

Cabinet

Date: Wednesday, 27th June, 2018
Time: 4.00 pm
Venue: Council Chamber - Guildhall, Bath

Agenda

To: All Members of the Cabinet

Councillor Tim Warren (Leader of the Council and Conservative Group Leader), Councillor Charles Gerrish (Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset), Councillor Vic Pritchard (Cabinet Member for Adult Care, Health and Wellbeing), Councillor Paul Myers (Cabinet Member for Economic and Community Regeneration), Councillor Karen Warrington (Cabinet Member for Transformation and Customer Services), Councillor Paul May (Cabinet member for Children and Young People), Councillor Bob Goodman (Cabinet Member for Development and Neighbourhoods) and Councillor Mark Shelford (Cabinet Member for Transport and Environment, Conservative Deputy Group Leader Bath)

Chief Executive and other appropriate officers
Press and Public

The agenda is set out overleaf.



Jack Latkovic

Democratic Services

Lewis House, Manvers Street, Bath, BA1 1JG

Telephone: 01225 39 443501225 394452

Web-site - <http://www.bathnes.gov.uk>

E-mail: Democratic_Services@bathnes.gov.uk

NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

Paper copies are available for inspection at the **Public Access points:-** Reception: Civic Centre - Keynsham, Guildhall - Bath, The Hollies - Midsomer Norton. Bath Central and Midsomer Norton public libraries.

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **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 The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. They may also ask a question to which a written answer will be given. **Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.** Further details of the scheme:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

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

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Cabinet - Wednesday, 27th June, 2018

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 5 - 10)

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

9. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

This is a standard agenda item, to cover any reports originally placed on the Weekly

list for single Member decision making, which have subsequently been the subject of a Cabinet Member requisition to the full Cabinet, under the Council's procedural rules

10. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

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

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

A list of Cabinet Single Member decisions taken and published since the last Cabinet meeting to note (no debate).

12. REVENUE & CAPITAL OUTTURN 2017/18 (Pages 17 - 54)

The report presents the revenue and capital outturn for 2017/18, highlighting a net revenue over budget position of £1.255m after allowing for proposed carry forwards. The report refers to requests to carry forward specific revenue budget items to 2018/19 and to write-off revenue over budgets where recovery in future years would have an adverse impact on continuing service delivery. The report also refers to requests to re-phase specific capital budget items to 2018/19 and to remove net capital underspends.

13. TREASURY MANAGEMENT OUTTURN REPORT 2017/18 (Pages 55 - 72)

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 2017/18.

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

BATH AND NORTH EAST SOMERSET

CABINET

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

Wednesday, 11th April, 2018

Present:

Councillor Charles Gerrish	Cabinet Member for Finance and Efficiency, Conservative Deputy Group Leader North East Somerset
Councillor Vic Pritchard	Cabinet Member for Adult Care, Health and Wellbeing
Councillor Paul Myers	Cabinet Member for Economic and Community Regeneration
Councillor Karen Warrington	Cabinet Member for Transformation and Customer Services
Councillor Paul May	Cabinet member for Children and Young People
Councillor Bob Goodman	Cabinet Member for Development and Neighbourhoods
Councillor Mark Shelford	Cabinet Member for Transport and Environment

183 WELCOME AND INTRODUCTIONS

The Chair was taken by Councillor Charles Gerrish in the absence of Councillor Tim Warren who had sent his apologies for this meeting.

The Chair welcomed everyone to the meeting.

The Chair also thanked Strategic Directors Andrew Pate and Louise Fradd for their services to the Council and wished them all the best in future.

184 EMERGENCY EVACUATION PROCEDURE

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

185 APOLOGIES FOR ABSENCE

Councillor Tim Warren had sent his apologies for this meeting.

186 DECLARATIONS OF INTEREST

There were none.

187 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none. The Chair used this opportunity to inform the meeting that item 15 on the agenda (Devolution of the Adult Education Budget - Legislative Process) had been withdrawn and it would be considered under the Single Member Decision process. The advice from the Monitoring Officer was that the decision should be considered under Single Member powers to allow time for technical issues raised by

other WECA members, and Legal and S151 officers, to be resolved and included in the final report.

188 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 18 questions from Councillors and 4 questions from members of 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.]

189 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

David Redgewell read out a statement *[a copy has been placed on the Minute book and are available on the Council's website]* on the subject of bus strategies.

Rosemary Naish (on behalf of B&NES ALCA group) read out a statement *[a copy has been placed on the Minute book and are available on the Council's website]* where she endorsed the new Parish Charter.

Dianne Alecock read out a statement *[a copy has been placed on the Minute book and are available on the Council's website]* where she expressed her concerns with the leaves collection at Pennyquick Park.

Councillor Eleanor Jackson read out a statement *[a copy has been placed on the Minute book and are available on the Council's website]* where she asked the Cabinet to request termination of the Norton Radstock Regeneration Company.

190 MINUTES OF PREVIOUS CABINET MEETING

RESOLVED that the minutes of the meeting held on Wednesday 7th February 2018 be confirmed as a correct record and signed by the Chair.

191 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

192 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

193 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

194 PARISH CHARTER REVIEW

The Monitoring Officer informed the meeting that those Councillors present who were also Parish and Town Councillors did not need to declare an interest in this item as this was a matter of public record.

Councillor Neil Butters made an ad hoc statement by welcoming the report and asked the Cabinet to recognise importance of informing and training of all Council staff that would be in working closely with Town and Parish Councils. Councillor Butters also stressed the importance of cross-boundary work with neighbouring authorities.

Councillor Paul Myers introduced the report by thanking the Working Group of Parish representatives who had overseen the process of revising the Charter and the associated consultation. The Group had met regularly since November 2016 and invited Cabinet Members and senior officers to their meetings to discuss views and experiences. The adoption of the revised Parish Charter represents a significant milestone in the evolving relationship between Bath & North East Somerset Council and local Parish Councils. The Charter contained a series of core principles and commitments on both sides. The Charter set out additional useful information such as updated terms of reference for Parish Liaison and Parish Council functions and responsibilities. Alongside the Charter there was a 'Toolkit' designed to be a working document offering practical information on structures, protocols and standards. The Toolkit could be readily updated and changed and made available to other organisations including in non-parished areas. Councillor Myers also said that the Charter had been subject to extensive consultation, with 43 parishes out of 51 responding. The draft Charter was considered by the Communities, Transport and Environment Policy Development and Scrutiny Panel who recognised the importance of training and development to ensure that Council staff would have a good understanding of the Charter and the opportunities for partnership working with Parish Councils.

Councillor Paul Myers moved the recommendations.

Councillor Paul May seconded the motion by saying that since the Parish Charter was adopted in 1999, the context had changed significantly as a result of financial pressures but also due to new opportunities such as advances in digital technology and enhanced partnership arrangements. As a result, the Parish Charter had been revised and a new, draft Charter was now ready for adoption.

RESOLVED (unanimously) that the Cabinet agreed to:

2.1 Adopt the revised Parish Charter attached as Appendix 1 to the report, with the exception of the revised Terms of Reference for Parish Liaison which are for Council to determine.

