collection Fund Surplus (£753K) together with a draw down from the Financial Planning Reserve (£33K):

- £60K to provide funding to progress the Council's proposed gull strategy for 2016/17
- £25K to meet the implementation costs of the Council's proposed approach to a permit scheme for advertising board enforcement.
- £8K as a contribution towards the provision of the Duke of Edinburgh Award Scheme for Keynsham and Bath
- £23K to continue to support the delivery of the "Wheels for All" programme for 2016/17.
- £63K to provide up to 6 months funding to support the development of a self-funding and sustainable approach to the freight consolidation service in the Council's area.
- £120K in total for 2016/17 and 2017/18 to meet the Council's contribution to external costs for professional advice and support in respect of the WoE Joint Spatial Plan (amount conditional upon all WoE authority contributions).
- £100K to support the redesign work for the Waste Service including external professional advice and support.
- £200K to provide for a range of cycling and related events and activities across B&NES. This figure may be supplemented and offset by potential sponsorship of the events and activities.
- £80K to provide for the costs of a parking and highways implementation study in support of the Keynsham Transport Strategy. This figure is a maximum amount subject to detailed specification to be agreed for the study.
- £107K to provide for a one-year extension to the adults advice and information commission to align this contracted service with the recommissioning work for Your Care Your Way.

The following one-off allocations for 2015/16 are to be funded directly with allocations from the Council's Financial Planning Reserve totalling up to £1.555M:

- £195K to provide a further one-year of supplementary for funding for the Human Resources Team to support the ongoing service transformation of the Council, specifically the HR advisory and management support. The ongoing provision will be mainstreamed as part of a restructure and redesign of the HR service within the Council during 2016.
- £180K to meet the costs for a Mayoral referendum as a result of a qualifying petition having been received by the Council. A further £180K will be required to meet the costs for a Mayoral referendum in the event of a vote in favour of an elected Mayor for the Council.
- Up to £200K to support the development of proposals to implement the provisionally agreed Enterprise Zone extension site for the existing Bath Enterprise Area (EA) and an extension site in the Somer Valley.
- Up to £300K to support the development of proposals for Phase 2 delivery of Bath Western Riverside and the Enterprise Area.
- Up to £250K to meet the Council's share of external support, advisory and economic modelling costs incurred in relation to development of the Devolution Deal proposals for the West of England. A further sum of up to £250K is included for development of legal, financial and bid preparation costs in the event this is progressed to a final deal with HM Government (further details are set out in the specific paragraph below).

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 Finance & Efficiency, 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.

### **West of England Devolution**

A Devolution Bid is being developed by the 4 Unitary Authorities in the West of England. The bid includes the potential for a Combined Authority to take on additional commissioning and funding powers, including a new Payment By Results (PBR) West of England infrastructure investment programme. The latter would require the Council to underwrite further borrowing for infrastructure investment on the basis this would be funded via additional future government grants, should specific economic growth (GVA) targets be met.

The detail of any deal is subject to negotiation and is intended to be developed over the next 6 months. There are two potential key risks for the Council. Firstly, that should targets not be achieved, government grants may not be received in full, secondly that

the interest payments linked to the borrowing or additional minimum revenue provision may require additional sources of funds.

As part of the detailed work still to be undertaken underwriting responsibilities need to be determined, together with how interest costs are to fall within the PBR grant, or are to be funded through other funding streams. Based on theoretical modelling completed to date, assuming investment and borrowing levels are proportionate to population, annual financing costs could equate at their peak to £5M to this Council. An allowance has been made in the Budget proposals for one-off costs.

This will help ensure any Devolution Deal that is completed is robust and carries the minimum level of local authority risk. This work will in any case help the West of England attract Government funding with the aspiration being £1Bn of additional funds over 20 years through the Devolution Deal. This aspiration is roughly in line with some other City Region Deals elsewhere in the country.

The risks will be mitigated through funds being set aside this year to develop robust modelling for the deal, together with the necessary due diligence that will be required, before any final deal could eventually be considered by Council later this year. No other financial assumptions have been made in the council Budget or financial plans around the future funding of a combined authority or deal, over and above the current financing arrangements for the West of England.

### **Council Tax**

The Local Government Financial Settlement included provisions for Councils to:

- Provide for a specific Council Tax increase of up to 2% to be ring-fenced for the additional cost and demand pressures facing the Adult Social Care service. This provision includes a number of specific certification requirements to ensure all such funds raised are spent on delivering Adult Social Care services.
- A further general Council Tax increase of up to 2% beyond which a specific local referendum on Council Tax increases would be required.

There were no provisions within the Settlement for the Government to provide grant funding support for council tax freezes, as had been the case in previous years.

The Government Settlement figures assumed Councils would exercise these options in full for the period of the Spending Review.

### **The proposed Council Budget provides for the following:**

- **In order to protect frontline Adult Social Care services, a specific council tax increase of 2%.**
- **A general council tax increase of 1.25% in 2016/17 in order to avoid cuts to frontline services.**

**The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,240.90 (£1,201.85 for 2015/16).**

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

The proposed revenue budget for 2016/2017 represents:

- A net £1.8m or 1.5% decrease in the non-schools budget.
- An increase in the DSG estimated at £2.5m with total funding of £122.7m (including academies). The majority of the additional funding relates to the additional resources 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.
- An increase of 3.25% in the Council's level of Council Tax, comprising a 2% Adult Social Care precept and a 1.25% general increase in order to avoid cuts to frontline services. This excludes Police, Fire and Parish precepts.

We are recommending a net revenue budget for 2016/2017 of £115.729m. Table 5 below, and Annex 1 to this Appendix, show the build-up of the recommended 2016/2017 revenue budget, compared to the rolled forward base budget from the current year.

**Table 5: High Level Build-up of the 2016/2017 Budget (detail in Annex 1)**

Description	£'000
<b>Total Base Budget rolled forward – 2016/2017 (after removal of one-off items in 2015/2016 Budget)</b>	<b>117,517</b>
One-off Allocations	726
Contractual and Unavoidable Inflation	1,938
New Legislation / Government Initiatives	2,529
Increased Service Volumes	3,736
Other / Technical (Including Capital Financing)	991
<b>Total including Growth</b>	<b>127,437</b>
Efficiency Savings	5,328
Refinancing	1,571
Growth Avoidance	1,013
Increases in Income from fees, charges and other grants	3,024
Service Redesign	772
<b>Total Savings</b>	<b>11,708</b>
<b>Recommended Net Revenue Budget 2016/2017</b>	<b>115,729</b>

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2016/2017. These are shown in **Annex 1** to this Appendix. Table 6 shows the resource allocation for 2016/2017 by service area.

**Table 6: Resource Allocation 2016/2017**

SERVICE AREA	2016/2017		
	GROWTH (£M)	SAVINGS (£M)	CASH LIMIT (£M)
<b>Adult Social Care</b>	4,232	2,209	<b>58,572</b>
<b>Children's Services</b>	1,841	733	<b>23,918</b>
<b>Place</b>	2,092	3,525	<b>23,368</b>
<b>Resources &amp; Support Services</b>	1,230	2,710	<b>8,791</b>
<b>Corporate &amp; Agency</b>	525	2,531	<b>1,081</b>
<b>Totals</b>	<b>9,920</b>	<b>11,708</b>	<b>115,729</b>

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



## Section 2 – Future Years 2017/18 to 2019/20

The current Directorate Plans were primarily constructed to cover the 2016/17 financial year with some future direction of travel in line with the specific budget priorities and the Council's Corporate Strategy.

The Settlement for 2016/17 provided definitive figures for one year only with indicative allocations for 2017/18 to 2019/20. The implications derived from these indicative figures for the Council show continuing significant reductions in the Council's core grant funding during this period. The Settlement also came with a number of further changes to local government finance during this period including:-

- Ongoing reductions to Public Health and Education Support Grant funding in addition to core grant reductions.
- A proposal for Government to offer a guaranteed "minimum" future funding settlement in exchange for Council's providing 4-year efficiency plans. The specific details of this have yet to be provided by Government.
- A consultation on the future of the New Homes Bonus, as substantial changes are considered to reduce this funding stream by up to 60% by the end of the Spending Review period.
- The implementation of the Business Rates Revaluation from April 2017 – this should be neutral across the country as a whole but there will be regional and even local impacts, including likely appeals from local businesses on any changes.
- A consultation during 2016 on Government proposals to provide for 100% locally retained business rates scheme. This will have substantial implications for local government funding and Government has indicated this will be accompanied by an updated needs assessment of local government funding and, a transfer of additional unfunded responsibilities from Government.
- Expansion of the Better Care Fund, including an additional £1.5bn of national funding between 2017/18 to 2019/20. The distribution of this funding and any service or outcome delivery requirements accompanying this have not yet been set out.

In light of these changes and the significant funding reductions already announced, we cannot be certain about local government funding from 2017/2018 onwards although we can expect the scale of the financial challenge facing the Council to continue right through to 2019/20 and potentially beyond.

Whilst the scale and speed of funding reductions will vary depending on the outcome of these national changes, there are also a number of factors which we can identify that will impact on local government funding going forwards:

- The ongoing impact of demographic changes for Adult Social Care.

- The likelihood of increasing pay inflation (direct and indirect).
- The potential impact of changes to interest rates and the revenue cost of meeting the Council's full borrowing requirement.
- The level of inflationary cost pressures arising on Council services.

Given the scale of savings already achieved and those outlined in the Budget proposal for 2016/17, it is likely that future savings will require prioritised changes to, and redesign of Council services.

The Financial Planning work undertaken indicates the remaining future scale of the financial challenge for remainder of the Spending Review Period from 2017/18 to 2019/20 requires the Council to deliver savings or additional income of £31M over this 3 year period.

The Spending Review process, which includes the Strategic Review already undertaken by Management, has identified a range of options to deliver savings and generate additional income covering the full Spending Review period. These pick up on the 4 key themes of the Council's Corporate Strategy :-

- Customer and Community
- Prevention
- Growth
- Generating Revenue / Making the Finances Work

A number of these options have already been included in the proposed Budget for 2016/17 and set out in more detail within the Directorate Plans. Where appropriate, particularly for income generating projects, these extend to the full 4 year period to 2019/20.

Further consideration of the full range of Spending Review options will be brought forward as part of the Budget development for 2017/18 and beyond, including the potential for a full three-year Budget for the period 2017/18 to 2019/20 as greater clarity is provided on the Government's funding plans for local councils.

## Section 3 – The Capital Budget for 2016/2017

### 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.
- Provides capital funding to support specific projects which generate new and additional new income for the Council as set out in specific business cases. The borrowing costs associated with these projects are anticipated to be more fully covered by the income generated.
- Recognises that careful consideration has been made by Officers and Members regarding future commitments and the direction of this programme.

The intention remains 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 were shaped by a Property Review of 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 Executive 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 2016/2017**

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 2016/2017, comprising both the programme for Full Approval of £58.063m and a programme for Provisional Approval (subject to) of £53.396m, as shown in Table 7 below. This table also shows the indicative capital programme and funding at summary level for 2016/2017 to 2020/2021. **Annex 3** shows the total capital programme for 2016/2017 to 2020/2021 in more detail.

**Table 7: Summary Capital Programme and Financing 2016/17 - 2020/21**

**For Approval**

Capital Scheme	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Place People & Communities	26,679	8,136	2,635	0	0	37,450
Resources	9,601	2,046	258	0	0	11,905
Corporate Capital Contingency	20,569	3,590	6,158	5,394	190	35,901
	1,215	0	0	0	0	1,215
<b>Total</b>	<b>58,063</b>	<b>13,772</b>	<b>9,051</b>	<b>5,394</b>	<b>190</b>	<b>86,470</b>

**For Provisional Approval (Subject to)**

Capital Scheme	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Place People & Communities	39,737	51,851	34,574	11,757	1,549	139,468
Resources	5,978	3,039	0	0	0	9,017
	7,681	7,385	7,307	2,307	0	24,680
<b>Total</b>	<b>53,396</b>	<b>62,275</b>	<b>41,881</b>	<b>14,064</b>	<b>1,549</b>	<b>173,165</b>

<b>Grand Total</b>	<b>111,460</b>	<b>76,047</b>	<b>50,932</b>	<b>19,458</b>	<b>1,739</b>	<b>259,636</b>
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**Funded By**

Financing	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Grant Capital	27,801	14,714	5,766	4,959	148	53,388
Receipts/RTB Revenue	8,508	10,444	0	2,800	0	21,752
Borrowing	977	1,113	1,068	1,068	635	4,861
3rd Party (inc S106)	71,522	45,924	42,736	10,481	956	171,619
	2,652	3,852	1,362	150	0	8,016
<b>Total</b>	<b>111,460</b>	<b>76,047</b>	<b>50,932</b>	<b>19,458</b>	<b>1,739</b>	<b>259,636</b>

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

**Funding**

The revenue budget for 2016/2017 provides 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 achievement of £21.752m of capital receipts over the five year period 2016/17 to 2020/21.

This prudent assumption recognises the difficulty in accurately projecting the actual level of capital receipts over longer-term periods, which will ultimately be dependent on the specific proposals for individual sites in the future.

**New Schemes within the Capital Programme****PLACE****Environmental Services****Highways Maintenance Programme for Full Approval of £3.645m**

The Highways Structural Maintenance budget is included for Full Approval at £3.645m. This is funded by Government Grant through the DfT, £3.457m of which relates to the main part of the maintenance block settlement and £188k is the incentivised element of the same funding block.

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

The 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.

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.

A detailed list of schemes, attached at Annex 3(i), will be subject to consultation with cabinet and ward members. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Highways and Infrastructure Priority Capital Maintenance for Provisional Approval of £500k**

An additional sum for the Highways and Infrastructure Maintenance Programme to that outlined above which will further address the list of capital maintenance priorities. This may include supporting works funded with contributions from local parish councils. Further detailed proposals to be brought forward for Full Approval.

**Transport Improvement Programme for Full Approval of £1.890m**

The Transport Improvement Schemes budget is included at £1.890m for Full Approval funded from £1.163m of Integrated Transport Block Government Grant, £480k of Local Growth Fund, £60k of Better Bus Area Funding and £186.8k of s106 funds.

The 2016/2017 proposals focus on supporting the five objectives identified in the West of England Joint Local Transport Plan:

- Reducing Carbon Emissions
- Supporting Economic Growth
- Promoting Accessibility
- Contributing to better safety, security and health
- Improving quality of life & a healthy natural environment.
- 

Proposals provide measures which improve;

- access to local transport;
- pedestrian and walking facilities;
- cycling provision;
- congestion & traffic management;
- safer routes to school; and
- road safety.

A detailed list of schemes, attached at Annex 3(ii), will be subject to consultation with cabinet and ward members and the general public where appropriate. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Street Lighting - LED Replacement Programme for Full Approval** of £3.034m (links to Strategic Plan saving)

To extend the conversion of street lighting units to LEDs in residential areas and introduce dimming technology, in line with Council Policy approved in 2012, to reduce energy consumption and maintenance costs. Expected savings are £331K p.a. before borrowing costs, giving rise to on-going net savings of £101K p.a. It reduces the Council's energy costs and carbon consumption helping achieve both the Council's environmental and Strategic Plan targets. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Neighbourhoods - Bin and Bench Replacement for Full Approval** of £50k

This funding will continue the work of improving the street scene within Bath & North East Somerset Council by upgrading and replacing of old and damaged litter bins and benches across Bath and North East Somerset. The prioritisation for replacement will be driven from the recently completed condition survey of the assets.

**Neighbourhoods - Vehicles for Full Approval** of £692k

This rolling replacement programme covers vehicles for Parks (£235k), Cleansing (£273k), Environmental Protection (£14k) and Waste (£170k).

**Play Equipment for Full Approval** of £150k

This funding will continue the improved standard of replacement and regeneration of play areas, in consultation with local members and communities, which has been seen in the last few years. The replacement and improvement of play equipment supports the Council's Green Space Strategy, Play Policy and Play Strategy.

**Parade Gardens Infrastructure for Business Development for Full Approval** of £32k (for income generating)

This project will deliver infrastructure improvements in Parade Gardens designed to attract more paying visitors to the site and will support the Council's objective of creating neighbourhoods where people are proud to live.

**Park and Ride East of Bath for Provisional Approval** of £9.7m

The creation of a new Park & Ride east of Bath was included for Provisional Approval in the 2015/16 Budget Report at £4.7m. This did not include site acquisition costs. Consultations on suitable locations have been undertaken including a number of the sites that are not in the Council's ownership. If any of these are chosen there will be additional costs although the exact value needs to be established; an indicative increase to the Provisional budget is shown.

**Road Safety Initiatives for Provisional Approval of £125k**

Avon and Somerset Police carry out speed enforcement operations and some offending drivers are offered attendance at a speed awareness courses in lieu of a fine and licence points. The income from course fees is shared with B&NES Council for investment in road safety initiatives which could include traffic calming, Safer Routes to School schemes, and speed enforcement measures. Funds are ring-fenced in accordance with the written agreement between both parties.

**Better Bus Fund 2017/18 for Provisional Approval of £70k**

This is to improve the punctuality of bus services in key areas in Bath based on specific schemes identified in the grant funding bid assembled from suggestions by bus operators.

**Transport Strategic Review Items for Provisional Approval of £550k**

This includes capital funding to support the four transport strategies for Bath, Keynsham, Somer Valley and Chew Valley as well as funding to enable transport improvements on footpaths, roads, traffic lights etc to compliment delivery of the transport proposals within the Place Directorate Plan.

**Pay & Display Machines - New Coin Acceptance for Provisional Approval of £100k**

This will provide funding in order to upgrade internal counting mechanisms in the Authority's pay and display machines to enable the use of new £1 and £2 coins being introduced by the Royal Mint in 2016/17.

**Waste Infrastructure & Service Works for Provisional Approval of £26.853m**

This is the cost of the capital works required to relocate and implement service redesign works for the Waste Services provided by the Council.

The project will contribute to Council priorities across a range of areas including:

- Core Strategy housing delivery
- Regeneration and the Enterprise Area delivery
- Sustainability and carbon management
- Protecting frontline services
- Increasing recycling
- Reducing waste to landfill
- Improving street cleanliness and reducing litter arising from waste collection
- Improving customer service and satisfaction by providing modern purpose built facilities

The capital works in the first year of this project are not impacted by decisions around the service delivery model and may include land acquisition for a replacement Waste Transfer Station & Refuse Collection depot, early



development costs for the site and the relocation of the outer Bath Cleansing depot, as well as further progressing the design for a replacement recycling centre for Bath.

Decisions around the service delivery model will only influence the 2017/18 onward element of this capital item. This is subject to full business case, which will be developed to inform decisions to be taken regarding the service delivery model being taken forward.

### **Office for Low Emission Vehicles (OLEV) Bid for Provisional Approval of £1.449m**

This project forms part of the successful funding bid entered into by the West of England Partnership for 'Go Ultra Low West' to the Office for Low Emission Vehicles in October 2015.

This is also subject to full business case and robust inter-authority arrangements for implementation.