2.2 Recommend that the Council's AGM in May endorse the Parish Charter and that it reviews and adopts the revised Terms of Reference for Parish Liaison set out in Appendix 1 of the Charter document.

2.3 Agree that the implementation of the Charter be reviewed and evaluated in the first year of its operation in order to make any further refinements required as part of the Council's Changing Together programme.

2.4 Acknowledge and thank the members of the Working Group for their contributions and the parish councils who responded to the consultation.

195 DETERMINATION OF THE STATUTORY NOTICE PROPOSING THE CLOSURE OF CAMERTON CHURCH SCHOOL

Councillor Paul May introduced this item by thanking the officers for the report. Councillor May also said that the Council had tried to keep the school open but pupil numbers had been falling for several years and for September 2017 only seven pupils in total were on roll. Despite the efforts of the Governing Body over the years to increase pupil numbers through publicity, open days, providing a pre-school nursery on site, working closely with other small schools and eventually becoming part of a federation of three schools, pupil numbers had gradually reduced. At this size, the Governing Body believed it would be extremely difficult to provide a rounded education that would meet the academic, social and emotional needs of the pupils at the school. As schools were funded on a per pupil basis, with such small numbers year on year, the budget to operate the school had continued to diminish. This made it very difficult to provide a rich and engaging curriculum and opportunities for pupils to achieve high standards in their learning and to develop social friendship groups. The Governing Body had therefore concluded that the school was no longer viable either educationally or financially and had taken the difficult decision to propose closing the school.

Councillor Paul May moved the recommendations.

Councillor Charles Gerrish seconded the motion by saying that the school could not operate economically and educationally and that the transport for the remaining seven children would be provided between home and allocated school at Shoscombe in line with the current Home to School Transport Policy.

RESOLVED (unanimously) that the Cabinet agreed with the closure of Camerton Church School on 31 August 2018.

196 PRIMARY AND SECONDARY SCHOOL ORGANISATION PLAN 2017 - 2021

Councillor Dine Romero made an ad-hoc statement where she expressed her concerns with the report; in particular that some longstanding issues in the South West of Bath were still not considered. Councillor Romero also said that only St Martins School would have an increase in places for children from the Foxhill regeneration development. Councillor Romero concluded her statement by expressing concern on the lack of secondary school places for children from South West of Bath due to the closure of BCA School and that some children would have to travel over 3 miles to get to allocated schools.

Councillor Paul Crossley made an ad-hoc statement and also expressed his concern with the report as he felt that the paper did not reference an increase of population in Bath and North East Somerset. Councillor Crossley felt that parents of children living in South West Bath were discriminated in relation to their choice of schools, especially those parents who were on lower income scale. Councillor Crossley

concluded his statement by asking the Cabinet to send this report back to officers for further work on these matters.

Councillor Tim Ball made an ad-hoc statement by expressing his concern that children from South West Bath, who were with special educational needs, would have to travel long distances to the school with SEN provision. Councillor Ball also asked the Cabinet to send this report back to officers for further work on these issues.

Councillor Will Sandry made an ad-hoc statement where he also expressed concern on the report. Councillor Sandry felt that it was not appropriate to put all of the children from South West of Bath in Bath schools since the BCA closure. Councillor Sandry also said that such move would affect children's travel and education.

Councillor Eleanor Jackson made an ad-hoc statement where she questioned estimated figures of new children arriving in Radstock and Westfield area as a result of new housing provision on previous railway land. Councillor Jackson also expressed her concern that academies would not take as many children as expected.

Councillor Paul May introduced the report by saying that this report had been seen by the Children and Young People PDS Panel before coming to the Cabinet, with the reflection on a need to sufficient school places in Bath and North East Somerset. Councillor May responded to concerns raised at the meeting in terms of placement of children from South West Bath into St Marks School by saying that the school was a good school with a provision of good and quality education. Councillor May also said that should future proposed new housing development identified in the Local Plan in a particular area be projected to result in a shortfall of primary school places, the Authority would apply CIL funding or seek S106 Developer Contributions to provide additional school places. These places would likely to be delivered via the expansion of existing schools, with the exception of proposed new housing in Keynsham and Whitchurch, where whole new schools would be required. In those areas where options for delivery of additional places via the expansion of existing schools were limited because the schools cannot be expanded as the sites they occupy were not large enough, any future housing allocation in these areas would require whole new schools to be provided.

Councillor Paul May moved the recommendations.

Councillor Charles Gerrish seconded the motion by saying that he had understood concerns raised at this meeting, however the design and specification of schools was responsibility of the Department of Education and not the Council. Nevertheless, Councillor Gerrish welcomed the report and added that officers would continue to work closely with colleagues in Planning Policy to ensure that any land requirements for school expansions or the provision of new schools were reflected in the emerging Local Plan.

RESOLVED (unanimously) that the Cabinet agreed:

2.1 Approve the proposed strategy for the provision of school places within the 2017 – 2021 plan period.

2.2 Approve the proposed strategy for the provision of school places over the longer term within the Core Strategy period and agree the emerging approach for the Local Plan period.

The meeting ended at 5.15 pm

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

Bath & North East Somerset Council

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

published 30-Mar-2018 to 18-Jun-2018

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>

Neighbourhood CIL for Bath - Approval of the second round of project recommendations

The Bath City Forum is requesting approval for six projects it wishes to fund through the neighbourhood portion of CIL for Bath.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 14/06/2018

Effective from: 22/06/2018

Decision:

The Cabinet Member agrees that funding be provided from Neighbourhood CIL Project Funding for Bath:

- To agree a £5,000 allocation from the Bath CIL neighbourhood portion for application BA-001, a contribution to the road safety speed sign situated at junction of Claverton Down Road and Oakley.
- To agree a £4,200 allocation from the Bath CIL neighbourhood portion for application BA-028, a contribution to vehicle access improvements to the entrance of Brickfields, Shophouse Road.
- To agree a £43,200 allocation from the Bath CIL neighbourhood allocation for application BA-029, for the provision of connecting access paths in Alice Park.
- To agree a £28,500 allocation from the Bath CIL neighbourhood portion for application BA-033, a contribution to the purchase of a Community Workboat for the Bath area.

Lead officer: Mark Hayward

Devolution of the Adult Education Budget - Legislative Process

B&NES is requested to give consent to the Statutory Order for Adult Skills, prepared DfE, passing statutory duties regarding the provision of adult education currently held by the Secretary of State for Education to WECA.

Decision Maker: Cabinet Member - Children and Young People

Decision published: 15/05/2018

Effective from: 23/05/2018

Decision:

The Cabinet Member agrees that:

1. Consent be given to The West of England Combined Authority (Adult Education Functions) Order 2018.
2. That the Chief Executive, Bath and North East Somerset Council, has authority to confirm the final form of the West of England Combined Authority (Adult Education Functions) Order 2018 on behalf of the Council and to provide written confirmation to the Secretary of State consenting to the making of the West of England Combined Authority (Adult Education Functions) Order 2018

Lead officer: Benjamin Woods

Bath & Somer Valley Enterprise Zone Provisional Capital Item

Transfer of the £100K provisional capital item to the approved Capital Programme to be matched with £300K of WECA & Section 106 funding to prepare a Business Case for a comprehensive improvement scheme for the A362.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 03/05/2018

Effective from: 12/05/2018

Decision:

The Cabinet Members agree:

To approve the full provisional capital item for the Bath & Somer Valley Enterprise Zone, which is included in the Council's capital programme, to enable a comprehensive Business Case to be prepared for improvements to the A362 including EZ site access.

Lead officer: John Cox

School Term and Holiday Dates 2019-20

To agree the school term and holiday dates for the 2019-20 academic year.

Decision Maker: Cabinet Member - Children and Young People

Decision published: 30/04/2018

Effective from: 09/05/2018

Decision:

The Cabinet Member agrees:

- 1) To note that Academies, Foundation, Free Schools and Voluntary Aided Schools have the power to determine their own term and holiday dates.

2) In order to maximise consistency of dates for the benefit of children and their parents, to recommend to all schools the Council's preferred calendar of School Term and Holiday dates for the academic year 2018-19 based on a 195 day calendar, as set out in Appendix A.

Lead officer: Kevin Amos

Chew Valley Recreational Trail

Approval of £50,000 identified in the B&NES Infrastructure Delivery Plan to enable the Council to submit an application for a 100% grant from the Rural Tourism Infrastructure fund for the construction of the Chew Valley Recreational Trail.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 26/04/2018

Effective from: 04/05/2018

Decision:

The Cabinet Members agree:

The approval of £50,000 for the development of this project to enable the Council to submit a funding application to the RDPE Rural Tourism Infrastructure fund.

The approval of this funding from the £180,000 provisional capital programme entry for 'Highways Schemes (CIL)', for use on the Chew Valley Recreational Trail scheme in the 2018/19 capital programme.

Lead officer: Alison Sherwin

Sustainable Construction Check List Supplementary Planning Document

This report proposes the preparation of a Sustainable Construction Check List Supplementary Planning Document.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 18/04/2018

Effective from: 26/04/2018

Decision:

The Cabinet Member agrees that the Council should consult on the Sustainable Construction Checklist Supplementary Planning Document.

Lead officer: Simon De Beer

West of England Combined Authority (Business Rate Supplements Functions) Order 2018

To give consent to the West of England Combined Authority (Business Rate Supplements Functions) Order 2018 – in principle.

Decision Maker: Leader of the Council

Decision published: 16/04/2018

Effective from: 24/04/2018

Decision:

The Cabinet Member agrees to:

(i) Give consent to the West of England Combined Authority (Business Rate Supplements Functions) Order 2018.

(ii) Delegate to the Chief Executive, authority to make all related decisions and provide written authority to the Secretary of State of consent to the West of England Combined Authority (Business Rate Supplements Functions) Order 2018.

Lead officer: Gary Adams

Bath neighbourhood portion of the Community Infrastructure Levy (CIL): recommendations from Bath City Forum

The Bath City Forum is requesting approval for the first four projects which it wishes to fund through the neighbourhood portion of CIL for Bath.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 16/04/2018

Effective from: 24/04/2018

Decision:

The Cabinet Member agrees that funding be provided from Neighbourhood CIL Project Funding for Bath:

- To agree a £70,000 allocation from the Bath CIL neighbourhood portion for application BA-008, a contribution to the road junction situated at Marlborough Buildings and Julian Road.
- To agree a £7,500 allocation from the Bath CIL neighbourhood portion for application BA-026, a contribution to the Bath Festival of Nature 2018.
- To agree a £25,000 allocation from the Bath CIL neighbourhood allocation for application BA-025, a contribution for restoration works at the Free Fields Site in Foxhill.
- To agree a £3,500 allocation from the Bath CIL neighbourhood portion for application BA-027, a contribution to the Bathscape Walking Festival 2018.

Lead officer: Mark Hayward

Keynsham Community Energy Cooperation Agreement

To enter into a Cooperation Agreement with Keynsham Community Energy (KCE). KCE is a not for profit social enterprise which develops renewable energy and energy efficiency projects in the Keynsham area. KCE is set up to retain the economic benefits of renewable energy in the local area through a community fund and involving local residents in energy projects through local share offers. KCE's projects will help Council to meet its climate change and energy security aims. Since

2011 the Council has had a Cooperation Agreement with Bath& West Community Energy (BWCE) which will be used as a template for the Agreement with KCE.

Decision Maker: Cabinet Member - Transport and Environment

Decision published: 10/04/2018

Effective from: 18/04/2018

Decision:

The Cabinet Member agrees that the Council should enter into a Cooperation Agreement with KCE for five years, from 2017 to 2022.

Lead officer: Sara Grimes

Voluntary Sector funding applications for community transport 2018-19

To consider applications for grants to provide community transport services in 2018-19

Decision Maker: Cabinet Member - Transport and Environment

Decision published: 06/04/2018

Effective from: 14/04/2018

Decision:

The Cabinet Member agrees that, under authority delegated by the West of England Combined Authority (WECA), the funding proposals in Appendix 2 to the Report be approved and implemented.

Lead officer: Andy Strong

Go Ultra Low West (GULW) OLEV Fleet Electrification

Approve the secured funding for the period of the GULW project to March 2021 which will support the conversion of Council fleet vehicles to Ultra Low Emission Vehicles.

Decision Maker: Leader of the Council

Decision published: 05/04/2018

Effective from: 13/04/2018

Decision:

The Cabinet Member agrees that Option 1 the preferred option is approved and adopted. The Option one was to:

Approve expenditure using the fully secured GULW funding of £136k for the period of the project to March 2021 which will enable the conversion of up to 17 of the Council's fleet to ULEVs. As the appropriate capital schemes come forward for approval this funding will be transferred to those programme items.

Lead officer: Jessica Fox-Taylor

Go Ultra Low West Charging Hub, Last Mile Delivery, Electric Cycle Hire & Business Charge Points

Approve the secured funding for the period of the project to March 2021 enabling implementation of the above work packages.

Decision Maker: Leader of the Council

Decision published: 05/04/2018

Effective from: 13/04/2018

Decision:

The Cabinet Member agrees that Option 1 the preferred option is approved and adopted. This covers the following:-

Approve the fully secured GULW funding of £776,158 for the period of the project to March 2021 which will enable the above work packages to be implemented. The GULW Office of Low Emission Vehicles (OLEV) scheme is a provisionally approved item on the 2017/18 capital programme.

Lead officer: Jessica Fox-Taylor

National Air Quality Plan- approval of a Strategic Outline Business Case

The approval of a Strategic Outline Business Case which will agree the options for further assessment, as part of compliance with the National Air Quality Plan.

Decision Maker: Cabinet Member - Transport and Environment

Decision published: 03/04/2018

Effective from: 28/03/2018

Decision:

The Cabinet Members agree that:

- The packages of measures proposed in the Strategic Outline Business Case which is appended to this decision will be subject to further modelling, assessment and public engagement
- Any minor amendments to the Strategic Outline Business Case suggested by the review by the Joint Air Quality Unit can be actioned by the Strategic Director for Place in conjunction with Cabinet Members.