The submission covers 2016 to 2021 and incorporates funding of approximately £1.5 million for B&NES that will cover a wide variety of emission efficient incentives and assets including further electric vehicle charging infrastructure and contributions to existing capital programme purchases to enable purchase of UAs ultra-low emission vehicles (ULEVs).

### **Keynsham Leisure Centre - Land Assembly for Provisional Approval of £2.5m**

As part of the GLL leisure contract the Council is required to provide a clean and serviced site for the re-provision of a new leisure facility in Keynsham. This budget would include land costs, CPO costs, demolition, highways works & service upgrades.

## **Community Regeneration**

### **Roman Baths Archway Centre for Full Approval of £5.317m**

The Archway Centre will provide a new Roman Baths Learning Centre and World Heritage Centre in York Street / Swallow Street, conserve Grade II listed buildings and in-situ Roman remains and extend public access to hitherto unseen parts of the Roman Baths. The project is the subject of a Round 2 bid to Heritage Lottery Fund in 2016.

**Heritage Infrastructure Development for Full Approval** of £100k (for income generation)

The Heritage Infrastructure Development Programme is a rolling programme of projects to invest in the Roman Baths and Pump Room buildings, facilities and 'visitor experience'. The projects currently planned for 2016/17 include the King's Bath conservation, lighting improvements, together with the tanking and fitting out of two vaults beneath Stall Street, as carried out for the East Baths. Any amendments to this programme will be approved by the Strategic Director for Place in consultation with the Cabinet Member for Sustainable Development.

**Roman Baths: Infrastructure for Provisional Approval** of £500K (for income generating)

The Heritage Services Business Plan 2016-2021 provides for the continuation of an annual programme of works at a value of £100k to £200k in each future year of the programme to include heat recovery from the spa water and conservation of the ancient monument.

**Victoria Art Gallery Air Conditioning for Provisional Approval** of £150k (for income generation)

The air conditioning system in the lower gallery of the Victoria Art Gallery is unreliable and our technical specialists have advised its replacement. Art works need stable levels of humidity, with temporary exhibitions hosted in this gallery generating direct income in excess of £100k p.a, as well as supporting income in other attractions. Borrowing costs are provided for within the Heritage Services Business Plan for 2016-2021.

**Disabled Facilities Grant for Full Approval** of £1.002m

This is the mandatory grant service administered for eligible applicants that satisfy the following criteria:

- it is a necessary and appropriate home adaptation to enable them access to and use of their home;
- the required adaptation is reasonable and practical; and
- it meets the requirements of a test of resources.

The assessment of need is carried out by Sirona's Occupational Therapy service, whilst the grant scheme is administered by Housing. The scheme allows an eligible applicant to continue to live independently in their own home by providing a range of buildings adaptations and/or specialist items of equipment.

**Affordable Housing for Provisional Approval of £3.275m**

This capital supports the Council's strategic aim of delivering Affordable Housing and is funded through existing sources of funding including the application of Affordable Housing Revenue Reserve and s106s receipts.

Key projects expected to come forward in the near future include: 72 units of Extra-care housing; 20 bed shared housing initiative for young people; and a rural affordable housing scheme. Other schemes will be considered on a case by case basis as they are brought forward, this could include the development at Foxhill.

As schemes come forward they will be subject to business case and approved, along with the application of funding, by the Divisional Director Community Regeneration in consultation with Cabinet Member for Homes and Planning.

**Sawclose Pedestrian Highway Space for Provisional Approval of £2.05m**

The project will deliver a shared space environment, with improvements to the public highway and footways to Saw Close. It will also complete the Saw Close Development public Realm works, with the Developer delivering further public realm within the confines of its Property Boundary. These improvements will link up with the shared space scheme in Seven Dials and enhance the surrounding public space to recent Council freehold acquisition in the area.

**Radstock Pedestrian Bridge for Provisional Approval of £174k**

This project will deliver the construction of a pedestrian footbridge linking the new housing development in Radstock to St Nicholas Primary School.

**River Corridor Fund for Provisional Approval of £150k**

Partnership working through the Strategic River Group has delivered a programme of works of over £700k including £222k external match over 3 years. A Waterspace Strategy will determine future years' priorities for the River Corridor Fund, further details of which will be set out for future full approval.

**Wayfinding and Public Realm for Provisional Approval of £100k**

A review of wayfinding and public realm across the city centre is currently underway. It is likely to conclude on priority areas where wayfinding and the urban environment could be improved to support local businesses, encourage retail spend, enhance quality of visitor experience and connect areas together in a more coherent way. The priorities suggested here are for Walcott, Widcombe and the river pathway. The delivery solution would be agreed through consultation with local Members, traders and residents.

**Keynsham Town Centre for Provisional Approval of £200k**

The Keynsham Transport Strategy and Draft Placemaking Plan recommend developing a scheme for making Keynsham High Street one way. Funds are required to develop a temporary trial with monitoring and evaluation and potentially to design an “oven ready” scheme for funding bids. Consultation and stakeholder engagement would be necessary to define a solution which is deliverable in transport terms and well supported by Members, residents and the business community.

**Digital B&NES for Provisional Approval of £2.25m**

This project is to maximise on the extensive fibre network within the City of Bath to enable provision of ultra and superfast broadband connectivity for the greater socio-economic and e-government benefit of citizens, businesses, the public sector and tourists in Bath while spearheading the connection of all residents and businesses including: schools, hospitals, hotels, malls, shops, restaurants and clinics throughout the city.

It is subject to the consideration of a robust business case.

**Bath Quays Delivery for Provisional Approval of £30m**

This provisional item, funded by Service Supported Borrowing, is in addition to the EDF funded Infrastructure elements of the Bath Quays development already in the capital programme. It contributes to the delivery of a mix of office, residential, parking and associated infrastructure, in particular a Council delivered investment block.

This further capital investment is to increase the net return of the development. The business case continues to be developed and further refined in order to optimise this return.

In addition to this Council funded item, grant funding to support the Bath Quays delivery is being sought through the Local Growth Fund (£10m).

**Bath Quays Bridge & Linking Infrastructure for Provisional Approval of £3.137m**

This will be spent on a new river crossing at the Bath Quays to link the Green Park Road on the north side to the Newark Works buildings on the south. Works will include connecting links. This is funded by capital grant from the Cycle City Ambition Fund.

## **PEOPLE AND COMMUNITIES**

### **Children & Young People**

#### **Youth Services Capital Investment**

##### **Riverside Youth Hub Development for Full Approval of £200k**

A previous bid for lottery match-funding for development of shared community facilities on the London Road, including the replacement the Riverside Youth Hub, for which provisional funding approval had been given, was unsuccessful.

An allocation of £200k is now proposed as an alternative scheme to improve provision by refurbishing the current building. This proposal will make it safer, more flexible and give better energy efficiency.

The centre will be used by the Council's Youth Connect Service and a number of community groups. Improvements will include changing a store room into a workshop, adding a sheltered area at the back of the building, opening up the garden area, building a pontoon for better river access for kayaking, improving the music studio, painting and decorating throughout, including some new flooring, suspended ceilings and improved access signage and lighting.

#### **Schools Capital Investments**

##### **Overview**

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

Schools capital grant funding £6.694m in 2016/17 and £3.039m in 2017/18 has been confirmed by the Education Funding Agency (EFA) for Basic Need to support the provision of additional pupil places where there is population growth. An allocation for Capital Maintenance has yet to be announced, but an indicative figure of £1.5m is assumed.

##### **2016/17 Basic Need Schemes**

Our increased level of Basic Need grant funding reflects the growing number of additional places required as identified in the School Organisation Plan and annual School Places Return (SCAP). The funding is to provide the projected number of places that will be needed by September 2018. The allocation is non ring-fenced to enable the Council to fulfil its statutory duties in ensuring sufficient school places. There are no revenue implications for the Council arising from the expansion of schools as these will be met by the Dedicated Schools Grant (DSG).

The Council has a statutory duty to provide sufficient school places for every child resident in the Local Authority who requires a place with Projects identified in line with these responsibilities. The key priority for investment is the need to provide additional primary pupil places driven both by underlying population growth and new housing. Funding has been provided for places required within the next two years and a number of schools have been identified where capacity will be required.

This list is not exhaustive as factors such as the need to revise projections as a result of updated information on births and resident population particularly when most primary schools are full or filling, may mean even small numbers of additional pupils can trigger the need for additional classrooms. Other factors such as changes to the timescales of new housing delivery or a free school being approved can increase or reduce the need to add capacity.

Basic Need (BN) has been allocated for 2016/17 for the following schemes (noting that the New Ensleigh School has been previously approved with a sum of £1.25m from 2016/17 BN funding within a total project budget of £4m).

Basic Need has been allocated for 2016/17 to the following schemes.

**St Mary's Primary School, Writhlington for Full Approval of £700k**

Final phase of expansion adding two general teaching classrooms to increase the Published Admission Number (PAN) to 210 from September 2017. It is expected the Council will receive a Section 106 contribution of £176k which will reduce the amount funded from BN.

**Farmborough Primary School for Full Approval of £714k**

To provide additional accommodation to meet an increase in PAN from 20 to 25 with effect from September 2016. The scheme will also address a number of condition related issues which will be undertaken as part of the works.

**Saltford Primary School for Full Approval of £1.425m**

In April 2014 Cabinet approved £400,000 for the provision of two additional classrooms to enable the permanent expansion of the school due to increasing pupil numbers in the area. Subsequently, four temporary classrooms at the school have been undermined by significant badger activity. These classrooms require urgent replacement. The project will replace the four poor condition buildings and add two new classrooms as part of a traditional permanent build 6 classroom block. £240k of the original budget remains and will be added to the £1.425m to meet the total scheme budget costs of £1.665m

**Schools Capital Maintenance Programme 2016/17 for Full Approval of £1.389m**

In recent years allocations from the Department for Education (DfE) for Capital Maintenance funding have been made on the basis of one year allocations. This funding is non ring-fenced grant funding to address the worst building condition issues at schools. To date the funding allocations have not been announced for 2016/17 but are expected to be made by the DfE in late January 2016.

In 2016/17 it is proposed to allocate £455K for the replacement of assets at St Michael's and Chandag Infant school and £434k for schemes at 10 schools where the condition surveys show the most urgent need for repair. These are detailed in Annex 3(iii). These schemes will cover a range of projects such as, replacement of heating systems, windows and health and safety. At some schools more than one scheme will be undertaken to address condition issues. In the event of the funding allocations being reduced in 2016/17 it is proposed the number of schemes may need to be reduced to reflect the amount of funding available.

This figure is lower than in previous years as it addresses only the most urgent condition issues whilst keeping funding aside for larger emerging schemes (see emergency works below).

A budget for minor works and Disability Discrimination Act (DDA) works of £250k is proposed to address smaller condition issues such as replacement heating controls and obsolete distribution boards. This funding will be used to address ad hoc condition and health and safety issues as they arise throughout the year. Additionally, this budget can be accessed to address future DDA adaptations at school sites.

It is recommended that a £250k emergency works budget is allocated to meet larger unforeseen issues if they occur throughout the year. A recent example of this being the need to replace buildings at St Michaels Junior

It is proposed that delegated authority for approval of individual Minor Works/DDA and Emergency Works schemes within the totals above is given to the Director for Children & Young People – Strategy & Commissioning in consultation with the Cabinet Member for Children's Services.

The balance of the estimated funding available for this year of £111k is to be held provisionally at this time, the value to be confirmed once the grant notification has been received.

The Schools capital maintenance team maintain a rolling list of capital works required, this funding will be used to work through these projects as they are fully reviewed and prioritised. Timing of the work on these projects will be reliant on resources available to cost and prioritise these projects and so may slip into future years as has occurred previously.

**School Basic Need Schemes Unallocated for Provisional Approval of £2.605m**

There are a number of housing developments where Section 106 contributions have been agreed that will provide funding to extend existing schools and meet future basic need requirements. In some circumstances, there may be additional basic need pressures in the local area and Council funding may be required to address the additional accommodation needs. In particular there will be a requirement to provide a bulge class in September 2016 in the Keynsham area which may require some capital funding.

**RESOURCES & SUPPORT SERVICES SCHEMES**

**Property Maintenance and Equality Act Works for Full Approval of £1.457m**

Capital Planned Maintenance and Equality Act works will be undertaken on the Council Corporate Estate. Annex 3(iv) provides the detailed plan for 2016/2017, with prioritisation informed by full condition surveys. Any amendments to the programme will be approved by the Strategic Director for Resources in consultation with the Cabinet Member for Resources.

**Commercial Estate Investment for Provisional Approval of £15m (for income generation)**

Active management of the commercial estate will seek external investment opportunities on the open market for acquisition. Acquisitions will be funded from borrowing, which as borrowing costs increase may limit the type and nature of investments available.

Initiatives will also facilitate the pursuance of development and reinvestment opportunities within the existing commercial estate ranging from lease restructuring, to asset enhancement exploiting returns from assets by activities such as the separation of retail and residential elements within buildings to transfer the latter into the proposed LHDV. Where assets are assessed as underperforming assets these may be proposed for disposal.

Investments will require a full business case before proceeding.

**Property Company Investment for Full Approval of £20m (for income generation)**

A Council owned local housing delivery vehicle to: deliver the development of market housing / to hold, manage and operate market housing / to sell market housing / to provide other market housing related activity / to deliver and manage other commercial and property development.

Allocation of this funding will be in accordance with the specific process and delegations included within the report to Cabinet dated 3 December 2015.



**Print Services - Equipment Investment for Provisional Approval of £300k**  
(for income generation)

Investment in lithographic print equipment and a letter inserter to enable Print Services to offer the full range of services to the Council. This will also enable the co-location of Print Services and Post to take advantage of Print to Post capabilities to achieve cost reductions in postage. Print/Post Services would also be able to offer services to other public sector organisations (such as the CCG, hospitals and GPs) mailing services.

**Energy Services Investment for Provisional Approval of £3m**

Council investment in renewable energy generation and infrastructure, in order to support the Council's delivery of Core Strategy Policy 'CP3' and generate a return on investment, in projects which will also deliver other community benefits.

**Communications Hub for Provisional Approval of £176k**

Proposal for £100k to support investment in CCTV infrastructure to support the diversification of the service. (The initial investment of £40k is in the connection with Keynsham so that it uses up to date and reliable digital infrastructure. The further £60k is for similar investment in infrastructure or cameras that may be required but will be dependent on business cases and as such is provisional). Further £76k of S106 funding to install CCTV cameras at Oldfield Park Railway station and make improvements to CCTV camera provision for passengers at Keynsham Railway Station.

## **EMERGING CAPITAL SCHMES**

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.

### **Enterprise Zone**

B&NES were successful in securing provisional Enterprise Zone (EZ) status the existing Bath Enterprise Area (EA) and an extension site in the Somer Valley.

Recognising current workloads officers are exploring options for funding resources necessary to deliver the additional workload a EZ brings. At present it is expected that most logical route would appear to be to seek funding via the Regional Infrastructure Fund (RIF) for the identified resources with the current RIF headroom being between £3-£4m. Whilst the expectation is that RIF should be repaid, this could be funded through the retained rates generated for the new EZ. This is the model used for the existing Bristol EZ Infrastructure Programme (RIF repaid by the Economic Development Fund (EDF)).

The other option would be to seek funding through the EDF although as the programme is oversubscribed this could only be accommodated through substitution (as resolved by the West of England Strategic Leaders' Board (SLB)).

Any capital works proposed for this area will require robust business case to be put forward.

### **Bath Western Riverside Phase II**

Bath Riverside (BWR) has now established itself delivering a strong foundation for growth within the Enterprise area and a vibrant new community within Bath is emerging. With completion of the first phase (813 homes) now likely ahead of programme in 2018/19 and gas holder decommissioning and demolition complete, the project can plan to continue delivery across the entire site, including the current waste site. This will deliver the primary school, 1200+ new homes and commercial space.

In order to realise full regeneration in line with the Core Strategy, further significant capital investment may be required to support project partners in delivering comprehensive regeneration, some or all of which may be met through external sources.

### Link Road east of Bath

The Council aims to develop proposals to remove through traffic from the city. This work will continue with discussions with Wiltshire, Highways England and the DfT. The objective will be to develop these options for inclusion in Highways England's next funding programme.

### Roman Baths Refurbishment & Development

The Heritage Business plan envisages the need to update, refurbish and improve the Roman Baths from 2019/20 to enable continued strong visitor numbers.

Funding will be through borrowing afforded by the revenue streams and is subject to the consideration of a robust business case.

### New School Provision and Existing School Expansions from Future Housing Development

It is expected that up to six new primary schools will be required to meet future housing development by 2029. Of these schools, three will be delivered by the housing developers and three are likely to be delivered by the Council. Two of the schools, Ensleigh and Somerdale are in the process of being delivered for September 2017 opening.

The following table provides information on development sites where agreement has been reached or discussions are ongoing to deliver new schools or expand existing schools.

<b>Development Name</b>	<b>Developer</b>	<b>Provision to be delivered by Developer</b>	<b>Anticipated opening/completion date.</b>	<b>Approximate Funding Shortfall</b>
Foxhill	Curo	A new one form entry primary school, delivered on site	September 2018	To be delivered by developer
Bath Western Riverside - Crest	Crest	A new one form entry primary school, delivered on site	Not yet determined	To be delivered by developer
Bath Western Riverside - Other	Multiple	A new one form entry primary school	Not yet determined	Unknown

## APPENDIX 2

Keynsham East & South West	Multiple	A new one form entry primary school, delivered on site	Post Sept 2018	£1.4m plus land contribution
Whitchurch	Multiple	Extension of Whitchurch Primary School	Post September 2017	Unknown
MOD Warminster Road	Unknown	Expansion of Bathwick St Mary Primary School	Not yet determined	£1.1m
Odd Down (Sulis Down)	Unknown	Expansion of St Martins Garden Primary	Not yet determined	Unknown
Radstock Railway Line	Linden Homes	Expansion of St Nicholas Primary School	Not yet determined	£2.5m

The longer term provision of additional places or new schools at other development sites will need further consideration by the Council. At this point in time no, agreements have been made as to when this new provision might be required but it may have an impact on future Capital budgets if any shortfalls in funding are identified.

Furthermore, the future programme will be dependent on a range of assumptions, including a Free School being delivered in the Somer Valley area with capital funding directly from the DfE.

**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 is unchanged from last year.

**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 8 below.

**Table 8: Capital Prudential Indicators.**

<b>PRUDENTIAL INDICATOR</b>	<b>2014/15 Actual</b>	<b>2015/16 Probable Outturn</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Estimate of Capital Expenditure (£'000s)</b>					
Actual/estimates of capital expenditure	62,560	64,123	111,460	76,047	50,932
<b>Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)</b>					
The implied estimate of incremental impact of the new capital investment decisions on the council tax			£3.22	£6.96	£30.88*
Cumulative totals:			£3.22	£6.96	£41.07*
<b>Capital Financing as % of Net Revenue Stream</b>					
Actual/estimates of the ratio of financing costs to net revenue stream			11.82%	16.11%	18.96%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.32%	5.71%	6.62%
<b>Borrowing Limits (£m)</b>					
Operational boundary – borrowing			£229m	£268m	£300m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
<b>Operational boundary - total</b>			<b>£231m</b>	<b>£270m</b>	<b>£302m</b>
Authorised limit - borrowing			£266m	£302m	£333m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
<b>Authorised limit - total</b>			<b>£268m</b>	<b>£304m</b>	<b>£335m</b>
<b>Capital Financing Requirement (£'000s) (as at 31 March)</b>					
Actual/estimate of capital financing requirement	177,384	200,353	265,531	301,739	333,311

\*These are indicative figures only awaiting detailed proposals for financing of the waste capital project.