Lead officer: Cathryn Brown

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	27 June 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3069
TITLE:	Revenue & Capital Outturn 2017/18	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: Detailed Revenue Budget Outturn Appendices 2(i) & 2(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2017/18 Appendix 3: Detailed Capital Variance & Rephasing Requests 2017/18 Appendices 4(i) & 4(ii): Capital Virements & Capital Programme by Portfolio 2017/18		

1. THE ISSUE

- 1.1 The report presents the revenue and capital outturn for 2017/18, highlighting a net revenue over budget position of £1.255m after allowing for proposed carry forwards. The position has vastly improved through the management actions that were agreed and implemented earlier in the financial year. The improvement has continued since the last report, which forecast an over budget position of £3.396m based on monitoring for the year to December 2017, mainly due to lower cost of Children's placements and improved income in Adult Social Care.
- 1.2 The report refers to requests to carry forward specific revenue budget items to 2018/19 and to write-off revenue over budgets where recovery in future years would have an adverse impact on continuing service delivery. Budgets were also rebased for 2018/19 to realign them. It is proposed that the over budget position is funded by appropriate drawdowns from the mitigations set aside earlier in the financial year that were held as contingency against in year spending pressures. This includes the use of the specific transitional grant funding provided by the government and set aside by the Council at the start of the financial year.
- 1.3 The report also refers to requests to re-phase specific capital budget items to 2018/19 and to remove net capital underspends.

2. RECOMMENDATION

The Cabinet:

- 2.1 Notes the revenue budget outturn over budget of £1.255m (including carry forwards) for 2017/18 and the funding mitigations used;

- 2.2 Approves the carry forward requests outlined in paragraphs 5.5;
- 2.3 Approves that all over budgets are written-off as an exception to the Budget Management Rules for 2017/18.
- 2.4 Notes the revenue virements for 2017/18 reported for information in Appendix 2(i)
- 2.5 Notes the reserve positions and the use of flexible capital receipts shown in paragraphs 5.15-5.17;
- 2.6 Notes the outturn position of the 2017/18 capital programme in paragraph 5.23, and the funding outlined in paragraph 5.25;
- 2.7 Notes the further use of CIL funding in 2017/18 outlined in paragraph 5.26;
- 2.8 Approves the capital rephasing and write-off of net underspends as listed in Appendix 3. This reflects the outturn spend position on projects against final budgets as detailed in Appendix 4(ii).

3. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 These are contained throughout the report and appendices.

4. STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The annual Medium Term Financial Strategy and planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council has performed against the budget and Capital Programme set in February 2017.

5. THE REPORT

- 5.1 This report provides information about the Council's financial performance against its revenue and capital budgets in 2017/18.

Revenue Budgets

- 5.2 The report identifies that after allowing for carry forwards, the Council was over budget by £1.255m, which to give some context, represents 0.4% of gross budgeted spend excluding schools. The table below shows the overall position by portfolio:-

Portfolio	Original Budget £'m	Revised Budget £'m	Outturn £'m	Variance £'m
Leader	5.161	2.583	2.469	(0.114)
Finance & Efficiency	(2.385)	0.725	0.049	(0.676)
Transformation & Customer Services	4.433	7.159	6.944	(0.215)
Adult Care, Health & Wellbeing	59.548	60.507	61.654	1.148

Portfolio	Original Budget £'m	Revised Budget £'m	Outturn £'m	Variance £'m
Children & Young People	25.285	28.029	29.563	1.534
Economic & Community Regeneration	(3.597)	(4.134)	(4.771)	(0.636)
Development & Neighbourhoods	20.488	20.894	20.756	(0.138)
Transport & Environment	3.957	(0.087)	0.111	0.197
Total	112.890	115.675	116.775	1.100
Carry Forward Requests			0.155	0.155
Total (incl Carry Forwards)	112.890	115.675	116.930	1.255

Note: The revised budget above excludes the mitigations as detailed in paragraph 5.6

5.3 The main areas of over/under budget (greater than £1m) are as follows:-

Adult Care, Health & Wellbeing – £1.148m over budget - The overspend relates to continued pressure on Adult Social care spend arising from demographic change, with increasing levels of complexity and acuity of need impacting on the cost of individual packages of care / placements, despite enhanced control measures. The service has also experienced inflationary pressures arising from factors including the implementation of the National Living Wage / Sleep-in Cover, and a lack of resilience in the care home market leading to a shortfall in supply and a "sellers-market", a position which has been exacerbated by recent care home closures and the full-year effect of closures in 2016/17 (the lateness of these closures meant that they could not be reflected in the 2017/18 budget). The net overspend of £1.148m is after the planned use of £1.3m from earmarked Social Care reserves.

Children & Young People - £1.534m over budget - The overspend relates to demand driven pressures mainly relating to children's social care placement costs due to a significant increase in expenditure for supporting individual children, in particular, the support for residential placements, support for fostered (including independent fostering) and court directed parent and baby placements, along with direct payments for clients at risk of care and inter-agency adoption placements.

5.4 Further detail of outturn budget variances is attached at Appendix 1.

Carry Forward Requests

5.5 The following carry forward requests have been made for approval:-

Request and Reason for Request	£'m
Economy & Culture – Arts Commissioning	0.106
The original phasing of budget reductions 2017-2020, for Arts Development, was a stepped reduction over 3 years, ending in a	

Request and Reason for Request	£'m
very reduced budget in Y3 2019/20. For the relevant commissions, this was untenable and therefore the service discussed smoothing the effect of the reductions with senior managers which means a carry forward is needed as commissions have only been awarded in January 2018	
Economy & Culture - WW1 Memorial Cleaning The piece of work has been commissioned but it spans over 2 financial years and a carry forward has been requested as this is a standalone piece of work and can be afforded from the 2017/18 budgets	0.014
Customer Services The service is making a request to carry forward £35k out of its favourable variance to fund extension of the targeted debt recovery work on housing benefit that has been on-going in current year and has been very productive. Due to late notification of DWP additional funding (early March '18) this request was not included in the February report	0.035
Total	0.155

Mitigations

5.6 The over budget position of £1.255m has been mitigated and financed as follows:-

Mitigation	£'m
Release of 2017/18 Transition Fund Grant	0.930
Release of the Strategic Risk Provision (provision for reduced savings delivery)	0.325
Total	1.255

5.7 As a result of the improvement in the final overall revenue outturn position, the remaining funding mitigations identified earlier in the financial year of £1.2m have been transferred to the Transformation Investment Reserve (£0.9m) and the Severance & Restructuring Reserve (£0.3m) to provide a contingency for one-off costs of delivering service changes required over the medium term.

5.8 It is recommended that all over budgets are written off as an exception to the Budget Management Scheme Rules to retain budget stability in 2018/19. The budgets were also rebased to realign to funding requirements.

5.9 The ongoing implications arising from the year end have been analysed and it can be confirmed that these have been factored into the 2018/19 budget. However, Children's Services remains a key risk in terms of whether the provision made is

sufficient to meet demand in 2018/19 and will be examined as part of the budget monitoring process, including appropriate mitigating actions.

Delivery of Savings

5.10 The 2017/18 approved budget included the requirement for the delivery of £14.5m of savings. The final outturn position included achievement of £11.9m or 82% of the savings target. Savings items that are no longer deliverable in 2017/18 have been reviewed alongside other recurring budget pressures and have been incorporated into the financial planning assumptions for the 2018/19 budget.

Schools

5.11 The Overall Dedicated Schools Grant for 2017-18 was £128.71m, £31.040m of this is retained by the LA to support Special Educational Needs and Early Years. The remainder (£97.670m) is allocated to schools through a funding formula.

5.12 The centrally held elements of the Dedicated Schools Grant (DSG) have overspent by £1.994m reducing earmarked reserves to £0.020m. The main reason for the decrease in the DSG balance is an over budget position in Special Educational Needs expenditure. This balance is automatically carried forward under the DSG accounting arrangements, and budget adjustments have been made to reflect this. The 2018/19 budget rebasing included £2.3m for the increased cost of Special Education Needs.

5.13 Schools balances reduced by £0.929m to £1.118m at the year-end, this is mainly due to schools transferring their balances (a total of £0.717m) when they converted to academies. The remaining schools have reduced their balances overall by £0.212m. These are closely monitored by Schools Forum which has adopted an excessive balances policy in line with continued DFE best practise guidance. All schools with balances deemed to be excessive are challenged to explain their position. Most large balances are retained as part of plans for capital projects in schools.

Public Health

5.14 The Public Health budget is currently ringfenced. The year-end outturn was a £0.348m under budget position mainly due to staffing vacancies and initiatives budgeted but not completed in-year, this has been transferred to the Public Health Reserve which held £0.630m as at the 31st March 2018. Budgets have been adjusted to reflect the transfer to reserves.

Reserves and Flexible Capital Receipts

5.15 The year-end position of Corporate earmarked reserves excluding service earmarked reserves is as follows:-

Corporate Earmarked Reserves	£'m
Insurance Fund	1.831
Capital Financing Reserve	5.930
Revenue Budget Contingency*	2.399
Transformation Investment Reserve	2.381

Corporate Earmarked Reserves	£'m
Business Rates Reserve	2.521
City Deal Smoothing Reserve	0.915
Restructuring & Severance Reserve	2.228
Financial Planning and Smoothing Reserve	7.122
Invest to Save Reserve	1.649
Public Health Grant Reserve	0.630
Community Empowerment Fund	0.324
Revenue Grants Unapplied	0.837
Revenue Funding of Capital Reserve	0.285
Other	0.510
Sub Total	29.561
* Balance excludes any allocations agreed from the Revenue Budget Contingency	

5.16 The year-end position of non-earmarked reserves, after allowing for carry forwards was £12.3m in line with the risk assessed requirements of a range of £11.9m to £13.1m.

Flexible Use of Capital Receipts

5.17 Council approved a revised Efficiency Strategy in February 2018 as part of the 2018/19 budget. This enables the authority to utilise capital receipts for once-off spend such as severance costs that result in the delivery of ongoing savings. Flexible capital receipts of £3.124m were utilised in 2017/18 and it is estimated that this will release ongoing revenue savings of £1.678m in 2018/19 rising to £2.443m in 2019/20.

Council Tax, Business Rates and Collection Fund

5.18 The Council Tax Support Scheme commenced in April 2013. For 2017/18, the taxbase included an adjustment of £8.1m for the estimated costs of the scheme based on Government projections for Universal Credit transfers. The outturn position has shown that the cost of the scheme at the year-end was £8.6m. The impact of this is reflected in the Collection Fund table shown below. The main reason for the additional cost was the delay by DWP in moving residents to Universal Credit.

5.19 The collection rate for Council Tax was 99.15%, compared to the target of 98.75%

5.20 2017/18 was the first year of the 100% business rates pilot. The table below shows the outturn position of the Council's share of the surplus/ deficit. Although this shows a deficit the Council receives S31 grant separately to offset Government initiatives such as the impacts of amendments to Small Business Rate Relief entitlement. B&NES received £5.1m in S31 grants for 2017/18 which was £1.4m above budget. The Council holds a Business Rates Reserve to ensure that the General Fund is not adversely impacted in any one year. Following outturn transfers, the balance of the Business Rate Reserve was £2.5m as at the 31st March 2018. There are a number of factors impacting on Business Rates in that growth is lower than anticipated and there has been an increase in reliefs, mainly relating to small business and empty property reliefs. The loss of income

from conversion of commercial property to student accommodation continues to be a risk. The collection rate for Non Domestic Rates was 99.33% at the end of the year compared to the target of 98.75%.

5.21 The following table shows the overall estimated position, for which provision was made in the 2018/19 Budget Report, and the actual outturn position for the Council share of the Collection Fund for 2017/18. These figures exclude preceptor and central government shares:-

	Estimated Surplus/ (Deficit) £'m	Actual Surplus/ (Deficit) £'m	Difference £'m
Council Tax	(0.042)	(0.154)	(0.112)
Business Rates	(1.731)	(1.473)	0.258
Total	(1.773)	(1.627)	0.146

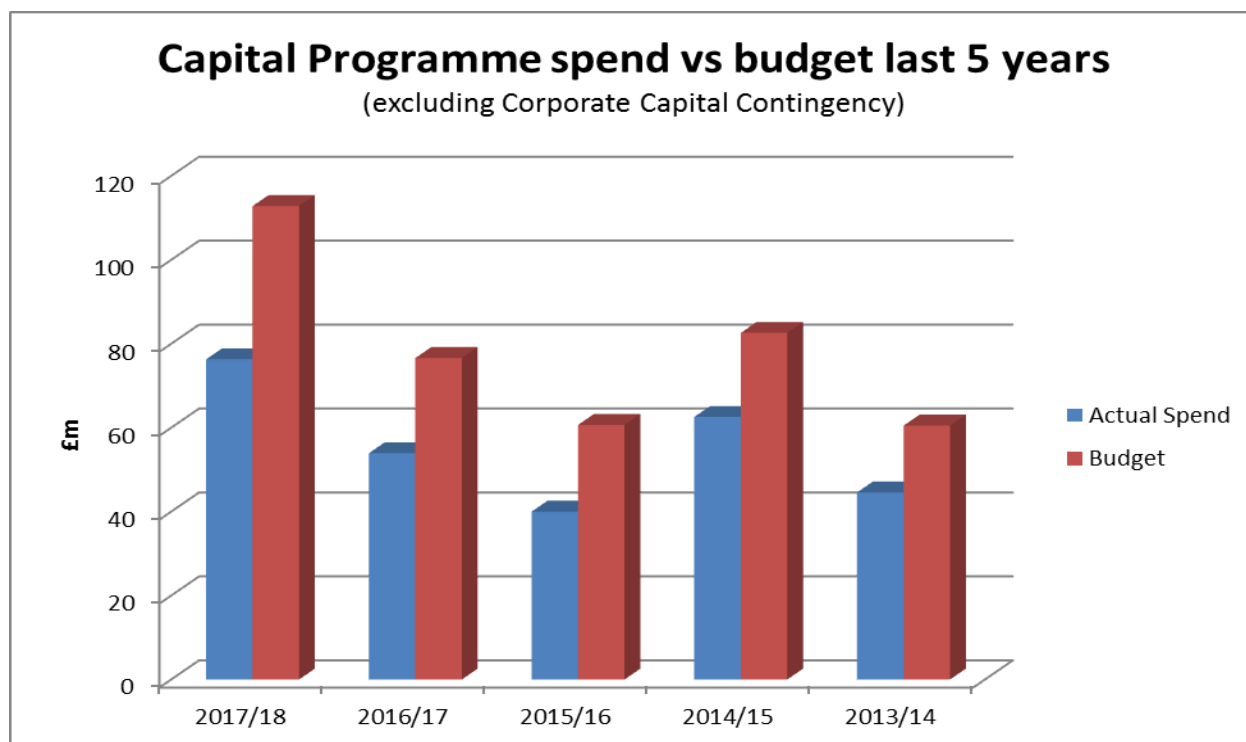
5.22 At an overall level the outturn position on the Collection Fund improved by £146k over the estimated position and this difference will be taken into consideration when estimated the closing 2018/19 Collection Fund position as part of the 2019/20 Budget process.