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.

## Section 4 – Revenue & Capital Reserves and Contingencies

### Significant Earmarked Reserves

In developing the proposed Budget for 2016/2017 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.

Key requirements for earmarked reserves 2016/2017 and beyond will continue to be the funding for a significant transformation programme for Council services. This will include specific resourcing proposals as part of Strategic Review projects together with support to recognise the timescales to fully implement delivery and related reorganisation and severance costs.

The proposals for significant earmarked reserves are as follows:-

The Revenue Budget Contingency – This reserve has been utilised during 2015/16 to meet a range of in-year pressures and priorities. It is proposed to ensure this reserve is topped up to a minimum level of £1M for 2016/2017. The Revenue Budget Contingency continue to be made available for allocation to meet new and emerging priorities of the Council during the financial year, including the management of the Budget Outturn.

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. As a general principle, this reserve will be used to support the transition to the delivery of future identified savings, as opposed to supporting ongoing revenue expenditure. During 2016/2017 a number of key allocations are proposed:-

- Up to £1.587M to fund the specific one-off resource allocations proposed for 2016/2017 in this Budget.
- Up to £1.300M to support the implementation of the Management and Service Review Savings.

The Transformation Investment 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. These changes primarily support the implementation of approved Strategic Review projects supporting the 4 key themes of the Council's Corporate Strategy to deliver ongoing savings and generate additional income.

This reserve will be committed to meet the costs associated with these changes over the next three to four years and allocations will be subject to the approval of the Chief Executive in consultation with the Cabinet member for Resources and the S151 Officer.

The Restructuring and Severance Reserve – the significant financial challenge facing the Council will lead to some reductions in staffing number as savings and efficiencies are delivered.

It is estimated that this reserve will be available to help 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 within the overall scale of anticipated staffing reductions.

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

The uncommitted balance of this reserve will be made fully available to fund affordable housing developments including those set out in the Capital Programme.

All service based Earmarked Reserves are anticipated to be fully committed although a further detailed review of these will be undertaken as part of the 2017/18 Budget process.

### Business Rate Reserve

This reserve manages the variations, commitments and liabilities against the Business Rate Collection Fund including the impact of business rate appeals. Projections for the use of this reserve are based upon the estimated impact of future appeals.

### Workplaces Invest to Save

As part of the Budget proposals for 2016/17, the earmarked reserves will be used to repay the Invest to Save funding utilised by the Workplaces Project, immediately allowing the full saving to support the Council's Budget Savings required.

**Table 9** below, sets out the projected level of the significant earmarked reserves taking account of anticipated commitments.



Table 9: Projected Significant Earmarked Reserves

	Revenue Budget Contingency	Transformation Investment Reserve	Restructuring & Severance Reserve	Business Rate Reserve	Affordable Housing Reserve	Financial Planning Reserve
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Estimated Reserves @ 1st April 2016</b>	<b>680</b>	<b>2,185</b>	<b>4,500</b>	<b>1,444</b>	<b>2,735</b>	<b>5,839</b>
Reallocation of Reserves	320	1,000	-2,000	520	0	-1,250
Allocation in 2016/2017	0	-1,800	-2,400	-1,363	-285	-2,827
<b>Balance C/F</b>	<b>1,000</b>	<b>1,385</b>	<b>100</b>	<b>601</b>	<b>2,450</b>	<b>1,762</b>
Allocation in 2017/2018	0	-985	-50	0	-635	-60
<b>Balance C/F</b>	<b>1,000</b>	<b>405</b>	<b>50</b>	<b>601</b>	<b>1,815</b>	<b>1,702</b>
Allocation in 2018/2019	0	-350	-50	0	-590	<b>TBC</b>
<b>Balance C/F</b>	<b>1,000</b>	<b>50</b>	<b>Nil (est)</b>	<b>601</b>	<b>1,225</b>	<b>Nil (est)</b>

### **Unearmarked Revenue Reserves**

The Local Government Act 2003 contains a duty on the Statutory Finance Officer (s151 Officer) to report to the Council, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves. The report of the s151 Officer on this subject is included as **Annex 2** to this report and is recommended to the Council. The conditions of the report by the Divisional Director – 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 10 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 – assumes full repayment of the reserves in 2016/17 from Earmarked Reserves as set out above.
- The Leisure Contract - an allocation of up to £2.1m to cover the smoothing of Council and contractor costs in the first 6 years with this being repaid over a period of up to 10 years.

This actual level of unearmarked reserves will also depend on the Outturn position for 2015/2016 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.

### **Budget Report 2015/16 - Contingent Liabilities**

#### **Asbestos Related Claim**

In September 2014 the Council received a letter from Curo Places Limited identifying a potential claim relating to the presence of asbestos within the housing stock that was transferred to Curo Places Limited (formerly Somer Community Housing Trust Limited) in March 1999.

On receiving the letter the Council and Curo entered into discussions relating to the basis of the claim and the liability for the treatment of asbestos. Much of the claim related to future liabilities. As part of these discussions the Council has been working with Curo on ways of mitigating future costs relating to the management of asbestos within their housing stock.

Following a number of meetings Curo have agreed in principle to a commercial settlement which will be completed by the end of Q1 16/17. The settlement will not have any impact on the Council's reserves or Budget.

### Locally Retained Business Rates

A letter has recently been sent to a number of local billing authorities, including the Council, by a national Property Agent acting on behalf of a number of NHS Foundation Trusts and NHS Trusts requesting mandatory business rate relief.

This is a complex legal matter at this stage the Council would not accept any such request for mandatory relief. Further guidance has been requested from the Department for Communities and Local Government on this matter and the Local Government Association are coordinating with the local authorities concerned.

### 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 10 below.

**Table 10: Projected Non-Earmarked Revenue Reserves**

	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Estimated Reserves @ 1st April each year</b>	<b>8,369</b>	<b>9,487</b>	<b>9,370</b>
2015/2016 Projected Outturn Underspending	-	-	-
Projected Invest to Save Movements	+1,118	-117	-464
<b>Estimated Reserves @ 31st March each year</b>	<b>9,487</b>	<b>9,370</b>	<b>8,906</b>

Based on anticipated invest to save commitments associated with the Leisure Contract, it is currently forecast that the Non-Earmarked Reserves will begin to be repaid in 2023/24 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 Finance & Efficiency 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 which will be maintained at £2m.

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 Finance & Efficiency and the Chief Executive.

## Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2016/2017.

There were no provisions within the Settlement for the Government to provide grant funding support for council tax freezes, as had been the case in previous years. The proposed Council Budget provides for the following:

- In order to protect frontline Adult Social Care services, a specific council tax increase of 2%.
- A general council tax increase of 1.25% in 2016/17 in order to avoid cuts to frontline services.

The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,240.90 (£1,201.85 for 2015/16). Table 11 explains the calculation of this figure:

**Table 11: Council Tax 2016/17 for Bath & North East Somerset Council Services**

Description	Amount	Comments
Recommended Net Revenue Budget	£115,729k	See Annex 1
Less grant, retained business rates, reserves and estimate of Collection Fund surplus	£37,882k	See Annex 1 Sources of Funding
<b>To be funded by Council Tax</b>	<b>£77,847k</b>	
Tax base (Band D properties equivalent)	62,734.60	Approved by the Section 151 Officer in December 2015
<b>Recommended Council Tax at Band D for 2016/17</b>	<b>£1,240.90</b>	
2015/16 Council Tax Band D	£1,201.85	
<b>Recommended Increase</b>	<b>£39.05</b>	<b>3.25% increase</b>
<b><i>The increase comprises:</i></b>		
<i>Adult Social Care Precept</i>	<i>£24.03</i>	<i>2.00% increase</i>
<i>General Fund Precept</i>	<i>£15.02</i>	<i>1.25% increase</i>

***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's current budget proposals include a planned increase in Council Tax of 1.99% for 2016/17. The Final budget and precept proposal will be presented to the Police and Crime Panel at their meeting on 8<sup>th</sup> February 2016.

The Avon Fire Authority at its meeting on 18<sup>th</sup> December 2015 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 5<sup>th</sup> February 2016 to finalise its budget and set its Council Tax and precepts for 2016/2017.

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 12 sets out the composite Council Tax likely to be charged:

**Table 12: Potential Total Council Tax 2016/17 (Band D)**

<b>Council Tax charges (Band D) made by</b>	<b>Charge made now 2015/16 £</b>	<b>Proposed Charge 2016/17 £</b>	<b>% Change</b>
Bath and North East Somerset Council	1,201.85	1,240.90	3.25% (£39.05 at Band D)
Avon and Somerset Police	174.78	TBC	Final Decision to be taken on 8 <sup>th</sup> February 2016.
Avon Fire & Rescue	66.60	TBC	Final decision to be taken on 5 <sup>th</sup> February 2016
<b>Total excluding parishes</b>	<b>1,443.23</b>	<b>TBC</b>	
Parishes (average)	35.99	TBC	Not known at time of writing
<b>Total</b>	<b>1,479.22</b>	<b>TBC</b>	<b>The 2016/17 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils</b>

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 16th February 2016, and so the necessary updated information will be set out in the report.

### **Special Expenses**

As part of the 2015/2016 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 2016/2017 budget.

Portfolio Cash Limits 2016/17 - Revenue Budgets

APPENDIX 2 ANNEX 1

CABINET PORTFOLIO	Service	Current 2015/16 Cash Limits £'000	Removal of One-offs (including one-off virements in 2015/16) £'000	2016/17 Base Budget £'000	MTSRP Growth £'000	MTSRP Savings £'000	Total 2016/17 Budget Changes £'000	2016/17 Proposed Budget £'000
<b>Leader</b>	Council Solicitor & Democratic Services	2,702	(220)	2,482	75	(51)	24	2,507
	Improvement & Performance	2,861	(256)	2,605	63		63	2,668
	<b>PORTFOLIO SUB TOTAL</b>	<b>5,563</b>	<b>(476)</b>	<b>5,087</b>	<b>138</b>	<b>(51)</b>	<b>87</b>	<b>5,174</b>
	Finance	2,161		2,161	150	(25)	125	2,285
	People Services	513		513	14		14	527
	Risk & Assurance Services	1,008	(164)	844	25	(70)	(45)	799
	Council's Retained ICT Budgets	4,350	(115)	4,235	145	(380)	(235)	3,999
	Customer Services	2,402		2,402	250	(120)	130	2,532
	Human Resources	529		529	60		60	588
	Property Services	3,084	(58)	3,026	124	(280)	(156)	2,870
	Corporate Estate Including R&M	4,140	258	4,398	175	(680)	(505)	3,893
	Commercial Estate	(14,276)		(14,276)		(450)	(450)	(14,726)
	<b>Finance &amp; Efficiency</b>	Traded Services	5		5	67		67
Strategic Director - Resources		45		45	3	(654)	(651)	(605)
Corporate items (Procurement)		(200)		(200)				(200)
Hsg / Council Tax Benefits Subsidy		(195)		(195)				(195)
Capital Financing / Interest		3,008		3,008				3,008
Unfunded Pensions		1,679		1,679				1,679
Corporate Budgets incl. Capital, Audit & Bank Charges		1,496	72	1,568	521	(1,041)	(520)	1,048
New Homes Bonus Grant		(3,709)		(3,709)		(1,490)	(1,490)	(5,199)
Magistrates		17		17				17
Coroners		305		305				305
Environment Agency		219		219	4		4	223
<b>PORTFOLIO SUB TOTAL</b>		<b>6,582</b>	<b>(7)</b>	<b>6,575</b>	<b>1,538</b>	<b>(5,190)</b>	<b>(3,652)</b>	<b>2,922</b>
<b>Adult Social Care &amp; Health</b>		Adult Services	62,406	(6,408)	55,998	3,447	(1,413)	2,034
	Adult Substance Misuse (Drug Action Team)	550		550	7	(18)	(11)	540
<b>Children's Services</b>	Public Health				778	(778)		
	<b>PORTFOLIO SUB TOTAL</b>	<b>62,956</b>	<b>(6,408)</b>	<b>56,549</b>	<b>4,232</b>	<b>(2,209)</b>	<b>2,023</b>	<b>58,572</b>
	Children, Young People & Families	12,136		12,136	612	(169)	443	12,579
	Learning & Inclusion	15,801	(121)	15,680	228	(162)	67	15,747
	Health, Commissioning & Planning	(108,504)		(108,504)	1,001	(402)	598	(107,906)
	Schools Budget	109,422	(5,924)	103,498				103,498
	<b>PORTFOLIO SUB TOTAL</b>	<b>28,855</b>	<b>(6,045)</b>	<b>22,810</b>	<b>1,841</b>	<b>(733)</b>	<b>1,108</b>	<b>23,918</b>
	Development Management	1,747	(124)	1,623	171	(66)	105	1,728
	Building Control & Land Charges	354	(14)	340	41	(89)	(48)	292
	Housing	1,654		1,654	53	(218)	(165)	1,489
	<b>PORTFOLIO SUB TOTAL</b>	<b>3,755</b>	<b>(138)</b>	<b>3,617</b>	<b>265</b>	<b>(373)</b>	<b>(108)</b>	<b>3,509</b>
	Economy & Culture	1,782	(126)	1,656	20	(476)	(456)	1,199
	World Heritage	159		159	3		3	162
Heritage including Archives	(4,995)	(36)	(5,031)		(500)	(500)	(5,531)	
Project Delivery	49		49	16		16	64	
Regeneration, Skills & Employment	240	25	264	96	(12)	85	349	

Portfolio Cash Limits 2016/17 - Revenue Budgets

APPENDIX 2 ANNEX 1

CABINET PORTFOLIO	Service	Current 2015/16 Cash Limits		Removal of One-offs (including one-off virements in 2015/16)	2016/17 Base Budget	MTSRP Growth	MTSRP Savings	Total 2016/17 Budget Changes	2016/17 Proposed Budget
		£'000	£'000						
	<b>PORTFOLIO SUB TOTAL</b>	<b>(2,765)</b>	<b>(138)</b>	<b>(2,903)</b>	<b>134</b>	<b>(988)</b>	<b>(853)</b>	<b>(3,756)</b>	
	Place - Overheads	242		242	249	(944)	(695)	(453)	
	Public Protection & Health Improvement - Regulatory	1,269		1,269	129	(105)	24	1,293	
	Neighbourhoods & Environment - Waste & Fleet Services	14,808	(1,245)	13,562	395	(76)	319	13,881	
	Neighbourhoods & Environment - Parks & Bereavement Services	1,925		1,925	90	(112)	(22)	1,903	
	Libraries & Information	1,646		1,646	64		64	1,711	
	Public Protection & Health Improvement - Active Leisure	1,065	(100)	965	399	(50)	349	1,314	
	<b>PORTFOLIO SUB TOTAL</b>	<b>20,955</b>	<b>(1,345)</b>	<b>19,610</b>	<b>1,325</b>	<b>(1,287)</b>	<b>38</b>	<b>19,648</b>	
	Transport - Planning & Policy	672		672	90		90	761	
	Highways & Traffic Management	7,789		7,789	222	(158)	64	7,853	
	Transport & Parking Services - Parking	(6,663)		(6,663)	86	(38)	48	(6,615)	
	Transport & Parking Services - Public & Passenger Transport	4,376		4,376	49	(682)	(633)	3,743	
	<b>PORTFOLIO SUB TOTAL</b>	<b>6,173</b>		<b>6,173</b>	<b>447</b>	<b>(878)</b>	<b>(431)</b>	<b>5,742</b>	
	<b>NET BUDGET</b>	<b>132,074</b>	<b>(14,557)</b>	<b>117,517</b>	<b>9,920</b>	<b>(11,708)</b>	<b>(1,787)</b>	<b>115,729</b>	

Sources of Funding

Council Tax	74,455			74,455			3,392	77,847
Revenue Support Grant	20,504			20,504			(6,082)	14,423
Retained Business Rates	21,744			21,744			765	22,509
Collection Fund Deficit (-) or Surplus (+)	1,578	(1,578)					(385)	(385)
Council Tax Freeze Grant	813			813			(813)	
Balances	12,979	(12,979)					1,336	1,336
<b>Total</b>	<b>132,074</b>	<b>(14,557)</b>		<b>117,517</b>			<b>(1,787)</b>	<b>115,729</b>

Council Tax - Calculation

Council Tax Debit £'000	74,455			74,455
Taxbase (No. of Band D equivalent properties)	61950.62			62734.60
Band D Charge £	£1,201.85			£1,240.90
%age Increase	0.00%			3.25%



**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.*

**Report of the Chief Finance officer and Divisional Director – Business Support:**

I have examined the budget proposals contained in this report, and believe that the spending, income and service delivery proposals are achievable in terms of the requirement to set a balanced budget for 2016/2017.

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 is for a one-year period only with further work required to develop a robust medium term financial plan.
- 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 currently produced monthly.
- Delivery of Strategic Review savings will be monitored regularly by the Strategic Management Team and the Cabinet.

- A specific process is being developed to support the identification and delivery of the proposed Management and Service Review Savings
- Provision for inflation and demographic changes continue to be challenging and 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.
- Retained local business rates have been budgeted at prudent levels allowing for anticipated appeals and collection risks.
- 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.

As part of the financial management and monitoring processes of the Council it will continue to be necessary to give a high priority to the monitoring and review of the savings delivery plans within each service area.

The significant commitment in the capital programme for 2016/2017 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 2016/17 recurring budget contains no reliance on the use of unearmarked reserves although some of these reserves (above a minimum level) will continue to be utilised on an Invest to Save basis under the parameters set out in Appendix 2.

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 2016/2017 with a minimum level of £6M, excluding earmarked reserves.

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

- Understand that this Budget proposal represents the first year of a challenging Spending Review period to 2019/20 and that detailed financial plans will need to be considered during 2016/17 to facilitate the delivery of balanced budgets in future financial years.
- 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 years 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 2015/16.

### 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.
- Member scrutiny of the Directorate Plans.

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 future financial planning period to reflect the challenging financial position of the public sector. This will include the on-going development of risk assessed budget monitoring and enhancements to processes for monitoring implementation and delivery of savings.

### **Robustness of Estimates**

The 2016/17 Budget and the supporting Directorate Plans continue to link financial resources to corporate priorities and risks. The delivery of the savings and income targets in the 2016/17 financial year remain challenging and have presented some complex and difficult choices for the Council:

- To realise ongoing efficiencies.
- To allocate appropriate financial resources to meet new obligations and increased demand.
- 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.
- To manage risks and impacts appropriately.

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
- National changes to taxation and employer costs
- Changing statutory service and operating requirements
- The on-going impact of welfare and benefits reforms
- 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 2016/17 Budget period will require the forecasts for future years to be reviewed in light of actual circumstances. This will be undertaken in the new financial year as part of the more detailed work required to prepare a new medium term financial plan covering the next 3 year period 2017/18 to 2019/20.

Given all these factors I, as the Council's Section 151 Officer, consider the estimates for 2016/17 to be sufficiently robust, and the reserves adequate, to be recommended for approval by the Council.

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 Divisional Directors 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 West of England Local Enterprise Partnership**

The Council acts as the Accountable Body for the West of England LEP for a range of capital and revenue funding streams to support infrastructure, skills and economic development across the sub-region.

In fulfilling this role, the Council acts as “agent” for the LEP with governance through a “one front door” process and approval of funding decisions made by the Strategic Leaders Board.

The Capital Programme does not include any projects for the WoE LEP unless they relate specifically to funding for capital schemes to be delivered directly by this Council following approval of the Strategic Leaders Board.

### **Estimated Available Revenue Reserves**

#### *Earmarked Revenue Reserves*

The Council's earmarked revenue reserves have been reviewed as part of the 2016/2017 Budget proposal and are generally committed either directly or as a contingency provision as set out in Appendix 2. 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 2.

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

	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Estimated Reserves @ 1st April each year</b>	<b>8,369</b>	<b>9,487</b>	<b>9,370</b>
2015/2016 Projected Overtturn Underspending	-	-	-
Projected Invest to Save Movements	+1,118	-117	-464
<b>Estimated Reserves @ 31st March each year</b>	<b>9,487</b>	<b>9,370</b>	<b>8,906</b>

**Assessment of Adequacy of Reserves**

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

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

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

The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In

addition, the other strategic, operational and financial risks taken into account when recommending the minimum level of unearmarked reserves include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Directors have been requested to be prudent in their assumptions and should have clear action plans to deliver such savings.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with certain emergencies over and above a threshold set by the Government.
- The extent to which the Council is dependent on traded income.
- The risk of major litigation, both current and in the future.
- Risks in the inter-relation between the Council and other partner authorities and organisations.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The need to retain a general contingency to provide for any unforeseen circumstances or emergencies, which may arise.
- The need to retain reserves for general day-to-day cash flow needs.

**The recommendations of the Council's s151 Officer are:**

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



Capital Programme - 2016/2017 - 2020/2021															APPENDIX 2 ANNEX 3
Project Title	PY Spend pre 2015/2016	Forecast Outturn 2015/2016	Actual / Projected Spend pre 2016/2017	Projected Re-phasing from 2015/2016 to 2016/2017 and Future Years	Budget Required 2016/2017	Total Budget 2016/2017	Total Budget 2017/2018	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Cost 5 Years	Total 5 Year Funding			Comments
												Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding	
PLACE	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Environmental Services</b>															
<b>Full Approval</b>															
Highways Maintenance Programme 16/17	0	0	0	0	3,645	3,645	0	0	0	0	3,645	3,645	0	3,645	Proposed for full approval
Transport Improvement Programme 16/17	0	0	0	0	1,890	1,890	0	0	0	0	1,890	1,890	0	1,890	Proposed for full approval
Kennet & Avon Tow Path & Cycle Parking	0	695	695	0	48	48	0	0	0	0	48	743	0	48	For Information - Prior Full approval
Saltford Station - reopening feasibility work	0	100	100	0	150	150	0	0	0	0	150	250	150	0	For Information - Prior Full approval
Street Lighting - LED Replacement Programme	0	0	0	0	2,140	2,140	894	0	0	0	3,034	3,034	3,034	0	Proposed for full approval
Parking - Vehicle Replacement Programme	0	15	15	0	0	0	85	0	0	0	85	100	85	0	For Information - Prior Full approval
Neighbourhoods - Bin and Bench Replacement	82	68	150	0	50	50	0	0	0	0	50	200	50	0	Proposed for full approval
Neighbourhoods - Vehicles	273	380	653	0	692	692	0	0	0	0	692	1,345	692	0	Proposed for full approval
Parks Vehicles	0	156	156	11	0	11	0	0	0	0	11	167	11	0	For Information - Prior Full approval
Allotments	51	10	61	40	0	40	0	0	0	0	40	101	40	0	For Information - Prior Full approval
Beechen Cliff Woodland & Other Open Spaces Improvements	312	58	370	0	40	40	40	50	0	0	130	500	130	0	For Information - Prior Full approval
Play Equipment	453	146	599	0	150	150	0	0	0	0	150	749	150	0	Proposed for full approval
Parade Gardens Infrastructure for Business Development	0	0	0	0	32	32	0	0	0	0	32	32	32	0	Proposed for full approval
Bath Leisure Centre Refurbishment	0	500	500	0	5,000	5,000	2,135	0	0	0	7,135	7,635	7,135	0	For Information - Prior Full approval
Leisure - Council Client / Contingency	0	350	350	0	1,000	1,000	650	0	0	0	1,650	2,000	1,650	0	For Information - Prior Full approval
Bath Recreation Ground Trust - Leisure	0	0	0	0	500	500	500	1,000	0	0	2,000	2,000	2,000	0	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>1,171</b>	<b>2,478</b>	<b>3,649</b>	<b>51</b>	<b>15,337</b>	<b>15,388</b>	<b>4,304</b>	<b>1,050</b>	<b>0</b>	<b>0</b>	<b>20,742</b>	<b>24,391</b>	<b>15,159</b>	<b>5,583</b>	
<b>Provisional Approval</b>															
Highways & Infrastructure Priority Capital Maintenance	0	0	0	0	500	500	0	0	0	0	500	500	500	0	For information - future years
Highways Maintenance Programme 17/18 onwards	0	0	0	0	0	0	3,352	3,034	3,034	0	9,420	9,420	0	9,420	For information - future years
Transport Improvement Programme 17/18 onwards	0	0	0	0	0	0	1,163	1,163	1,163	0	3,489	3,489	0	3,489	For information - future years
A36 Lower Bristol Road Bus Lane	0	250	250	0	250	250	1,000	1,500	0	0	2,750	3,000	2,750	0	Detailed project plan awaited
Bus Lane Camera Replacement	0	0	0	0	0	0	300	0	0	0	300	300	300	0	For information - future years
Great Western Mainline Electrification	0	500	500	0	1,000	1,000	0	0	0	0	1,000	1,500	700	300	Detailed project plan awaited
Park and Ride East of Bath - Site Dependent Costs	0	0	0	0	5,000	5,000	0	0	0	0	5,000	5,000	5,000	0	Detailed project plan awaited
Park and Ride East of Bath - Main Works	0	0	0	0	4,700	4,700	0	0	0	0	4,700	4,700	4,700	0	Detailed project plan awaited
Road Safety Initiatives	0	0	0	0	125	125	0	0	0	0	125	125	125	0	Detailed project plan awaited
Parking - Radio System Replacement	0	0	0	0	45	45	0	0	0	0	45	45	45	0	Detailed project plan awaited
Parking - Pay & Display Replacement Programme	0	0	0	0	50	50	350	0	0	0	400	400	400	0	Detailed project plan awaited
Parking - Enforcement Hand Held Computer Terminal Replacement	0	0	0	0	80	80	0	0	0	0	80	80	80	0	Detailed project plan awaited
Passenger Transport Vehicles	0	280	280	0	160	160	480	460	0	0	1,100	1,380	1,100	0	Detailed project plan awaited
Better Bus Fund	0	0	0	0	0	0	70	0	0	0	70	70	0	70	For information - future years
Transport Strategic Review Items	0	0	0	0	150	150	200	200	0	0	550	550	175	375	Detailed project plan awaited
Pay & Display Machines - New Coin Acceptance	0	0	0	0	100	100	0	0	0	0	100	100	100	0	Detailed project plan awaited
Waste Infrastructure & Service Works	0	0	0	0	3,620	3,620	18,838	3,999	130	266	26,853	26,853	26,853	0	Detailed project plan awaited
Neighbourhood Services - Vehicles	0	0	0	0	0	0	586	46	0	0	632	632	632	0	For information - future years
Office for Low Emission Vehicles (OLEV)	0	0	0	0	178	178	304	609	210	148	1,449	1,449	0	1,449	Detailed project plan awaited
Leisure facility modernisation - Keynsham Sports Centre	0	0	0	0	0	0	1,000	5,416	0	0	6,416	6,416	6,416	0	Detailed project plan awaited
Keynsham Leisure Centre - Land Assembly	0	0	0	0	2,500	2,500	0	0	0	0	2,500	2,500	2,500	0	Detailed project plan awaited
<b>Subtotal Provisional</b>	<b>0</b>	<b>1,030</b>	<b>1,030</b>	<b>0</b>	<b>18,458</b>	<b>18,458</b>	<b>27,643</b>	<b>16,427</b>	<b>4,537</b>	<b>414</b>	<b>67,479</b>	<b>68,509</b>	<b>52,376</b>	<b>15,103</b>	
<b>Sub Total - Environmental Services</b>	<b>1,171</b>	<b>3,508</b>	<b>4,679</b>	<b>51</b>	<b>33,795</b>	<b>33,846</b>	<b>31,947</b>	<b>17,477</b>	<b>4,537</b>	<b>414</b>	<b>88,221</b>	<b>92,900</b>	<b>67,535</b>	<b>20,686</b>	

Capital Programme - 2016/2017 - 2020/2021															APPENDIX 2 ANNEX 3
Project Title	PY Spend pre 2015/2016	Forecast Outturn 2015/2016	Actual / Projected Spend pre 2016/2017	Projected Re-phasing from 2015/2016 to 2016/2017 and Future Years	Budget Required 2016/2017	Total Budget 2016/2017	Total Budget 2017/2018	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Cost 5 Years	Total 5 Year Funding			Comments
												Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Community Regeneration</b>															
<b>Full Approval</b>															
Visitor & Till Management System	86	0	86	0	0	0	100	0	0	0	100	186	100	0	For Information - Prior Full approval
Roman Baths Development: East Baths Development	0	250	250	0	500	500	0	0	0	0	500	750	500	0	For Information - Prior Full approval
Heritage Infrastructure Development	802	100	902	0	100	100	0	0	0	0	100	1,002	100	0	Proposed for full approval
Roman Baths Archway Centre	0	0	0	0	0	0	3,732	1,585	0	0	5,317	5,317	1,000	4,317	Proposed for full approval
Disabled Facilities Grant 16/17	886	1,494	2,380	0	1,002	1,002	0	0	0	0	1,002	3,382	0	1,002	Proposed for full approval
Affordable Housing	311	894	1,205	407	0	407	0	0	0	0	407	1,612	407	0	For Information - Prior Full approval
BWR - Affordable Housing	5,671	779	6,450	0	450	450	0	0	0	0	450	6,900	-365	815	For Information - Prior Full approval
BWR - Infrastructure	4,767	1,046	5,813	1,687	0	1,687	0	0	0	0	1,687	7,500	1,687	0	For Information - Prior Full approval
BWR - Relocation of Gas Holders	1,365	874	2,239	1,861	0	1,861	0	0	0	0	1,861	4,100	0	1,861	For Information - Prior Full approval
BWRE/Green Park	0	1	1	149	0	149	0	0	0	0	149	150	149	0	For Information - Prior Full approval
Public Realm-Pattern Book	270	20	290	55	0	55	0	0	0	0	55	345	55	0	For Information - Prior Full approval
Public Realm-Team Costs	107	15	121	5	0	5	0	0	0	0	5	126	5	0	For Information - Prior Full approval
Public Realm - City Information Scheme	1,277	0	1,277	123	0	123	0	0	0	0	123	1,400	123	0	For Information - Prior Full approval
Enterprise Area - Flood Mitigation Phase 1	766	1,165	1,931	4,290	0	4,290	0	0	0	0	4,290	6,221	0	4,290	For Information - Prior Full approval
River Corridor & RoSPA safety works	298	350	648	171	0	171	0	0	0	0	171	819	171	0	For Information - Prior Full approval
Cattlemarket/Cornmarket	47	30	77	21	0	21	0	0	0	0	21	98	21	0	For Information - Prior Full approval
Digital B&NES	12	938	950	0	90	90	0	0	0	0	90	1,040	90	0	For Information - Prior Full approval
Somer Valley Business Centres	12	50	62	63	0	63	0	0	0	0	63	125	63	0	For Information - Prior Full approval
Radstock and Westfield Implementation Plan	0	15	15	85	0	85	0	0	0	0	85	100	85	0	For Information - Prior Full approval
Sawclose Development Works	0	80	80	20	0	20	0	0	0	0	20	100	20	0	For Information - Prior Full approval
South Road Car Park	0	-0	-0	155	0	155	0	0	0	0	155	155	155	0	For Information - Prior Full approval
Mayers Street	0	0	0	57	0	57	0	0	0	0	57	57	57	0	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>16,675</b>	<b>8,102</b>	<b>24,777</b>	<b>9,149</b>	<b>2,142</b>	<b>11,291</b>	<b>3,832</b>	<b>1,585</b>	<b>0</b>	<b>0</b>	<b>16,708</b>	<b>41,485</b>	<b>4,423</b>	<b>12,285</b>	
<b>Provisional Approval</b>															
Heritage Infrastructure Development 17/18 onwards	0	0	0	0	0	0	200	100	200	0	500	500	500	0	For information - future years
Heritage: Victoria Art Gallery Air Conditioning	0	0	0	0	150	150	0	0	0	0	150	150	150	0	Full approval sought through Heritage Business Plan, Cabinet Feb 2016
Disabled Facilities Grant 17/18 onwards	0	0	0	0	0	0	1,180	1,180	1,180	0	3,540	3,540	0	3,540	For information - future years
Affordable Housing	0	0	0	0	730	730	730	590	590	635	3,275	3,275	0	3,275	Detailed project plan awaited
Public Realm Improvements Programme	0	0	0	113	0	113	0	0	0	0	113	113	113	0	Detailed project plan awaited
Innovation Quay - EDF Enabling Infrastructure	0	0	0	3,100	10,500	13,600	7,500	4,000	0	0	25,100	25,100	25,100	0	Detailed project plan awaited
Somer Valley Business Centres	0	0	0	1,200	0	1,200	0	0	0	0	1,200	1,200	750	450	Detailed project plan awaited
Radstock and Westfield Implementation Plan	0	0	0	50	0	50	0	0	0	0	50	50	50	0	Detailed project plan awaited
Sawclose Pedestrian Highway Space	0	0	0	199	26	225	1,798	27	0	0	2,050	2,050	599	1,451	Detailed project plan awaited
Radstock Pedestrian Bridge	0	0	0	0	174	174	0	0	0	0	174	174	0	174	Detailed project plan awaited
River Corridor Fund	0	0	0	0	150	150	0	0	0	0	150	150	150	0	Detailed project plan awaited
Wayfinding and Public Realm Improvements	0	0	0	0	100	100	0	0	0	0	100	100	100	0	Detailed project plan awaited
Keysham Town Centre	0	0	0	0	200	200	0	0	0	0	200	200	200	0	Detailed project plan awaited
Digital B&NES	0	0	0	0	2,250	2,250	0	0	0	0	2,250	2,250	2,250	0	Detailed project plan awaited
Bath Quays Delivery	0	0	0	0	2,000	2,000	10,000	12,250	5,250	500	30,000	30,000	30,000	0	Detailed project plan awaited
Bath Quays Bridge & Linking Infrastructure	0	0	0	0	337	337	2,800	0	0	0	3,137	3,137	0	3,137	Detailed project plan awaited
<b>Subtotal Provisional</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,662</b>	<b>16,617</b>	<b>21,279</b>	<b>24,208</b>	<b>18,147</b>	<b>7,220</b>	<b>1,135</b>	<b>71,989</b>	<b>71,989</b>	<b>59,962</b>	<b>12,027</b>	
<b>Sub Total - Community Regeneration</b>	<b>16,675</b>	<b>8,102</b>	<b>24,777</b>	<b>13,811</b>	<b>18,759</b>	<b>32,570</b>	<b>28,040</b>	<b>19,732</b>	<b>7,220</b>	<b>1,135</b>	<b>88,697</b>	<b>113,474</b>	<b>64,385</b>	<b>24,312</b>	
<b>TOTAL PLACE</b>	<b>17,847</b>	<b>11,610</b>	<b>29,457</b>	<b>13,862</b>	<b>52,554</b>	<b>66,416</b>	<b>59,987</b>	<b>37,209</b>	<b>11,757</b>	<b>1,549</b>	<b>176,918</b>	<b>206,374</b>	<b>131,920</b>	<b>44,998</b>	