Capital Programme

5.23 The capital spend in 2017/18 was £76.297m (67%) against a budget of £114.700m giving a variance of £38.403m, primarily reflecting the delivery time to complete projects moving into future financial periods.

Portfolio Summary	2017/2018 Outturn Position			
	Capital Budget £'m	Outturn £'m	Variance £'m	Rephasing to 2018/19 Requested £'m
Development & Neighbourhoods	19.953	13.232	(6.721)	6.696
Economic & Community Regeneration	22.046	9.665	(12.381)	12.381
Transport & Environment	11.484	8.199	(3.285)	3.251
Children & Young People	9.528	5.080	(4.448)	4.642
Adult Care, Health & Wellbeing	0.848	0.837	(0.011)	0.011
Finance & Efficiency	49.677	38.915	(10.760)	10.759
Transformation & Customer Services	1.164	0.368	(0.796)	0.796
TOTAL	114.700	76.297	(38.403)	38.535

5.24 Of this variance, £38.535m is requested for carry forward to 2018/19 to cover re-phased costs of capital projects. The detailed outturn position and re-phasing of each individual project is attached at Appendix 3. The delivery of the capital spend compared to budget over the last five years is shown in the following graph:



5.25 The funding of the capital programme for 2017/18 is as follows:-

	£'m
Total Capital Spending:	76.297
Funded by:	
Capital Receipts	4.510
Capital Grants	17.059
3 rd Party Receipts (inc S106 & CIL)	2.641
Revenue	0.198
Prudential Borrowing (Implied Need)	51.889
Total	76.297

5.26 The 2017/18 Budget Report included an allocation from CIL of £200,000 towards the repayment of Revolving Infrastructure Funding (RIF) related to the flood mitigation works which are enabling the development of Bath Quays North. Following a review of CIL income received to fund 2017/18 schemes, a further amount of £160,000 was allocated to meet the 2017/18 flood mitigation RIF repayment instalment of £360,000.

5.27 The Council's provisional Capital Financing Requirement (CFR) as at 31st March 2018 is £247.1 million. This represents the Council's requirement to borrow to finance capital expenditure, and demonstrates that total borrowing of £192.5 million remains well below this requirement as at 31st March 2018. This illustrates the extent to which the Council is currently cash-flowing capital projects in line with the Treasury Management Strategy.

6. RATIONALE

- 6.1 The recommendations made are based upon the Budget Management Scheme and a consideration of the Council's latest financial position and reserves strategy.

7. OTHER OPTIONS CONSIDERED

- 7.1 The option to carry forward over budgeted spend could be considered which would mean that services would have to make up any deficits in 2018/19 with a considerable impact on service delivery especially in Adult and Children's Services.
- 7.2 A further option would be to not approve the service carry forward requests which would reduce the overall over budget position by £155k. However, this may lead to further budget pressures in 2018/19.

8. CONSULTATION

- 8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Corporate Directors/Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.
- 8.2 The provisional outturn position has been discussed at Senior Management Team and Directors' Group in May.

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 were assessed by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

Contact person	Donna Parham – 01225 477468; Gary Adams – 01225 477107; Andy Rothery – 01225 47103; Donna.Parham@bathnes.gov.uk ; Gary.Adams@bathnes.gov.uk ; Andy.Rothery@bathnes.gov.uk ;
Sponsoring Cabinet Member	<i>Councillor Charles Gerrish</i>
Background papers	<i>2017/18 Budget Monitoring reports to the Cabinet; Revenue and Capital Budget Setting reports, Budget Management Scheme</i>
Please contact the report author if you need to access this report in an alternative format	

This page is intentionally left blank

APPENDIX 1 - Financial Monitoring Statement (Revenue): All Portfolios at Cashlimit level

REVENUE SPENDING For the Period APRIL 2017 to MARCH 2018	YEAR END ACTUAL			ADV/ FAV	Carry Forward Requests £'000	Notes on main areas of variance to budget
	Net Actual A £'000	Annual Current Budget B £'000	Over or (under) C £'000			
Leader						
Council Solicitor & Democratic Services	2,469	2,583	(114)	FAV		The favourable variance is due to better than budget performance in income and recharges.
Sub Total	2,469	2,583	(114)	FAV		
Finance & Efficiency						
Finance	2,815	2,680	135	ADV		The over budget position is primarily from the non achievement of savings but this has been partially offset by additional income and salary savings.
People Services	505	450	55	ADV		The adverse variance is due to the delayed implementation of the saving plan. This has now been completed with the restructure of Payroll and Workforce services in place for April 2018. This was partially offset by salary savings and additional income.
Risk & Assurance Services	905	930	(26)	FAV		Under budget is due to general reduction in other service costs including the centralisation of the stationery provision.
Information Technology	4,167	4,674	(506)	FAV		The favourable outturn is due to additional income generated from service provided to external organisations.
Human Resources	972	467	505	ADV		The over budget is due to the delayed implementation of the restructure of Payroll and Workforce services. This has been completed, the budget rebased, and in effect from April 2018.
Property Services	2,539	2,458	81	ADV		The over budget has arisen from lower than budgeted recoveries from Capital projects.
Corporate Estate Including R&M	2,034	2,257	(223)	FAV		The favourable variance is as a result of reduced running costs.
Property Rechargeable Works	22		22	ADV		This budget covers maintenance carried out for schools under the BMIS scheme and other council properties with devolved budgets. This small variance is due to some project works income being posted to other cash limits.
Commercial Estate	(15,893)	(15,663)	(230)	FAV		Favourable variance arising from one-off reduction in service supported borrowing costs from new acquisitions and increased rental income offsetting additional fees and costs.
Traded Services	348	170	178	ADV		This cashlimit covers Catering, Cleaning & Print Services. The over budget position arises mainly from delayed implementation of Print Transformation Service and some budget pressure within Catering and Cleaning services.
Strategic Director - Resources	194	(54)	248	ADV		The over budget position is due to unachieved management savings from previous years. This has been addressed in next years budget.
Corporate Items		(111)	111	ADV		Over budget due to budgeted cross-cutting savings target, there was always an expectation that this amount will be recovered at outturn from general procurement savings in other cashlimits.
Hsg / Council Tax Benefits Subsidy	(165)	(195)	30	ADV		The adverse variance is due to an increase in bad debt provision for aged debt.
Capital Financing / Interest	3,112	3,516	(404)	FAV		Capital Financing costs were under budget due to re-phasing of capital programme schemes delaying the need to borrow leading to lower than forecast spend on borrowing interest and MRP (Minimum Revenue Provision).
Unfunded Pensions	1,587	1,679	(92)	FAV		