Capital Programme - 2016/2017 - 2020/2021															APPENDIX 2 ANNEX 3
Project Title	PY Spend pre 2015/2016	Forecast Outturn 2015/2016	Actual / Projected Spend pre 2016/2017	Projected Re-phasing from 2015/2016 to 2016/2017 and Future Years	Budget Required 2016/2017	Total Budget 2016/2017	Total Budget 2017/2018	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Cost 5 Years	Total 5 Year Funding			Comments
												Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>PEOPLE &amp; COMMUNITIES</b>															
<b>Adult Care</b>															
<b>Full Approval</b>															
Adult Social Care Database replacement	9	670	679	263	0	263	0	0	0	0	263	942	0	263	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>9</b>	<b>670</b>	<b>679</b>	<b>263</b>	<b>0</b>	<b>263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>942</b>	<b>0</b>	<b>263</b>	
<b>Provisional Approval</b>															
PSS Grant Unallocated	0	0	0	0	798	798	0	0	0	0	798	798	0	798	Detailed project plan awaited
<b>Subtotal Provisional</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>798</b>	<b>798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>798</b>	<b>798</b>	<b>0</b>	<b>798</b>	
<b>Sub Total - Adult Care</b>	<b>9</b>	<b>670</b>	<b>679</b>	<b>263</b>	<b>798</b>	<b>1,061</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,061</b>	<b>1,741</b>	<b>0</b>	<b>1,061</b>	
<b>Children and Young People</b>															
<b>Full Approval</b>															
Riverside Youth Hub Development	0	0	0	200	0	200	0	0	0	0	200	200	200	0	Proposed for full approval
Enisleigh - New Primary School	13	626	639	0	2,112	2,112	1,016	258	0	0	3,386	4,025	0	3,386	For Information - Prior Full approval
St Mary's Writhlington Replace Classrooms (BN)	1	113	115	0	340	340	360	0	0	0	700	815	0	700	Proposed for full approval
Farmborough Primary School (BN)	0	0	0	0	714	714	0	0	0	0	714	714	0	714	Proposed for full approval
Salford Primary School - (BN)	125	317	442	0	820	820	605	0	0	0	1,425	1,867	0	1,425	Proposed for full approval
Schools Capital Maintenance Programme	1,055	2,023	3,077	0	934	934	0	0	0	0	934	4,011	0	934	Proposed for full approval
Chandag Infants School Production Kitchen	61	29	90	0	170	170	0	0	0	0	170	260	0	170	Proposed for full approval
St Michaels Junior School Replace Temporary Building	0	0	0	0	285	285	0	0	0	0	285	285	0	285	Proposed for full approval
Schools Devolved Capital	305	1,630	1,935	0	328	328	0	0	0	0	328	2,263	0	328	Proposed for Full Approval – subject to confirmation of grant funding
Schools Energy Invest to Save Fund	60	500	560	230	0	230	0	0	0	0	230	790	0	230	For Information - Prior Full approval
Client Data System for Children's Social Services	56	557	613	87	0	87	0	0	0	0	87	700	0	87	For Information - Prior Full approval
Cash Primary School - Basic Need	475	42	517	283	444	727	0	0	0	0	727	1,244	0	727	For Information - Prior Full approval
Westfield Primary School - Basic Need	0	0	0	113	0	113	0	0	0	0	113	113	0	113	For Information - Prior Full approval
Paulton Junior School - Basic Need	4	124	129	1,209	400	1,609	65	0	0	0	1,674	1,803	0	1,674	For Information - Prior Full approval
Bishop Sutton Primary School - Basic Need	90	1,225	1,315	267	402	669	0	0	0	0	669	1,984	0	669	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>2,246</b>	<b>7,187</b>	<b>9,433</b>	<b>2,389</b>	<b>6,949</b>	<b>9,338</b>	<b>2,046</b>	<b>258</b>	<b>0</b>	<b>0</b>	<b>11,642</b>	<b>21,074</b>	<b>200</b>	<b>11,442</b>	
<b>Provisional Approval</b>															
Schools Capital Maintenance Grant Unallocated 15/16	0	382	382	567	0	567	0	0	0	0	567	949	0	567	Detailed project plan awaited
Schools Basic Need Grant Unallocated 15/16	0	0	0	1,822	0	1,822	0	0	0	0	1,822	1,823	0	1,822	Detailed project plan awaited
Children's Centre Capital Schemes	0	0	0	75	0	75	0	0	0	0	75	75	0	75	Detailed project plan awaited
Schools Basic Need Grant Unallocated 16/17	0	0	0	0	2,605	2,605	0	0	0	0	2,605	2,605	0	2,605	Detailed project plan awaited
Schools Capital Maintenance Grant 16/17	0	0	0	0	111	111	0	0	0	0	111	111	0	111	Detailed project plan awaited
Schools Basic Need Grant 17/18	0	0	0	0	0	0	3,039	0	0	0	3,039	3,039	0	3,039	For information - future years
<b>Subtotal Provisional</b>	<b>0</b>	<b>383</b>	<b>383</b>	<b>2,464</b>	<b>2,716</b>	<b>5,180</b>	<b>3,039</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,219</b>	<b>8,602</b>	<b>0</b>	<b>8,219</b>	
<b>Sub Total - Children's Services</b>	<b>2,246</b>	<b>7,569</b>	<b>9,815</b>	<b>4,853</b>	<b>9,665</b>	<b>14,518</b>	<b>5,085</b>	<b>258</b>	<b>0</b>	<b>0</b>	<b>19,861</b>	<b>29,676</b>	<b>200</b>	<b>19,661</b>	
<b>TOTAL PEOPLE &amp; COMMUNITIES</b>	<b>2,255</b>	<b>8,239</b>	<b>10,495</b>	<b>5,116</b>	<b>10,463</b>	<b>15,579</b>	<b>5,085</b>	<b>258</b>	<b>0</b>	<b>0</b>	<b>20,922</b>	<b>31,417</b>	<b>200</b>	<b>20,722</b>	

Capital Programme - 2016/2017 - 2020/2021															APPENDIX 2 ANNEX 3
Project Title	PY Spend pre 2015/2016	Forecast Outturn 2015/2016	Actual / Projected Spend pre 2016/2017	Projected Re-phasing from 2015/2016 to 2016/2017 and Future Years	Budget Required 2016/2017	Total Budget 2016/2017	Total Budget 2017/2018	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Cost 5 Years	Total 5 Year Funding			Comments
												Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>RESOURCES SERVICES</b>															
<b>Property</b>															
<b>Full Approval</b>															
Workplaces Programme Delivery	4,746	1,398	6,143	352	0	352	0	0	0	0	352	6,495	352	0	For Information - Prior Full approval
Keynsham Regeneration & New Build	29,511	2,831	32,341	1,472	0	1,472	0	0	0	0	1,472	33,813	1,472	0	For Information - Prior Full approval
Lewis House (Inc Comms Hub & OSS)	5,481	236	5,716	158	0	158	0	0	0	0	158	5,874	158	0	For Information - Prior Full approval
Corporate Estate Planned Maintenance	680	1,864	2,544	144	1,357	1,501	0	0	0	0	1,501	4,045	1,501	0	Proposed for full approval
Disposals Programme (Minor)	102	50	152	119	0	119	0	0	0	0	119	271	119	0	For Information - Prior Full approval
Grand Parade & Undercroft	410	100	510	4,780	0	4,780	0	0	0	0	4,780	5,290	4,780	0	For Information - Prior Full approval
Equality Act Works	285	1,037	1,322	0	100	100	0	0	0	0	100	1,422	100	0	Proposed for full approval
Roseberry Place	4	48	52	0	10	10	0	0	0	0	10	62	10	0	For Information - Prior Full approval
1 - 3 James Street West	31	126	157	0	15	15	0	0	0	0	15	172	15	0	For Information - Prior Full approval
Cleveland Pools	100	0	100	100	0	100	0	0	0	0	100	200	100	0	For Information - Prior Full approval
Acquisitions - Future Revenue Generation	0	654	654	5,882	0	5,882	0	0	0	0	5,882	6,536	5,882	0	For Information - Prior Full approval
Property Company Investment	0	0	0	0	4,893	4,893	3,500	6,023	5,394	190	20,000	20,000	20,000	0	Proposed for Full Approval per delegated process
<b>Subtotal Full</b>	<b>41,349</b>	<b>8,343</b>	<b>49,692</b>	<b>13,007</b>	<b>6,375</b>	<b>19,382</b>	<b>3,500</b>	<b>6,023</b>	<b>5,394</b>	<b>190</b>	<b>34,489</b>	<b>84,181</b>	<b>34,489</b>	<b>0</b>	
<b>Provisional Approval</b>															
Corporate Estate Planned Maintenance	0	0	0	0	0	0	1,357	1,357	1,357	0	4,071	4,071	4,071	0	For information - future years
Equality Act Works	0	0	0	0	0	0	100	100	100	0	300	300	300	0	For information - future years
Commercial Estate Investment	0	0	0	0	5,000	5,000	5,000	5,000	0	0	15,000	15,000	15,000	0	Business Case and detailed project plan required
Prior Services - Equipment Investment	0	0	0	0	300	300	0	0	0	0	300	300	300	0	Business Case and detailed project plan required
Disposals Programme (Minor)	0	0	0	0	100	100	100	100	100	0	400	400	400	0	For information - future years
<b>Subtotal Provisional</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,400</b>	<b>5,400</b>	<b>6,557</b>	<b>6,557</b>	<b>1,557</b>	<b>0</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>0</b>	
<b>Sub Total - Property</b>	<b>41,349</b>	<b>8,343</b>	<b>49,692</b>	<b>13,007</b>	<b>11,775</b>	<b>24,782</b>	<b>10,057</b>	<b>12,580</b>	<b>6,951</b>	<b>190</b>	<b>54,560</b>	<b>104,252</b>	<b>54,560</b>	<b>0</b>	
<b>Strategy &amp; Performance</b>															
<b>Full Approval</b>															
LAA Performance Reward Grant	237	0	237	171	0	171	0	0	0	0	171	408	0	171	For Information - Prior Full approval
Energy at Home	30	377	406	398	0	398	0	0	0	0	398	804	0	398	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>267</b>	<b>377</b>	<b>644</b>	<b>569</b>	<b>0</b>	<b>569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>569</b>	<b>1,212</b>	<b>0</b>	<b>569</b>	
<b>Provisional Approval</b>															
Green Investment & Job Opportunities Fund	0	0	0	500	0	500	0	0	0	0	500	500	500	0	Detailed project plan awaited
Energy Services Investment	0	0	0	0	750	750	750	750	750	0	3,000	3,000	3,000	0	Detailed project plan awaited
Children's Education Management System	0	0	0	750	0	750	0	0	0	0	750	750	750	0	Detailed project plan awaited
<b>Subtotal Provisional</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>750</b>	<b>2,000</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>0</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>	<b>0</b>	
<b>Sub Total - Strategy &amp; Performance</b>	<b>267</b>	<b>377</b>	<b>644</b>	<b>1,819</b>	<b>750</b>	<b>2,569</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>0</b>	<b>4,819</b>	<b>5,462</b>	<b>4,250</b>	<b>569</b>	
<b>Business Support</b>															
<b>Full Approval</b>															
Desktop As a Service - VDI Technology	717	124	841	142	0	142	90	135	0	0	367	1,207	367	0	For Information - Prior Full approval
Customer Services System	724	96	821	254	0	254	0	0	0	0	254	1,075	254	0	For Information - Prior Full approval
IT Asset Refresh (Servers and Network)	193	167	360	179	0	179	0	0	0	0	179	540	179	0	For Information - Prior Full approval
Windows 7 Upgrade	334	24	358	42	0	42	0	0	0	0	42	400	42	0	For Information - Prior Full approval
<b>Subtotal Full</b>	<b>1,968</b>	<b>412</b>	<b>2,379</b>	<b>618</b>	<b>0</b>	<b>618</b>	<b>90</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>843</b>	<b>3,222</b>	<b>843</b>	<b>0</b>	
<b>Provisional Approval</b>															
Agresso System Development & 5.6 Upgrade	0	20	20	65	0	65	58	0	0	0	123	143	123	0	Detailed project plan awaited
Communications Hub	0	0	0	0	156	156	20	0	0	0	176	176	100	76	Detailed project plan awaited
Civica Income Management System Developments	0	0	0	60	0	60	0	0	0	0	60	60	60	0	Detailed project plan awaited
<b>Subtotal Provisional</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>125</b>	<b>156</b>	<b>281</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>359</b>	<b>379</b>	<b>283</b>	<b>76</b>	
<b>Sub Total - Business Support</b>	<b>1,968</b>	<b>432</b>	<b>2,399</b>	<b>743</b>	<b>156</b>	<b>899</b>	<b>168</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>1,202</b>	<b>3,601</b>	<b>1,126</b>	<b>76</b>	
<b>TOTAL - RESOURCES</b>	<b>43,583</b>	<b>9,151</b>	<b>52,735</b>	<b>15,569</b>	<b>12,681</b>	<b>28,250</b>	<b>10,975</b>	<b>13,465</b>	<b>7,701</b>	<b>190</b>	<b>60,581</b>	<b>113,315</b>	<b>59,936</b>	<b>645</b>	
Corporate Capital Contingency	0	785	785	0	1,215	1,215	0	0	0	0	1,215	2,000	1,215	0	For Information - Prior Full approval
<b>GRAND TOTAL</b>	<b>63,685</b>	<b>29,786</b>	<b>93,471</b>	<b>34,547</b>	<b>76,913</b>	<b>111,460</b>	<b>76,047</b>	<b>50,932</b>	<b>19,458</b>	<b>1,739</b>	<b>259,636</b>	<b>353,107</b>	<b>193,271</b>	<b>66,365</b>	

## Highways Maintenance Capital Planned Maintenance Programme 2016/2017

Programme	Project	Value
<b><u>Street Lighting Programme</u></b>	Stirtingale Road, Bath	£11,500
	Ambleside Road, Bath	£10,350
	Elliston Drive, Bath	£6,900
	Bloomfield Drive, Bath	£18,400
	Somerdale Avenue, Bath	£10,350
	Weatherly Avenue, Bath	£5,100
	Bloomfield Rise, Bath	£10,350
	Audley Park Road, Bath	£16,100
	Sheridan Road, Bath	£18,400
	Garrick Road, Bath	£13,800
	Morris Lane, Bathford	£16,250
	Queens Road, Keynsham	£27,500
	Walnut Walk, Keynsham	£6,250
	Coronation Avenue, Keynsham	£15,000
	Claverton Road, Saltford	£8,750
	Tyning Road, Saltford	£7,500
	Trenchard Road, Saltford	£11,250
	St Johns Road, Timsbury	£11,250
	A362 Main Street, Farrington Gurney	£25,000
	Rotcombe Lane, High Littleton	£11,250
	Clapton Road, Midsomer Norton	£5,000
	Waterford Park, Westfield	£20,000
	Longfellow Road, Westfield	£13,750
<b>Sub Total</b>	<b>£300,000</b>	
<b><u>Highway Structures Programme</u></b>	Cleveland Bridge, Walcot - Feasibility & Design	£70,000
	Camden Crescent, Bath - Arch Repairs Phase 1 Construction	£175,000
	B3130 Belluton Narrows, Pensford - Bank Stabilisation Construction	£100,000
	Claverton Street Subway Improvement - Design & Construction	£225,000
	Structures Inspection Remedial Works Programme	£100,000
	Structures Assessment Programme	£75,000
<b>Sub Total</b>	<b>£745,000</b>	
<b><u>Highway Drainage Programme</u></b>	Moorledge Road, Chew Magna	£30,000
	Innox Lane, Upper Swainswick	£40,000
	West Harptree Phase 3	£30,000
<b>Sub Total</b>	<b>£100,000</b>	
<b><u>Carriageway Resurfacing &amp; Major Re-Construction</u></b>	A431 Newbridge Hill, Newbridge	£200,000
	Charlcombe Lane, Charlcombe	£75,000
	A39 Wells Road, Corston	£225,000
	A4 Upper Bristol Road, Bath	£250,000
	A367 Wells Road Phase 1, Westfield	£100,000
	A37 New Road & Publow Lane, Pensford	£200,000
	Queen Street, Bath	£50,000
	North Parade, Bath	£300,000
	Manvers Street, Bath - Feasibility/Design & Patching	£50,000
	<b>Sub Total</b>	<b>£1,450,000</b>
<b><u>Carriageway Surface Dressing</u></b>	A39 Wells Road, Corston	£56,066
	B3355 Paulton Road, Hallatrow	£27,987
	Claverton Down Road, Claverton	£47,717
	Stockwood Lane, Stockwood	£46,691
	Wilmington Hill, Newton St Loe	£12,139
	Colliers Lane, Newton St Loe	£34,400
<b>Sub Total</b>	<b>£225,000</b>	
<b><u>Carriageway Micro Asphalt Surfacing</u></b>	Eastover Grove, Odd Down	£5,505
	Vernham Grove, Odd Down	£13,142
	Odins Road, Odd Down	£8,879
	Shickle Grove, Odd Down	£8,124
	Wansdyke Road, Odd Down	£11,758

## Highways Maintenance Capital Planned Maintenance Programme 2016/2017

Programme	Project	Value
	Clare Gardens, Odd Down	£4,489
	Colbourne Road, Odd Down	£3,409
<b><u>Carriageway Micro Asphalt Surfacing (Cont.)</u></b>	Barrow Road, Odd Down	£7,072
	Green Park, Bath, Combe Down	£9,168
	Drake Avenue, Combe Down	£10,714
	Hadley Road, Combe Down	£4,750
	Trinity Road, Combe Down	£14,123
	Cleevedale Road, Combe Down	£4,905
	Tynning Road, Combe Down	£9,641
	Church Road, Combe Down	£26,714
	Lytton Grove, Keynsham	£7,693
	Turner Close, Keynsham	£3,289
	Hillside Road, Midsomer Norton	£3,564
	Hillside Crescent, Midsomer Norton	£12,118
	Hillside Avenue, Midsomer Norton	£22,557
	Elm Tree Ave, Radstock	£8,794
	Glebelands, Radstock	£17,856
	Eastover Road, High Littleton	£23,912
	Plumptre Road, Paulton	£16,042
	Southlands Drive, Timsbury	£15,238
	Main Street, Farrington Gurney	£25,972
	Richmond Road, Lansdown	£16,071
	Church Street, Pensford	£9,503
	<b>Sub Total</b>	<b>£325,000</b>
<b><u>Footway Programme</u></b>	Paving Programme	£100,000
	Asphalt Concrete Programme	£75,000
	Slurry Sealing Programme	£75,000
	<b>Sub Total</b>	<b>£250,000</b>
<b><u>Other Programmes</u></b>	Planned Patching Programme	£200,000
	Planned Road Marking Improvement Programme	£50,000
	<b>Sub Total</b>	<b>£250,000</b>
	<b>OVERALL 2016/17 TOTAL</b>	<b>£3,645,000</b>

<b>Transport Improvement Programme 2016/2017</b>
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Programme	Project	Value
<b><u>Local Safety Schemes</u></b>	Anti-Skid Surfacing	£10,000
	Accident investigation and prevention (AIP) & scheme design	£20,000
	Hinton Charterhouse - feasibility study	£5,000
	A37 Farrington Gurney - Speed limit and a vehicle activated sign	£23,000
	Bannerdown Road - Footway provision	£40,000
	Kilkenny Lane - 30 mph speed limit	£20,000
	Gloucester Road - 40 mph speed limit	£5,000
	Box Road, Bathford - 40 down to 30 mph and street lighting	£20,000
	Ubley Village safety improvements (106 funded)	£23,000
	Braysdown Lane & Crown Road Peasedown safety improvements	£4,000
	Marksbury Safety Improvements	£65,000
	Victoria Bridge TRO	£5,000
	<b>Sub Total</b>	<b>£240,000</b>
<b><u>Public Transport</u></b>	Improvements to bus stops	£10,000
	<b>Sub Total</b>	<b>£10,000</b>
<b><u>Managing Congestion</u></b>	A367 Odd Down Improvements	£30,000
	Two Headed Man junction assessment and ducting improvement	£15,000
	A368/A39 Marksbury Junction assessment	£8,000
	Review of Residents Parking Zones	£60,000
	Getting About Bath Pedestrian Improvements	£70,000
	Parking Schemes TRO	£45,000
	Peasedown junction upgrade (106 funded £15kc/o)	£30,000
	Hallatrow roundabout 106 Funded	£117,000
	Marlborough Buildings - Roundabout study	£10,000
	De cluttering and route review	£80,000
	A37 / Woollard Lane assessment (106 Funded)	£10,100
	<b>Sub Total</b>	<b>£475,100</b>
<b><u>Safer Routes to Schools</u></b>	Strategic Review Safe Routes to school	£75,000
	Lower Oldfield Park Haysfield School, Zebra crossing and pedestrian improvements	£35,000
<b><u>Cycle Schemes</u></b>	<b>Sub Total</b>	<b>£110,000</b>
	Cycle parking	£5,000
	<b>Sub Total</b>	<b>£5,000</b>
<b><u>Pedestrian Schemes</u></b>	Aids to mobility	£20,000
	Public Rights of Way	£70,000
	Shophouse Road - Central Island	£6,000
	Southdown Road - Pedestrian improvement	£10,000
	The Hill, Freshford footway - feasibility	£5,000
	Tunley Overdale - footway	£104,000
	Argyle Street footway works	£36,000
	Bathwick Street, Toucan crossing assessment	£5,000
	<b>Sub Total</b>	<b>£256,000</b>
<b><u>Traffic Management Schemes</u></b>	Widcombe Hill	£10,000
	Deadmill Lane	£10,000
	Greenway Lane Bath	£10,000
	Paulton Feasibility (106 funded)	£6,700
	Whiteway Road signing up grade	£7,000
	Keynsham Scheme Review	£25,000
	20 mph review Outside schools	£25,000
	Pensford A37	£20,000
	Churchill Gyrotory	£5,000
	Morris Lane	£5,000
	London Road	£5,000
	<b>Sub Total</b>	<b>£128,700</b>
<b><u>Miscellaneous</u></b>	JLTP Monitoring, Equipment and NHT survey	£35,000
	WoE Contribution	£15,000
	Programme Management	£50,000

<b>Transport Improvement Programme 2016/2017</b>
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Programme	Project	Value
	Stage 3/Safety Audit	£25,000
	<b>Sub Total</b>	<b>£125,000</b>
<b><u>Local Growth Fund Schemes</u></b>	Bus stop Lay by Windsor Bridge	£160,000
	Weston Village to City Centre Cycle improvements	£80,000
	Salford to Keynsham shared use path	£85,000
	Broadland school cycle link	£55,000
	Improvements to Salford Pedestrian Crossing	£45,000
	Bus shelter improvements 20a	£55,000
	<b>Sub Total</b>	<b>£480,000</b>
<b><u>Better Bus Area Fund Schemes</u></b>	Scheme Design Bus priority	£30,000
	A367 Odd Down	£30,000
	<b>Sub Total</b>	<b>£60,000</b>
	<b>OVERALL 2016/17 TOTAL</b>	<b>£1,889,800</b>



<b>Schools Capital Planned Maintenance Programme 2016/2017</b>
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School	Project	Value
St Michael's Junior School	The replacement of two poor condition Pratten buildings due to health and safety issues. Allocation is for removal of existing buildings, site works and providing a new 2 classrooms closer to the main school building.	£285,000
Chandag Infant School	Conversion from servery to provide a full production kitchen.	£170,000
	<b>Sub Total - Improvements (*)</b>	<b>£455,000</b>
Newbridge Primary	Phase 2 re-roofing works to main building	£65,000
Chandag Infant School	Replace old obsolete fan convactor heaters	£50,000
Chew Valley School	Replace high level warm air heating with high level gas heating in sports hall.	£50,000
Peasedown St John Primary School	Works to fire doors including overhaul of seals, replacement doors and appropriate signage	£45,000
Westfield Primary School	Replace remaining timber windows to classroom areas and external timber doors throughout	£40,000
St Martins Garden Primary School	Supply and fit 90ltr wall mounted domestic hot water heater to serve areas cut off from the main supply because of leaks	£23,000
Chandag Infant School	Upgrade main electrical incoming supplies to site	£12,000
Farnborough Primary School	Install emergency lighting and signage	£12,000
Chandag Infant School	Fire risk assessment and works to emergency lighting	£11,000
Castle Primary School	Replace obsolete control panels in Northwest plant room	£10,200
St Philips Primary	Replace domestic hot water heater and install anti scale device	£9,000
Ubley Primary School	Replace obsolete control panel and controllers for boiler	£6,600
	Fees	£50,070
	Contingency	£50,070
	<b>Sub Total - Specific Repairs</b>	<b>£433,940</b>
<b>Minor Works/DDA</b>	This budget will address smaller condition issues such as replacement heating controls and obsolete distribution boards as well as ad hoc condition and health and safety issues as they arise throughout the year. Additionally, the will contribute where the need for DDA adaptations arises at school sites.	<b>£250,000</b>
<b>Emergency Works</b>	A £250k emergency works budget is allocated to meet larger unforeseen issues as they occur throughout the year and is consistent with previous years plans.	<b>£250,000</b>
	<b>Overall SCPM Total</b>	<b>£1,388,940</b>

(\*) Proposed projects are in line with the intended purpose of DfE capital maintenance funding and are priorities to ensure schools remain open and operational, with statutory duties met and longer term strategic planning embedded

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## Corporate Estate Planned Maintenance Programme 2016/2017

Business Unit	Project	Value
Hollies MSN	Repair replace lead parapet gutter and repair outlets / hoppers to either end. Replace /Provide liquid plastic waterproofing to gutters	£69,602
Avon Street Car Park	Concrete Repairs	£46,400
Charlotte Street Car Park	Removal of car park attendants hut, Resurface main parking CP 2 in condition phases	£104,170
Brougham Hayes - Car park	Very Poor Condition - resurface required.	£51,042
Manvers Street Car park	Resurfacing	£58,000
Station Road Car Park	Demolition of shed	£4,060
Midland Road Depot	Block 7 - Concrete Floor repairs - £77,090.00	£178,640
	Sweeper Waste Bin - Refurbishment - £11,500.00	
	Adjacent block 7 - Resurfacing - £8,050.00	
Midland Road Civic Amenity Site	Reception Hall - Resurfacing of waiting area - £25,000.00	
	Lower Yard - Concrete Yard Resurfacing - £57,000.00	
Welton Transfer Station	Concrete Floor Resurfacing	£11,600
Parade Gardens	Full Refurbishment	£29,000
Hedgemoor Park	Boundary Wall rebuilding, Bandstand Refurbishment & Fountain	£64,960
RVP Park	Kemble Vase £5,00.00	£40,600
	Pond lining & Aerators £35,600.00	
Lansdown playing Fields (North)	Full Refurbishment	£174,000
Riverside Youth Hub	Resurfacing of external ball court	£20,700
Odd Down CC	Resurfacing of outdoor court	£8,932
Radstock YC	Upgrade to Kitchen facility, Youth have secured £10,000 from s.106 money to remove walls within the kitchen and make it more open plan, this R&M money is to be used for the upgrade of the kitchen itself.	£22,040
Fairfield House	Roofing works	£58,000
Haydon File Store	New intruder alarm	£4,566
Denmark Road - Parking Area	Rebuild of the face of wall.	£8,702
117 Newbridge Hill	Rewire property and upgrade WPD supply	£34,800
Various	Removal From Schools in order for them to have local controls of their heating	£29,000
Sydney Gardens	Tennis Court resurfacing & markings	£27,840
Abbey Chambers	External Refurbishment to windows/doors/roof & stone repairs	£29,000
12 Charlotte St	Replacement of Lantern lights	£14,268
Various	Subsequent works following Street Lighting Surveys - for street lights not on the adopted highway	£23,200
Laura Place Fountain	Cost to replace cable and associated trenching & refurbishment of stonework	£25,521
Haycombe Cemetery	Gravel Paths & Resurface of access roads to mess & stores block 002	£25,520

<b>Corporate Estate Planned Maintenance Programme 2016/2017</b>
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<b>Business Unit</b>	<b>Project</b>	<b>Value</b>
Bathwick Burial Ground (West Side)	Rebuild Various Boundary Walls	£23,201
St Mary the Virgin Burial Ground (East side)	Rebuild Various Boundary Walls, new handrails	£31,089
Abbey Bath - Closed Burial Ground	Evidence of infestation	£8,701
Harpree	Replace defective timbers & check structural integrity, Full refurbishment	£23,200
	Contingency	£106,646
<b>Total</b>		<b>£1,357,000</b>

<b>Equalities Act Works 2016/2017</b>
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<b>Business Unit</b>	<b>Project</b>	<b>Value</b>
Alexander Park	Equalities Audit & subsequent works	£2,530
Brassmill Lane	Equalities Audit & subsequent works	£2,530
Burnt House Road	Equalities Audit & subsequent works	£2,530
Calton Road	Equalities Audit & subsequent works	£2,530
Claverton Road (Saltford)	Equalities Audit & subsequent works	£2,530
Corston View	Equalities Audit & subsequent works	£2,530
Dorset Close	Equalities Audit & subsequent works	£2,530
Hedgemoad Park	Equalities Audit & subsequent works	£2,530
Hillcrest	Equalities Audit & subsequent works	£2,530
Innox Park	Equalities Audit & subsequent works	£2,530
Loxton Drive	Equalities Audit & subsequent works	£2,530
Moorfields (Sandpits)	Equalities Audit & subsequent works	£2,530
Moorlands (Rec)	Equalities Audit & subsequent works	£2,530
Mount Road	Equalities Audit & subsequent works	£2,530
Newbridge	Equalities Audit & subsequent works	£2,530
Parry Close	Equalities Audit & subsequent works	£2,530
Pennyquick	Equalities Audit & subsequent works	£2,530
RVP Park	Equalities Audit & subsequent works	£2,530
St Saviours	Equalities Audit & subsequent works	£2,530
Spencer Drive	Equalities Audit & subsequent works	£2,530
Sydney Gardens	Equalities Audit & subsequent works	£2,530
Widcombe	Equalities Audit & subsequent works	£2,530
Magdalene Gardens:	Equalities audit and then undertake required and reasonable works to the area.	£19,780
The Guildhall	Replacement hearing loop for equality compliance	£3,680
	Contingency	£20,880
<b>Total</b>		<b>£100,000</b>

### Council MRP Policy

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

For all Government Supported Borrowing

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

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

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

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

Where-

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

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

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

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

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

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

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

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

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## APPENDIX 3 – 2016/17 BUDGET – SAVING DETAILS

### PLACE

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Efficiency Savings</b>						
50	Repatriating DCLG Homelessness Prevention Fund	L	None	None	Some reduction in externally commissioned services, in part off-set by in-house initiatives.	None
25	In-house Improvement Agency	L	None	None	Increased use of internal resources to support DFG applications	None
35	Reducing Housing Renewal Budget	M	None	None	None - Proposal reflects demand seen in recent years.	None
23	Administration across Community Regeneration	L	1	None	Consolidation of administration support to service.	None
83	Street Lighting and LED replacement	L	None	Conversion of units to efficient LEDs & introduction of dimming technology.	Energy savings through more efficient lighting and more reliable lanterns.	Full business case in development.
11	Stop Printing & Posting Applications for Parish Consultations	L	Save 0.2 of a post	None	Less paper based working improves flexible working of the service.	Communication with Parishes and Town Councils required.
114	Public Transport Concessionary Fares – reduced journeys arising from national changes	L	None	None	None	None
16	Regularise year round opening hours for recycling centres	L	None	Sites will open Saturday 9am-3.45pm and 9am-1pm Sunday	Reduced recycling centre availability for residents.	None

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
10	Centralise Place Directorate business services (e.g. stationary budgets, room hire, hospitality)	L	None	None	Centralised ordering at individual service level to generate efficiencies.	None
20	Bring water monitoring in-house, now possible to do this work internally as expertise is available	M	None	None	None	Need to assess risk.
45	Joint working opportunities with NS in relation to Animal Health/Trading Standards / Food Safety	L	2	None	Reduced Services and response times	None
10	Recycle Street Sweepings by tendering new contract	L	None	None	None	None
610	Place - General	M	None	None	None	Based on the projected 2015/2016 Outturn Budget, a range of potential budget underspends and additional income has been identified. These have been incorporated generally into the budget position for 2016/2017.
934	Place – Management & Service Reviews	M	20-25 Existing HR policies to be used to design the reviews in service areas which have potential to save.	None	Management, staffing and efficiency review to further rationalise staff structures and maximise efficiencies.	Builds on recent efficiency reviews and restructures.  Will not be complete until mid-year so service impacts not fully assessed but aim is they will be minimised.  Necessitated by the adverse Government financial settlement.
<b>1,986</b>	<b>Sub Total – Efficiency Savings</b>					



16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Income Generating Opportunities</b>						
300	Visitor economy, markets, pop ups and events	L	None	None	Greater integrated working across the Council and partners, including development of an events strategy.	Full business case required.
100	Digital B&NES	L	None	Implement WIFI and upgrade fibre switches.	Improved district WIFI connectivity and service sustainability through income generation.	Full business case required.
7.5	Film Office Option	H	0	None	Improve service sustainability and commercial focus.	Full business case required.
350	Heritage Services business plan alignment	H	None	None	Alignment to approved business plan.	Business plan to be taken to February Cabinet.
7.5	Increase Home Search Marketing Fees	L	None	Website upgrade	Improve service sustainability.	Formal decision on charges required.
50	Increase income from weddings in parks	L	late/weekend working	Facilities improvements.	Improved promotion of open spaces and increased commercial focus in service.	Full business case required.
25	Know your Neighbourhood – Neighbourhood Planning Support.	L	N/A	None	Increased quality and support to Neighbourhood Plans would further enhance the relationships with communities and parishes.	None
13	Pre-App Review and Redesign	L	N/A	None	Improved efficiency and visibility of information, advice and planning submissions.	None

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
17	Know your Place – Training & Knowledge Provider	L	N/A	None	Raise the profile of the planning department expertise and knowledge and raise the profile of Bath as a centre for learning in town planning and architecture.	None
9	Building Control Working Initiative with N Somerset	L	None	None	Improve joint working arrangements.	None
30	Spring Water	L	None	None	Increased commercial focus.	None
37.5	Realign Parking charge streams for Season tickets, coning and outer Area Traders Fee with 10% increase for 2016/17.	L	None	None	Could result in less take up of season ticket use, however would expect that to be met by increase in day ticket use.	None
25	Academies to provide for School crossing Patrols to ensure they are self-funded by the end of 4 years in line with Government expectation for Schools to move to academies in that time.	L	None	None	Academies charged for services in line with current Council policy.	None
30	Commercialise GIS to take on external work	M	None	None	New external service provision.	Full business case required.
12	Bereavement Services income target increase	L	None	None	Reduced free provision of fresh flowers and greater sales.	None
<b>1013.5</b>	<b>Sub Total – Income Generating Opportunities</b>					
<b>Refinancing</b>						
<b>0</b>	<b>Sub Total – Refinancing</b>					
<b>Growth Avoidance</b>						
<b>0</b>	<b>Sub Total – Growth Avoidance</b>					

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Service Redesign</b>						
57	Arts Development	H	TBC	None	Greater focus on higher impact initiatives through the Cultural Investment Board, leveraging more investment into B&NES.	Links to creative strategy.
50	Events Grants	L	None	None	Focus on cross-working with partners to support events in alternative ways.	None
50	Bereavement Services - future operating model	L	TBC – subject to outcome of service review underway.	Facility improvements.	Improve service resilience.	Full business case required.
368	Transport – delivering differently	M	1 or 2 in Transport	Infrastructure improvements to facilitate delivery changes.	Service delivery model for areas within transport to be reviewed.	Full business case required.
<b>525</b>	<b>Sub Total – Service Redesign</b>					
<b>3,524.5</b>	<b>TOTAL SAVINGS</b>					

## PEOPLE & COMMUNITIES

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Efficiency Savings</b>						
450	Substance Misuse – commission a more time limited, focused service that concentrates on people with more complex needs and/or people eligible for a statutory service.	M	Indirect 10-15	None	<p>A more targeted service will mean reduced access to specialist substance misuse services for people with lower level, less complex needs. Every effort will be made to minimise the impact on these service users through continued investment in preventative and early- intervention services, including those funded from the Supporting People &amp; Communities programme.</p>	<p>The two providers, DHI and SDAS (part of AWP), are working closely with commissioning managers from the Council /CCG to help shape the service redesign to achieve savings with the least adverse impact possible through the following cost saving measures:</p> <ul style="list-style-type: none"> <li>• Co-location of services/offices</li> <li>• Reduction in tiers of management</li> <li>• Increases in community detox rather than residential rehabilitation (evidence suggests community detox, which is less costly, is likely to be more successful).</li> <li>• Greater emphasis on group/peer support sessions rather than 1-1</li> <li>• Ensuring smaller teams of staff have a greater skill mix</li> <li>• Increased use of/and links to mutual aid groups, peer mentors and volunteers.</li> </ul>
200	Sirona Care & Health Contract – ensure that adult social care services are as effective as possible and represent best value and are fit for the future.	M	Possible indirect – in Sirona	None	<p>There will be greater emphasis on evidence based prevention, early intervention and self-care. Practitioners will use their professional judgment to</p>	<p>The approach to delivering this saving is being formed by a review of adult services by an independent organisation, PeopleToo, which has considerable experience of</p>

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
					<p>balance the needs of individual people against what is both affordable and sustainable. This may mean, in some instances, that a more limited range of choices are available to an individual.</p> <p>A programme of training and development for practitioners and commissioners, which will enable them to put in place personalised services, based upon outcomes rather than “inputs” or “outputs” achieving both improved outcomes for individuals and, also, better value for money.</p> <p>The information available, including via the Council's website will be further enhanced to ensure that whenever possible and appropriate people can access information about services available without the need for a full assessment under the Care Act, thus reducing the numbers requiring assessments of need or finances.</p>	<p>working with commissioners and providers of integrated health and social care services to improve value. PeopleToo will assist both Sirona and commissioning staff with local analysis and learning from other areas.</p>

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
200	Sheltered Housing Support Service (Branded) – negotiation of revised specification to improve service user outcomes and secure better value for money	M	Possible indirect – in Curo	None	We will specify a more focused service with revised service user outcomes which may mean reduced access for some people. Those with higher levels of need will be able to access other services evidenced to be delivering good outcomes for older people (also funded by the Council) including the Independent Living Service, which is also provided by Curo.	This change to the specification for the service and reduced contract value has been informed by the findings of the most recent contract review and, also, from enhanced contract performance management arrangements put in place following the contract review, which have included an in-depth review of the outcomes being delivered to individuals receiving the service.
50	Sexual health portfolio – combination of negotiation of payment for, and some reduction in, service provision	L	Indirect – in provider organisations	None	Reduced availability of Chlamydia screening would not impact on a clinician's decision to offer a Chlamydia test when clinically necessary. Negotiating a reduced payment schedule to general practices, pharmacies and the Contraception and Sexual Health Service could result in some reduction in service delivery, although we will work to ensure that the population most at risk are protected. Ending public health funding to the HIV support service is likely to mean that the service will no longer be commissioned in BaNES. Some level of	Changes may have minor impact on the delivery of the public health/council's sexual health strategy and action plan. Potential reputational risk to Council as it had previously signed up to the national 'Halve it' campaign aimed at reducing the number of people diagnosed late with HIV.