REVENUE SPENDING For the Period APRIL 2017 to MARCH 2018	YEAR END ACTUAL			ADV/ FAV	Carry Forward Requests £'000	Notes on main areas of variance to budget
	Net Actual A £'000	Annual Current Budget B £'000	Over or (under) C £'000			
Corporate Budgets including Capital, Audit and Bank Charges	(7,827)	(7,292)	(535)	FAV		The under budget position is mainly due to additional income achieved from the Spa profit share agreement, a one-off banking contract rebate plus reduced banking costs for a year at start of new contract, and other once-off income.
Magistrates	12	17	(5)	FAV		
Coroners	285	305	(19)	FAV		
Environment Agency	226	226				
WECA Transport Levy	4,211	4,211				
Sub Total	49	725	(676)	FAV		
Transformation & Customer Services						
Libraries & Information	1,679	1,620	59	ADV		Favourable variance due to additional grant income received and underspends in Local Welfare Support.
Customer Services	2,657	2,817	(161)	FAV	35	However, there was an over budget position in libraries from reduced income, stock costs and funding shortfall.
Strategy & Performance	2,609	2,722	(113)	FAV		Under budget across a range of budget areas including pool cars, communications & marketing and equalities.
Sub Total	6,944	7,159	(215)	FAV	35	
Adult Care, Health & Wellbeing						
Adult Services	61,467	60,319	1,148	ADV		This position is after fully drawing down both the Social Care Reserve and the Care Act Reserve of £1.291 million. The over budget is due to Inflationary pressures arising from factors including implementation of the National Living Wage/Sleep-in Cover and a lack of resilience in the care home market leading to a shortfall in supply, and a "sellers market" continues to be a challenge, the latter having been exacerbated by at least one further care home closure and the full-year effect of closures in 2016/17. Adult Social Care spend also continues to be subject to pressures arising from demographic change with increasing levels of complexity and acuity of need impacting on the cost of individual packages of care/placements despite enhanced control measures.
Adult Substance Misuse (DAT)	535	535	-			
Public Health	(348)	(348)	-			
Sub Total	61,654	60,507	1,148	ADV		
Children's Services						
Children Young People & Families	15,308	13,225	2,083	ADV		The adverse variance arises from Children's Social Care Placement Costs with significant additional expenditure supporting individual children, in particular the support for residential placements, support for fostered children (including independent fostering), and parent and baby support along with direct payments for clients at risk of care. There were 81 "out of area" placements at the end of May 2018 for educational, health and social care needs.
Learning & Inclusion	4,342	4,509	(167)	FAV		The favourable outturn is due to additional grant income and general efficiencies.
Health, Commissioning & Planning	7,489	7,871	(381)	FAV		The favourable outturn is due over achievement in income targets and staffing underspends.
Schools Budget	2,424	2,424				School Budgets are funded by the Dedicated School Grant
Sub Total	29,563	28,029	1,534	ADV		

REVENUE SPENDING For the Period APRIL 2017 to MARCH 2018	YEAR END ACTUAL			ADV/ FAV	Carry Forward Requests £'000	Notes on main areas of variance to budget
	Net Actual A £'000	Annual Current Budget B £'000	Over or (under) C £'000			
Development & Neighbourhoods						
Development Management	1,861	1,773	88	ADV		The adverse variance is due to a shortfall in income arising from a drop in planning applications in the latter part of 2017.
Building Control & Land Charges	177	213	(36)	FAV		The favourable variance is due to income in latter part of year being greater than expected, together with one-off reduced maintenance spend.
Place - Overheads	479	528	(49)	FAV		The under budget is due to unutilised overheads allocation.
Public Protection & Health Improvement - Regulatory & Active Lifestyles	1,714	1,791	(77)	FAV		The under budget position is due to the reduced costs (stewarding, traffic management etc) of holding the "Tour Series" event and reduced fees.
Public Protection & Health Improvement - Leisure	534	534	-			
Neighbourhoods & Environment - Waste & Fleet Service	14,438	14,450	(12)	FAV		
Neighbourhoods & Environment - Parks & Bereavement Services	1,511	1,537	(25)	FAV		
Community Safety	42	69	(27)	FAV		The favourable variance is due to various projects being covered within existing staffing resources.
Sub Total	20,756	20,894	(138)	FAV		
Economic & Community Development						
Economy & Culture	1,405	1,004	401	ADV	120	The over budget is due to unachieved savings target.
World Heritage	148	156	(8)	FAV		
Heritage including Archives	(7,734)	(6,707)	(1,027)	FAV		The favourable variance is due to higher than expected income from the "Roman Baths."
Housing	1,038	1,039	(1)	FAV		
Project Delivery	52	52	(0)	FAV		
Regeneration, Skills & Employment	319	321	(1)	FAV		
Sub Total	(4,771)	(4,134)	(636)	FAV	120	
Transport & Environment						
Highways & Traffic Management	7,831	7,938	(107)	FAV		The under budget position is from reduced staffing and maintenance budgets.
Transport & Parking Services - Parking	(8,094)	(7,541)	(553)	FAV		The favourable variance is mainly from increased income from on-street and off street parking, reduced debt charges and staffing budgets.
Transport & Parking Services - Public & Passenger Transport	373	(484)	857	ADV		The over budget position arises mainly from concessionary fares (£220k once-off and £200k savings not achieved), park & ride costs (£120k once-off) and bus shelter maintenance/cleaning costs £88k and delayed savings in transport costs £138k.
Sub Total	111	(87)	197	ADV		
TOTAL (Excluding Mitigations)	116,775	115,675	1,100	ADV	155	
Add: Carry Forward Requests	155		155			
Revised Outturn Position (excl Mitigations)	116,930	115,675	1,255			
Less: Corporately Held Mitigations		1,255	(1,255)			
OVERALL TOTAL (incl Mitigations & Carry Forwards)	116,930	116,930	-			

This page is intentionally left blank

2017/18 Revenue Virements for Approval

Appendix 2 (i)

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
The following virements are reported for approval under the Budget Management Scheme rules.											
OVERALL TOTALS				0	0			0	0		
					0				0		

2017/18 Revenue Virements for Information

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

The following virements 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 17#34	Company Financial Assessments	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		20,000	Finance & Efficiency	Risk & Assurance Services		20,000	Transfer of Company Financial Assessment budget to Risk and Assurance Services following the move of responsibility.	Budget virement is on going.
INFO 17#35	Car Parking Historic Income	Transport & Environment	Transport & Parking Services - Parking	646,044		Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		646,044	One-off Budget adjustment to reflect historic parking income transferred from suspense accounts.	Budget virement is one-off.
INFO 17#36	2017/18 Business Rate Tariff Adjustment	Finance & Efficiency	Business Rates Reserve		59,767	Finance & Efficiency	Retained Business Rates – Tariff Payment	59,767		Technical Adjustment to 2017/18 Business Rate Tariff Payment to reflect impact of Business Rate Revaluation as notified by Government	Budget virement is one-off.
INFO 17#37	IT Photocopier Centralisation	Finance & Efficiency	Information Technology		1,500	Children & Young People	Children, Young People & Families		1,500	Children's Centre decided not to proceed with photocopier maintained centrally by IT Services.	Budget virement is on-going.