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
					support for people affected by HIV will remain available through other routes.	
261	Health Improvement Programmes	M	Possible 6 or 7 and others in Sirona	None	<p>A more targeted stop smoking service will result in reduced capacity for direct work, and less provision of training and QA of services. Changes to Passport to Health are likely to result in increased overall volume but loss of Community Activator and group-based work. Other changes to physical activity resource will result in reduced activity in cycling development. Children's play services will be more targeted. "Feel Good Foods" work for adults with learning disabilities will end. School CPD training (teachers and school nurses) will end in 2017-18. There will be no further support re School Food Plans and the 'Eat out Eat well' scheme closed. A reduction in Health Development capacity will result in less training, awareness raising and campaigns</p>	

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
10	Prioritisation and efficiency within the public health intelligence work	L	None	None	Commissioning Support Unit intelligence capacity Minimal loss of access to data – can be mitigated.	Potential difficulties in accessing data which therefore need extra item or money spent on other routes.
524	People & Communities - Management & Service Review Savings	M	10-15 Existing HR policies to be used to design the reviews in service areas which have potential to save	none	Management, staffing and efficiency review to further rationalise staff structures and maximise efficiencies	Builds on recent efficiency reviews and restructures  Will not be complete until mid-year so service impacts not fully assessed but aim is they will be minimised  Necessitated by the adverse Government financial settlement
3	Remodelling of public mental health programme spend	L	None	None	None	No anticipated impacts.
<b>1,698</b>	<b>Sub Total – Efficiency Savings</b>					
<b>Income Generating Opportunities</b>						
<b>0</b>	<b>Sub Total – Income Generating Opportunities</b>					



16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Refinancing</b>						
<b>0</b>	<b>Sub Total – Refinancing</b>					
<b>Growth Avoidance</b>						
333	Adult Social Care Demographic Growth – Older People over 65	M	None	None	This saving will be achieved through a variety of measures aimed at managing the impact and demands arising from demographic change within all service user groups (mental health, older people, including those with mental health needs, people with physical disabilities, people, people with learning disabilities). Measures will include all those set out above under the Sirona specific saving. Additionally, fees will be restructured for care homes to better reflect complexity and acuity of individual need rather than notional 'service users groupings' such as "Older Person", "Adult with a Learning	As with the Sirona specific saving, the approach to delivering this saving is being formed by a review of adult services by an independent organisation, PeopleToo, which has considerable experience of working with commissioners and providers of integrated health and social care services to improve value. PeopleToo will assist both Sirona and commissioning staff with local analysis and learning from other areas.
190	Adult Social Care Demographic Growth – Mental Health over 65	M	None	None		
348	Adult Social Care Demographic Growth – Learning Disabilities	M	None	None		
75	Adult Social Care Demographic Growth – Mental Health Adults of Working Age	M	None	None		
46	Adult Social Care Demographic Growth – People with Physical Disabilities	M	None	None		
21	Adult Social Care Demographic Growth – Social Work & Safeguarding Activity (Sirona Contract)	M	None	None		

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>1,013 Sub Total – Growth Avoidance</b>						
<b>Service Redesign</b>						
50	Schools Capital Team technical funding change	L	None	None	Marginal restriction on capital available for school expansions	Recharge officer time against capital projects
29	Music Service remodelling	L	Small reduction in casual posts through natural wastage	None	Some changes to balance of one-to-one versus ensemble activities. Some increases in fees.	Remodelling of the way the music service operates to make it more self-sustaining and reduce reliance on Council revenue funding.
22	Health lives, healthy people: community small grants scheme	L	None	None	<b>Healthy lives, healthy people: community small grants scheme</b> Small impact on services as grants were very small and were never core funding.	
30	Reduction in funding for School Improvement	L	C0.5FTE	None	Loss of capacity/resources to support schools to improve.	Continued evolution of peer support between schools, support from Teaching School and academies sourcing support within multi-academy trusts.

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
100	Re-shape Family Information Service/combine with One Stop Shop delivery	M	c.5 FTE	None	Work across Directorates to combine services providing information for the public and re-shape how these are delivered including further 'channel-shift; to self-service. Specialist Family Information Service combined with One Stop Shop service. More information delivered through web-based/self-service channels and less by direct one-to-one contact.	Some impacts for general public, particularly new residents and those with life journey information needs.
<b>231</b>	<b>Sub Total – Service Redesign</b>					
<b>2,942</b>	<b>TOTAL SAVINGS</b>					

# RESOURCES

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Efficiency Savings</b>						
100	Property Services Staffing Review	L	2-3	None	Reduction in resources available for Capital projects but better integration Community Regeneration team	
100	Overhead charge to capital projects	M	None	None	None	None
50	Surplus Corporate Estate	H	None	Surplus property may be sold to the Property Company for redevelopment subject to Council approvals on a case by case basis	None as only surplus property will be considered	None
70	Payment By Results Project with Connecting Families	M	None	None	Better integration between benefits and connecting families teams and proactive approach to obtain DWP funding as the move to universal credits takes place	
280	IT Services – Core Efficiency Programme	M	1-3	None	Reflects final stages of staff restricting linked to more efficient insourced ICT service	

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
330	Resources- General	L	None	None	None	Based on the projected 2015/2016 Outturn Budget, a range of potential budget underspends and additional income has been identified. These have been incorporated generally into the budget position for 2016/2017.
25	Phasing out of Cheques & Cash Handling, working with One Stop Shops to facilitate the process	M	TBC – subject to service review	none	Savings in transaction costs as these forms of payment are actively discouraged	Exceptions will be made for Car parks and schools in 16/17.
705	Resources- Management & Service Reviews	M	15-20 Existing HR policies to be used to design the reviews in service areas which have potential to save	none	Management, staffing and efficiency review to further rationalise staff structures and maximise efficiencies	Builds on recent efficiency reviews and restructures  Will not be complete until mid-year so service impacts not fully assessed but aim is they will be minimised
75	Housing development company	M	Property Company to be supported by existing B&NES officers and external specialist resources. No new posts to be created.	Potential sale of surplus assets to the Property Company for redevelopment	The Property Company to deliver housing will also need to comply with Council policies for the creation of affordable homes arising from planning policy for new developments, and aspects of the company operations will need to be in partnership with expert agents and advisers.	Necessitated by the adverse Government financial settlement
<b>1,660</b>	<b>Sub Total – Efficiency Savings</b>					
<b>Income Generating Opportunities</b>						

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
250	Additional commercial estate investment	H	None	Requires additional capital funding for new acquisitions. All subject to detailed business cases and Council approvals	New high returning assets to be added to the commercial estate. Builds on recent more proactive approach	None
125	Commercial estate rent reviews	H	None	None	Reflects normal policy for reviews	None
50	Comms Hub/CCTV Income Generation	M	None	none	More proactive approach to income generation making most of the new facilities	
20	Internal Audit Partnership Development	L	None	none	Builds on new shared service arrangements	
<b>520</b>	<b>Sub Total – Income Generating Opportunities</b>					
<b>Refinancing</b>						
530	Refinancing workplaces "invest to save"	L	None		Simply involves using one off reserves to repay the invest to save element to enable the ongoing savings to take effect now	
<b>530</b>	<b>Sub Total – Refinancing</b>					
<b>Growth Avoidance</b>						
<b>0</b>	<b>Sub Total – Growth Avoidance</b>					
<b>Service Redesign</b>						
<b>0</b>	<b>Sub Total – Service Redesign</b>					
<b>2,710</b>	<b>TOTAL SAVINGS</b>					

# CORPORATE ITEMS

16/17 Saving £000	How to be achieved?	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery	Additional Info (incl PD&S Panel feedback)
<b>Efficiency Savings</b>						
0	<b>Sub Total – Efficiency Savings</b>					
<b>Income Generating Opportunities</b>						
1,490	New Homes Bonus increase	L	None	None	None	
1,490	<b>Sub Total – Income Generating Opportunities</b>					
<b>Refinancing</b>						
1,000	Service Supported Borrowing - Refinancing	M	None	None	None	To end the current service supported borrowing process and replace with Corporate Borrowing process linked to business case and bidding process. Removal and centralisation of appropriate Service Supported Borrowing budgets.
41	Parish Grants – Local Council Tax Support Scheme - Reductions	L	None	None	Reduced grants in line with reduced funding received by the Council	Approved at Council meeting on 17 <sup>th</sup> December 2015
1,041	<b>Sub Total – Refinancing</b>					
<b>Growth Avoidance</b>						
0	<b>Sub Total – Growth Avoidance</b>					
<b>Service Redesign</b>						
0	<b>Sub Total – Service Redesign</b>					
2,531	<b>TOTAL SAVINGS</b>					
11,708	<b>OVERALL SAVINGS</b>					





## 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 2016/17 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 for the Council meeting on 16th February 2016. 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. If a significant proposal is accepted on a vote at Council (from those proposals 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 25th February 2016.

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 2016/17. That budget will include within it the overall proposed Council cash limits for 2016/17 including the provision for inflation, the proposed use of balances in the 2016/17 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 2016/17 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 (25th February 2016), 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 25th February 2016 may also compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will also be delayed 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).

**Maria Lucas**

**Head of Legal & Democratic Services (Monitoring Officer)**

## Pay Policy Statement 2016 -17

### 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.
- 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 Local Government Transparency Code 2015 (February 2015)) 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. The policy will be reviewed, to reflect any statutory changes (particularly in relation to public sector severance payments), anticipated in the coming the year.
- 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 (see also annex 1) are:

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

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.

**‘Lowest paid employee’** refers to those employees in substantive full time employment at the lowest scale point of the Council’s published pay scale. See paragraph 8.1 below

## 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 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 being lodged by the Leader of the Council. The Council operates in accordance with The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 in respect of disciplinary action in respect 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, respond to situations where market forces dictate the necessity to apply supplements to established salaries.
  - ❖ To aim to retain a core set of benefits for all employees.

**Practice:**

**3.3 Basic pay is determined through**

- The job role and its accountability in the overall context of the Council's services and responsibilities using the HAY job evaluation process which is based on objective criteria and free from discriminatory bias.
- Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments including Chief Officers and their Deputies.
- The terms of the relevant national agreements on pay and conditions of service.
- The amount available for the pay review process is also impacted by what the Councils which are party to the national agreements can collectively afford.
- A comprehensive pay and grading structure has been adopted that positions the Council against median salary benchmarking compared to a national data base maintained by the Hay Group, is affordable and offers recruitment and retention incentive. This is kept under review *and is benchmarked* against similar posts in other authorities.
- 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 where applicable) takes place on 1<sup>st</sup> April of each year until the highest scp in the grade 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 (unless alternative implementation arrangements are specified in the agreement). Where the negotiations have not been concluded by 1<sup>st</sup> April, the increase will be paid at the earliest opportunity together with back pay from 1<sup>st</sup> April.

**3.6 Honoraria & other allowances**

- Work outside the scope of the post can be recognised by the award of an honorarium. The conditions and framework are set out in the 'Recognition for work outside the scope of the post' policy. Assessment and payment will be based on non - discriminatory, objective criteria.
- 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.
- The Council does not normally pay market supplements (i.e. a salary greater than the evaluated rate for the post to match salaries paid by other organisations). This arrangement is, however, kept under review in light of the prevailing market and issue of staff attraction and retention.

### 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. The Council will keep these provisions of its policy under review to ensure compliance with any legislative changes which come into force during the course of the year.

### 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 implemented the national 'single status' agreement in 2007. 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 and 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
- will publish pay equality data as statutorily required

## **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. 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 determined its policy in respect of discretionary provisions available within the relevant scheme in accordance with statutory requirements. This statement is available on the Avon Pension Fund Web site [www.avonpensionfund.org.uk/employers/discretionarypolicies](http://www.avonpensionfund.org.uk/employers/discretionarypolicies)
- 6.2 The Council has in place a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working shorter hours. The Council considers all proposals on their individual merits but would not take any action beyond that authorised by existing policy without reference to the appropriate Council decision making body.

## Senior pay

- 7.1 The remuneration of the Chief Executive and other senior management appointments in the Council (see Annex 1) is undertaken by external analysts using the Hay Job Evaluation process. Levels of pay have been market-related by being compared to a national data base maintained by the Hay Group of similar posts in a wide range of public and not for profit sector organisations. The pay structure for Chief Officers takes account of the clearly defined additional 'statutory responsibilities' (see section 2 above). Five pay bands will be available for the most senior officers as set out in the Annex 1.
- 7.2 Any increases in pay rates will normally 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.
- 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. 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 relocation allowances and expenses necessarily incurred in the performance of their duties. This provision is kept under review
- 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 is 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. This provision will be reviewed to comply with any legislative changes made during the coming year.
- 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 in 2016-17 will be determined subject to the outcome of national negotiations within the National Joint Council for Local Government Services taking account of UK rates published by the Living Wage Foundation and the National Living Wage.
- 8.2 The ratio between the highest paid salary and the median salary for the whole of the Council workforce (£21,530.00) is 1:7. It does not currently have a policy of maintaining or reaching a specific ratio of pay multiple between the Chief Executive and that of the median earner.

### **Publication**

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

### **Further information**

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



## SENIOR MANAGEMENT PAY &amp; GRADING

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
<b>CHIEF EXECUTIVE &amp; HEAD OF PAID SERVICE</b>		
<b>Band 1</b>	Fixed/Spot	<ul style="list-style-type: none"> <li>- A fixed salary within the range £145,000 to £155,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy</li> <li>- No variable element within the remuneration package.</li> <li>- All other conditions in accordance with overall Council pay policy.</li> </ul>
<b>STRATEGIC DIRECTORS</b>		
<b>Band 2</b>	Fixed/Spot	<ul style="list-style-type: none"> <li>• People &amp; Communities [statutory roles for Children's &amp; Adult Services] (PC)</li> <li>• Place (P)</li> <li>• Resources (R)</li> <li>- A fixed salary within the range £115,000 to £130,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy</li> <li>- No variable element within the remuneration package.</li> <li>- All other conditions in accordance with overall Council pay policy.</li> </ul>

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
<b>DIVISIONAL DIRECTORS/Heads of Service</b>		
<b>Band 4</b>	Minimum	£93,705
	Middle	£96,463
	Maximum	£99,220
<b>NHS</b>	Fixed	£90,263
<b>Band 5</b>	Minimum	£82,621
	Middle	£85,438
	Maximum	£88,198
<b>Band 6</b>	Minimum	£70,254
	Middle	£72,957
	Maximum	£75,657

## Notes:

- 'Band 3' is not currently in use
- 'NHS' relates only to the Public Health statutory transfer provisions

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## **Appendix 6**

# **Equality analysis on budget proposals, January 2016**

### **1. Introduction and legal background**

This appendix outlines how the impact(s) of the Council's budget proposals have been fully considered from an equalities perspective within the People & Communities Directorate Plan, the Place Directorate Plan and the Resources Directorate Plan. Budget proposals in each of the Directorates have been considered individually and alongside each other in order to identify and mitigate any unexpected or unintentional cumulative impacts.

The Equality Act 2010 makes it unlawful to discriminate against an individual because of certain personal characteristics ('protected characteristics'). The law also requires that equality issues are considered as part of decision making and where reductions or closures are proposed. In B&NES Council, proportionate 'equality analysis' is carried out to demonstrate that the Council is meeting its legal duties to pay 'due regard' to equality.

### **2. Actions so far**

Potential equality impacts were initially identified through templates where budget proposals from all three Directorates were set out. The initial proposals set the high level intentions, with the finer detail expected as the proposals developed. The initial proposals did identify if service redesign was proposed and, where enough data was available, the cumulative impact upon different groups. These templates were presented to Elected Members during September 2015, and requests for further working up of many of the proposals/ business ideas was requested.

Now that the above mentioned budget proposals have been worked up into more specific plans, detailed equality analysis has been carried out on the areas which are likely to have an impact upon customers and staff in respect of one or more protected characteristics. This includes likely adverse impacts (and associated mitigations where possible), and also positive impacts.

### **3. Directorate Proposals**

Across the Council, every attempt has been made to achieve efficiencies without service cuts or through disproportionate increases in charges. It should also be noted that the Council's Human Resources policies already ensure there is proper consultation and consideration of staffing matters and that employment-related equality issues are fully taken into account.

In the sections that follow, budget proposals from each of the three directorates are listed where equality analysis has been undertaken, with a summary of the key issues emerging.

#### **4. People & Communities Directorate - equality analysis**

Equality analysis has been undertaken on the following:

1. Adult Social Care Placements & Packages Inflation
2. Adult Social Care Social Work and Safeguarding Activity
3. Adult Social Care Older people over 65
4. Adult Social Care Mental Health Over 65
5. Adult Social Care Learning Disabilities
6. Adult Social Care SC People with Physical Disabilities
7. ASC Mental Health in Adults of Working Age
8. Sirona Care and Health Contract review
9. Sheltered Housing Support Service (Banded)
10. Substance Misuse provider organisations
11. Healthy Lives, Healthy People Community Grants Scheme
12. Health Improvement Programmes
13. Prioritisation and efficiency within the public health intelligence work
14. Sexual Health Portfolio
15. School Improvement redesign
16. Redesign of Family Information Service/One Stop Shop delivery
17. Schools Capital Team
18. The Music Service redesign

#### **5. Key issues emerging within People & Communities equality analysis**

##### **5.1 A focus on prevention**

a. Adult Social Care proposals include managing demands arising due to demographic change within Mental Health (adults of working age); Mental Health (over 65); older people over 65; People with learning disabilities; and people with physical disabilities. To achieve this there will be a greater emphasis on evidenced based prevention, early intervention and self-care. Practitioners will use their professional judgment to put in place personalised services, based upon outcomes rather than “inputs” or “outputs”. This will involve balancing the needs of individual people against what is both affordable and also sustainable. This may mean, in some instances, that a more limited range of choices are available to an individual, with adverse impacts for service users (older people, disabled people and carers). This could lead to increased challenge, including possible legal challenge.

##### **5.2 A new relationship with customers**

a. In respect of the **SEN Transport budget**, independent travel (with appropriate support) will be promoted where possible, with transport provided to meet the needs of those who are unable to travel independently. Parents and carers may be anxious that support they are currently receiving will simply be cut. This is not planned, and support will be reviewed and discussed fully with parents and carers, to ensure full

consideration of the family's needs are taken into account. This proposal aims to ensure the greatest amount of support is given to those who need it most. Specialist consultancy advice will help us to undertake wider consultation on this proposal, and will ensure that the needs of disabled young people and their parents/carers are taken into account (across all impairments whether these are physical, mental or sensory). Alternative options, such as mileage allowances for parents/carers or a move to community transport (where appropriate) may be more beneficial than current arrangements. Any new arrangements set up will need to be risk assessed in relation to road safety and also in relation to any other risk such as bullying.

### 5.3 An efficient business

a. Reviewing the **Sirona Care and Health Contract** will ensure that adult social care services are as effective as possible and represent best value and fit for the future. This approach will be informed by a review of adult social care services by an independent organisation PeopleToo, which has considerable experience of working with commissioners and providers of integrated health and social care services to improve value. PeopleToo will assist both Sirona and commissioning staff with learning from other areas on what works. This proposal is very closely linked to the Your Care, Your Way Community Services review and redesign.

b. The **Adult Social Care Placements and Packages inflation** proposal means that fees will be restructured for care homes to better reflect complexity and acuity of individual rather than notional 'service users groupings' such as "Older Person", "Adult with a Learning Disability". This move to a "banded" fee structure will more appropriately reflect individual need and the true cost of meeting those needs. There is a risk that providers might seek to reduce staffing costs by recruiting less experienced and/or trained/qualified staff, including from overseas, potentially with limited English, which could then result in a decline in service quality or safety. Close monitoring of care home quality and safety as part of existing quality assurance and safeguarding processes will mitigate this risk.

c. Reviewing the **Sheltered Housing Support Service (Banded)** contract will help to improve service user outcomes and secure better value for money. A more focused service with revised service user outcomes may mean reduced access to this service for some older people (the majority of users), and, possibly, a very small number of younger disabled people. However, this potential adverse impact will be mitigated by the following. Firstly, there is little evidence that service users are currently enjoying a benefit from receiving the service over and above that achieved by occupancy of sheltered housing. Secondly, the service will continue with a revised specification. Thirdly, those with higher levels of need will be able to access other services evidenced to be delivering good outcomes for older people (also funded by the Council), including the Independent Living Service.

d. **Substance Misuse** services will be redesigned through the commissioning of more time focused services that concentrate on people with more complex needs

and/or people eligible for a statutory service. Service users most likely to be affected include people with alcohol/drug addiction, those with lower level mental health need (i.e. those who do not currently meet the criteria for statutory services provision), carers, homeless people and young people). The two providers, DHI and SDAS (part of AWP) have been working closely with commissioning managers from the Council/CCG to help shape the service redesign with the least adverse impact possible through the following measures which include: co-location of services/offices; reduction in tiers of management; increases in community detox rather than residential rehabilitation (evidence suggests community detox, which is less costly, is likely to be more successful); greater emphasis on group/peer support sessions rather than 1-1; and ensuring smaller teams of staff have a greater skill mix.

e. There will be efficiencies within **public health intelligence work**. The contract with the Commissioning Support Unit will be ended. However, the majority of services will be provided by other contracts.

f. The proposal to reduce commissioned preventative services across a range of **public health improvement programmes** will have impacts across a number of protected characteristics. These programmes tend to target/be taken up by some of our most vulnerable communities, from our most deprived areas. There are attempts to target support to where it is needed most (for example, passport to health will be more targeted to benefit people in the most deprived wards and older people, along with promoting mental wellbeing; the smoking service will move towards a more targeted service focusing resources on those most in need). There are potential adverse impacts upon people with learning disabilities. For example, the '*Feel Good foods*' programme: given that people with Learning disabilities are at greater risk of becoming overweight/obese – (and there is a gap in current service provision for this group), this will need to be mitigated by being embedded into future specification for day services. There is also potential for reduction in cycling for disabled children and adults in relation to the Wheels for All funding. However, attempts are being made to set up an externally provided core service and to develop a sustainable future for the project. The PSHE training programme element may mean that young people have less awareness in relation to sexual health and drug taking – which could result in more young people presenting to sexual health and drug services. The significant reduction in the scope and scale of play services for children means that there will no longer be a universal offer, but instead will be available to a reduced number of targeted families. In mitigation, training on active play is being provided through the Director of Public Health Award.

g. **Sexual health preventative and treatment services** will be redesigned by ending contracts, reducing contract values and changing service specifications. This will have a number of impacts. The equality analysis that has been carried out so far has outlined the potential barriers that reconfiguring any service has upon hard to reach groups or groups that for any reason may find it harder to access centralised services. These considerations include additional impacts on women (because for women to have the same control over their fertility they need to have access to a

greater variety of contraception methods when compared to men). The withdrawal of some sexual health services may have a disproportionate impact on predominantly high frequency male users of the service (e.g. MSM). For some BME people, and for people from particular faith groups, there may be additional barriers if there is a move away from anonymous screening which may not be available through GP accessed services. It should be noted that B&NES LA has a legal mandate to commission comprehensive, open access, confidential sexual health services that are available to all people who are present in the area (whether resident in that area or not). Any reconfiguration of services will ensure this mandate is met. Once detailed proposals have been agreed with our service providers a fuller equality analysis can be undertaken.

h. Public Health has given Quartet notice of their intention to cease funding (£20K per annum) the **Healthy Lives, Healthy People's grant scheme**. The scheme awards small grants to community projects that aim to reduce health inequalities, improve health and mental wellbeing across B&NES and reduce loneliness and isolation. The scheme encourages applications from vulnerable groups including disabled people (particularly those with poor mental health, carers and Gypsy/ travellers. In mitigation of the loss of this scheme, grants available were small and time limited. Groups can still apply for Supporting Communities funds provided by the Council where these relate to mental health and directly to Quartet who are able to advice on alternative opportunities.

i. Redesigning services providing information for the public, specifically by **combining the specialist Family Information Service with the One Stop Shop** service may mean less opportunity for one-to-one contact between officers and customers – particularly parents and carers who currently access the FIS. However, this can be mitigated by having information available through web-based and other channels in line with Customer First principles and as part of a combined One Stop Shop.

j. The proposal to make changes to the **Schools Capital Team** will maximise the opportunities to charge the relevant costs of officer time within the team to specific capital projects, resulting in a saving of approximately £50,000 out of a budget of several million. Disabled access improvements will still be prioritised, even with slightly less in the budget.

k. The **Music Service redesign** proposal will involve a reorganisation in ways of working (including efficiencies in invoicing, and generating extra income from training staff in schools). There will also be an increase in fees, which may mean that some schools and lower income families may feel they can no longer afford music tuition. In mitigation, ensemble work/group lessons are cheaper to run, and could provide a more affordable option. Schools could also use pupil premium funds to support music lessons.

## 6. Place Directorate – Equality analysis

Equality analysis has been undertaken on the following:

1. Arts Development Grants reductions
2. Film Office review
3. Developing the Digital and WiFi network
4. Improving the visitor economy (markets/pop ups and events)
5. Homeless Prevention Fund (repatriation to support existing Housing services)
6. Homesearch scheme income fees and charges
7. Reducing the Housing Renewal budget
8. Disabled facilities grant service (bringing it in house)
9. Consolidation of administrative functions across Community Regeneration
10. Bath Quays Development
11. Passenger transportation Services review
12. Public Transport concessionary fares
13. SEN Home to school transport
14. School crossing patrols
15. Reviewing parking charges
16. Development of Parks as Wedding locations
17. Bereavement Services review
18. Bereavement Services income generation
19. Recycling Centres opening hours
20. Recycling street sweepings
21. Neighbourhood planning support
22. Ceasing printing and posting applications for parish consultations
23. Improved/increased pre application review service for Planning Services
24. Public Protection and Health Improvement Service redesign
25. Bringing water monitoring in-house
26. Centralising the Place Directorate business services

## 7. Key issues emerging within Place equality analysis

### 7.1 A strong economy and growth

a. **Bath Quays North development** is a flagship employment destination for Bath which will improve our economy, and bring employment opportunities and the potential for increased skills and salary levels – which will be of benefit to all economically active people locally. The project will involve improvements to the environment (e.g. improved disabled access to the river frontage through widened footways), and also improvements in terms of security and personal safety (through the Secure by Design standard and Park Mark).

There are a number of safety issues, particularly in relation to young adults and the student population, which are being considered as a central focus of this project due to the tragic river deaths in Bath over recent years. The design of play areas will need to take account of the proximity of the river and associated safety issues. In addition, vehicular and pedestrian ‘shared space’ is part of the design and there may be conflicts over potential barriers and access issues for people with visual



impairment. Consultation with local groups such as Deaf Plus Vision Plus will take place to ensure the use of appropriate materials and also that layouts are arranged to minimise risks. Where risks cannot be mitigated, there will always be the option to segregate vehicles and pedestrians.

b. The **reduction in Arts Grants** means that less applications will be successful. In mitigation, Bath and North East Somerset Council has developed a creative and cultural strategy with the arts and cultural community and established a Cultural Investment Board. These provide an opportunity for organisations to work together with major funders to deliver joint projects where appropriate. Whilst there are no specific equality implications within this proposal, it links to broader economic development strategies as the funding provided helps create and maintain a cultural and creative heritage locally.

## 7.2 A new relationship with customers and communities

a. The proposed changes to the **opening hours of our Recycling Centres** will ensure consistency throughout the year. Whilst there are potential impacts on age, disability and residents with particular working patterns, these impacts will be mitigated by the continuation of assisted collections and/or additional assistance at our recycling centres for disabled people, and a clear communication strategy regarding changes to opening hours to avoid unnecessary travel. There will need to be a clear and comprehensive communications plan once the decisions have been made. This will be available in a variety of formats to meet the needs of disabled people and those who have English as an additional language. We will continue to do targeted campaign work with the transient student population to ensure the services are publicised and understood

b. The **Strategic Transport Review** proposal (including Supported Buses and Community Transport) has the aim of meeting customer needs whilst making more use of community transport options to make the services more efficient. Even though only small numbers of people are likely to be affected in the event of a withdrawal of a Supported Bus service, it is acknowledged that there may be additional adverse impact upon disabled passengers, older passengers and young people.

c. In respect of the **SEN Transport budget**, independent travel (with appropriate support) will be promoted where possible, with transport provided to meet the needs of those who are unable to travel independently. Parents and carers may be anxious that support they are currently receiving will simply be cut. This is not planned, and support will be reviewed and discussed fully with parents and carers, to ensure full consideration of the family's needs are taken into account. This proposal aims to ensure the greatest amount of support is given to those who need it most. Specialist consultancy advice will help us to undertake wider consultation on this proposal, and will ensure that the needs of disabled young people and their parents/carers are taken into account (across all impairments whether these are physical, mental or sensory).

Alternative options, such as mileage allowances for parents/carers or a move to community transport (where appropriate) may be more beneficial than current arrangements. Any new arrangements set up will need to be risk assessed in relation to road safety and also in relation to any other risk such as bullying.

d. The proposal relating to the **provision of school crossing patrols** for Academies will have little or no impact should an Academy pay the Council to continue the service, or replace the Council provided crossing patrol with one of their own staff members (e.g. a caretaker). The Council can provide training and possibly some equipment to support this approach. Another possible mitigation could be for the Council to provide alternative infrastructure to provide schools with crossing facilities. Infrastructure improvements would benefit other users at all times of the day, particularly disabled people with mobility or sensory impairments. In addition, the Council's Educational Road Safety service could also help young people to manage road safety risks, and 'Safer Routes to School' and crossing infrastructure near schools could be prioritised in the highways capital programme. In taking forward this proposal, consideration will be given to the potential impacts upon the safety of children and young people, and the possible knock on effects of an increase in traffic congestion near schools (if parents/carers decide it is no longer safe for their child to walk to school).

e. Continued support for the **neighbourhood planning process** will help people in local communities to have more influence over their local surroundings. Plans will be focused on improvements and local development such as community buildings, community facilities and play areas. Officers can give advice throughout the plan making process on how to overcome physical barriers in relation to disabled access (e.g. lack of dropped curb provision, pavement widths, avoiding stepped access or offering alternative access) and also on other considerations relating to safety and security (such as street lighting and the layout of public spaces and squares).

f. Through improvements to the **pre-planning support process**, officers can ensure that full consideration is given to improving disabled access, and also consider issues relating to safety and security.

### **7.3 An efficient business**

a. The proposal to **cease printing and posting applications for parish consultations** will bring all of our processes into a fully digital consultation model. For many disabled people, the move towards electronic communication makes access to the planning process more accessible, as documentation can be accessed for a variety of places (home, libraries, Council offices). Some older people may be less used to electronic information. However, we can offer support with this, and can also make paper copies available on request if there is no other option available. As currently, officers can take extra time to explain planning documentation if needed. The Local Plan (or excerpts from it) can be made available in a variety of different formats on request.

- b. Allocating a proportion of the **DCLG Homelessness Prevention Fund** in a different way will have a limited impact for an external provider: a disproportionate number of service users are men, who may be impacted upon by this reduction in support. However it is anticipated that this limited shortfall will be met through their fundraising and charitable work. As a Council we still continue to run a range of services to this sector including the Homefinder's Scheme which provides financial assistance to our clients seeking private rented sector accommodation.
- c. The proposal in relation to **Disabled Facilities Grant** means that smaller scale jobs will be dealt with/administered in-house. This will increase continuity for clients and fits well with our 'One Stop Shop' model. Larger, more complex builds will still be dealt with by Care and Repair.
- d. As there has been a historic underspend, there are no anticipated adverse impacts from the proposal to **reduce the housing renewal budget** for loans provided for essential improvements for people on low income, older people, disabled people and otherwise vulnerable owner-occupiers.
- e. Plans to develop the visitor economy, through **markets and pop up events**, brings with it opportunities for a wide range of events (such as 'continental markets') that offer opportunities for a diverse range of products to meet diverse community/visitor interests. The experience gained from the running of the Bath Christmas Market will help to ensure that disabled access throughout B&NES during events will be maintained (e.g. not obstructing dropped curbs, ensuring hazards on pavements are kept to a minimum).
- f. The proposals to generate more income through the **Film Office** and through the development of **parks as wedding locations** will be undertaken in a way that ensures disabled access issues are considered. Clear and accessible information will need to be made available to the public about park spaces and venue accessibility. The Film Office will continue to use its existing experience and expertise to ensure that full consideration is given to issues of disabled access when filming is taking place.
- g. We will explore service delivery options for the Council's **Bereavement Services**, and this will involve a programme of consultation with service users as part of the decision making process. The review may bring increased training/development and career opportunities for staff, and any contracted services with external providers will meet the Council's equality standards. It is anticipated that we will be able to improve facilities for disabled service users with increased investment. Bereavement services have developed excellent practice in relation to meeting different cultural and faith requirements, and this will continue as part of any new arrangements.
- h. The **Public Protection and Health Improvement** proposal will involve the service redesign of a number of functions, some of which could include joint working with North Somerset Council. In any service redesign, we will continue to prioritise high risk businesses and activities along with our most vulnerable customers who are most in need. There will also be opportunities for us to develop a new relationship

with our customers through the increased use of technology where possible and to further develop business support in order to generate income.

i. The proposal to review **Parking charges** links to our Joint Local Transport Plan (two of the key aims of which are encouraging sustainable travel and easing congestion). There are no identified impacts relating to protected characteristics, but it is likely that if charges were to increase this could have a small impact upon people who are on a low income. However, in mitigation, there are options to pay for shorter duration season tickets (e.g. one month at a time) which still offer a discount on the standard daily charge.

## 8. Resources directorate - equality analysis

Equality analysis has been undertaken on the following:

1. Developing a new housing company
2. Energy initiatives
3. Welfare support and connecting families - payments by results (*pending*)
4. ICT resources/staffing structure
5. The phasing out of cash and cheque payments

## 9. Issues arising from Resources equality analysis

### 9.1 A focus on prevention

a. The proposal to develop a **local energy supply tariff** has the potential to reduce energy costs for everyone, and to get a better deal for those currently paying the highest costs who are on the lowest incomes. This proposal would specifically help people who are currently unable to access the lowest cost tariffs (as they are only available to people with direct debit payment facilities). Disabled people and older people are more likely to fall into the fuel poverty category, and would also therefore be likely to benefit from this proposal.

b. The energy services programme relating to **policy loan investments in renewable energy** or sustainable local energy infrastructure will not only meet various carbon reduction initiatives, but will also bring about local economic benefits and health and wellbeing improvements. It is expected that each project will benefit every community member, as they will contribute to making local communities more sustainable and resilient.

### 9.2 A new relationship with customers and communities

a. Aligning the **Welfare Support and Connecting Families** programme and developing payment by results for DWP support will bring with it wider community benefits, through the support offered to vulnerable families and individuals with complex needs. A 'payment by results' approach will enable the measurement of

tangible outcomes, including benefits to the family/individual, the community and public services. The anticipated benefits to the community include reductions in anti-social behaviour and crime, and the creation of stronger and more sustainable communities.

### **9.3 An efficient business**

a. The creation of a **new property company** to provide market rate housing to rent on council land, vacant accommodation above shops and housing returned to the Council via the housing transfer agreement with Curo, will enhance equality in respect of disabled access (as housing will be designed to comply with Equality Act requirements). The property company will also need to comply with the Council's policies for the creation of affordable homes.

b. The proposal to **reduce ICT staff resources** following the creation of new staffing structures will improve customer access to services (e.g. through more self-service options, speedier access and response times). This will be delivered by our increasingly 'digital' workforce, with different devices to enable more efficient working. As is the case at the moment, suppliers will be asked to find solutions on a case by case basis where there are particular disability access requirements for members of staff. Alternative options will be considered, depending upon the needs of individual staff members.

c. The **phasing out of cash and cheque payments** may have particular impacts upon some older people who are less familiar with, or have limited access to, web based payment options. Similarly there could be difficulties for some people on low incomes who do not have access to appropriate banking facilities to set up direct debits etc. To mitigate this, staff and partners in our One Stop Shops will provide additional support during the transition period to those customers facing difficulties in order to help them find workable solutions.

## **10. Cumulative impacts and recommendations**

The overarching themes contained within this report relate to the following five main areas:

**10.1 The need to consider cumulative impact.** A number of the proposals within the People & Communities Directorate Plan contain potential adverse impacts upon disabled people (e.g. health improvement programme proposals, Adult Social Care proposals, SEN transport proposals, Healthy Lives, Healthy People's grant scheme). These same proposals also contain potential adverse impact upon people who are on a low income, or who live in some of our most deprived communities. Whilst considerations of socio-economic status are not a requirement of the Equality Act public sector duty, the 'narrowing the gap' agenda remains a key focus for the Council and partners. Whilst there are a number of opportunities being taken to

advance equality for disabled people within the Place proposals (e.g. in relation to improved physical access), there is the potential for an increased/cumulative impact upon disabled people in relation to Supported buses and SEN transport. It will be important to ensure that these proposals are considered alongside each other as further details are developed (and within any consultation), in order to identify the specific details of cumulative impact upon some of our most vulnerable communities.

**10.2 Inclusive consultation.** Where consultation is arranged as part of taking any of these proposals forward, it is vital that a diverse range of people take part to ensure that any additional equality impacts are highlighted and addressed. A variety of methods should be used to access consultees, and the Equalities Team can advise on this and also on how to access participants from groups representing different equality strands. The [Independent Equalities Advisory Group](#) can also provide further guidance on likely impacts, and ways of mitigating these.

**10.3 Clear communication.** Wherever it is planned to introduce changes, it is important to ensure that the communication and publicity strategies are accessible to disabled people (i.e. those with visual impairments, or learning disabilities etc.) and also those for whom English is an additional language. The Council has commissioned Language Empire to assist with [Interpreting and Translation](#) where necessary.

**10.4 Workforce training and development.** A number of the proposals contained within this report hinge upon the ability of officers to recognise opportunities where it is possible to further advance equality (for example, to improve disabled access to facilities/services). It is also important that officers are aware of and sensitive to the particular needs of different groups of people. Equalities training is available as part of the Corporate Training offer, and bespoke training can also be arranged by the Council's Equalities Team.

**10.5 Commissioning specifications.** Where proposals include commissioning or recommissioning external providers, detailed equalities requirements should be built into contract specifications. This will ensure that best practice relating to equality in delivery of services is continued and improved upon when delivered by external partners.

## **11. Further information**

For further details of the equality analysis undertaken on these budget proposals please contact Louise Murphy, Corporate Equality Officer  
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