2017/18 Revenue Virements for Information

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income (£'s)</u>	<u>Expenditure (£'s)</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income (£'s)</u>	<u>Expenditure (£'s)</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>				<u>CASHLIM</u>				
INFO 17#38	Service Supported Borrowing Recharges	Finance & Efficiency	Finance		29,315	Finance & Efficiency	Capital Financing / Interest		164,479	Centralisation of relevant Service Supported Borrowing recharge budgets.	Budget virement is on- going.
			Corporate Estate Including R&M		34,032						
		Transformation & Customer Services	Customer Services		32,637						
		Transport & Environment	Highways & Traffic Management		65,231						
		Development & Neighbourhoods	Neighbourhoods & Environment - Parks & Bereavement Services		3,264						
INFO 17#39	Severance Reserve Drawdown	Finance & Efficiency	Balances (Severance Reserve)		584,128	Leader	Council Solicitor & Democratic Services		105,974	Drawdown from Severance & Restructuring Reserve to fund 2017/18 associated expenditure.	Budget virement is one- off.
						Children & Young People	Health, Commissioning & Planning		232,848		
						Finance & Efficiency	Finance		36,777		
		Transformation & Customer Services	Strategy & Performance		9,767	Transport & Environment	Highways & Traffic Management		218,296		
INFO 17#40	Financial Planning Reserve Drawdowns	Finance & Efficiency	Balances (Financial Planning Reserve)		71,221	Economic & Community Regeneration	Regeneration, Skills & Employment		58,721	Drawdown from Financial Planning Reserve	Budget virement is one- off.
							Economy & Culture		12,500		

2017/18 Revenue Virements for Information

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
INFO 17#41	Revenue Budget Contingency Reserve Drawdowns	Finance & Efficiency	Balances (Revenue Budget Contingency)		100,151	Economic & Community Regeneration	Regeneration, Skills & Employment		7,670	Drawdowns from Revenue Budget Contingency Reserve.	Budget virement is one- off.
						Development & Neighbourhoods	Development Management		9,755		
						Children & Young People	Learning & Inclusion		8,000		
						Finance & Efficiency	Finance		73,183		
						Transformation & Customer Services	Customer Services		1,543		

2017/18 Revenue Virements for Information

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
INFO 17#42	Transformation Investment Reserve Drawdowns	Finance & Efficiency	Balances (Transformation Investment Reserve)		841,652	Economic & Community Regeneration	Regeneration, Skills & Employment		21,351	Drawdown from Transformation Investment Reserve.	Budget virement is one- off.
						Development & Neighbourhoods	Neighbourhoods & Environment - Waste & Fleet Services		163,000		
							Neighbourhoods & Environment - Parks & Bereavement Services		37,000		
						Transport & Environment	Transport & Parking Services - Public & Passenger Transport		117,427		
						Children & Young People	Children, Young People & Families		2,370		
						Adult Services	Adult Care, Health & Wellbeing		19,723		
						Finance & Efficiency	Risk & Assurance Services		23,000		
							Finance		32,254		
							Human Resources		60,000		
							Corporate Budgets incl. Capital, Audit & Bank Charges		103,530		
						Transformation & Customer Services	Strategy & Performance		261,997		
INFO 17#43	Leisure transfer to Invest to Save Reserve	Development & Neighbourhoods	Public Protection & Health Improvement - Leisure		148,882	Finance & Efficiency	Balances (Invest to Save Reserve)		148,882	Transfer to Invest to Save earmarked reserve.	Budget virement is one- off.
INFO 17#44	East of Bath P&R Revenue Reversion	Finance & Efficiency	Balances (Earmarked Reserve)		440,831	Transport & Environment	Highways & Traffic Management		440,831	Drawdown of funding from Capital Financing Reserve	Budget virement is one- off.

2017/18 Revenue Virements for Information

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
INFO 17#45	Social Care Reserve	Finance & Efficiency	Balances (Earmarked Reserve)		138,188	Adult Care, Health & Wellbeing	Adult Services		138,188	Drawdown of funding from service earmarked reserve.	Budget virement is one-off.
INFO 17#46	Care Act Reserve	Finance & Efficiency	Balances (Earmarked Reserve)		1,211,077	Adult Care, Health & Wellbeing	Adult Services		1,211,077	Drawdown of funding from service earmarked reserve.	Budget virement is one-off.
INFO 17#47	Public Health Reserve	Adult Care, Health & Wellbeing	Public Health		347,522	Finance & Efficiency	Balances (Earmarked Reserve)		347,522	Transfer to service earmarked reserve.	Budget virement is one-off.
INFO 17#48	VAT Reserve Drawdown	Finance & Efficiency	Balances (Earmarked Reserve)		25,067	Finance & Efficiency	Finance		25,067	Drawdown of funding from service earmarked reserve.	Budget virement is one-off.
INFO 17#49	Audit Partnership Reserve	Finance & Efficiency	Risk & Assurance Services		191,000	Finance & Efficiency	Balances (Earmarked Reserve)		191,000	Transfer to service earmarked reserve.	Budget virement is one-off.
INFO 17#50	Combe Down Stone Mine Grant Reserve Drawdown	Finance & Efficiency	Balances (Earmarked Reserve)		52,488	Economic & Community Regeneration	Project Delivery		52,488	Drawdown from Combe Down Stone Mines unapplied revenue grant reserve.	Budget virement is one-off.
INFO 17#51	RIF Interest Reserve Transfer	Finance & Efficiency	Capital Financing / Interest		175,500	Finance & Efficiency	Balances (Earmarked Reserve)		175,500	Transfer of RIF interest received to earmarked reserve.	Budget virement is one-off.
INFO 17#52	Capital Financing	Finance & Efficiency	Capital Financing / Interest		603,000	Finance & Efficiency	Balances (Earmarked Reserve)		603,000	Transfer to Capital Financing Reserve	Budget virement is one-off.

2017/18 Revenue Virements for Information

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
INFO 17#53	DSG & Schools Reserves Transfers	Finance & Efficiency	Balances & Reserves		908,651	Children & Young People	Schools Budgets		908,651	Net transfer from reserves to reflect use of DSG reserves, plus transfers from school balances.	Budget virement is one- off.
INFO 17#54	DSG Re-Profiling	Children & Young People	Learning & Inclusion		11,427,131	Children & Young People	Health, Commissioning & Planning		115,423,763	Re-Profiling of cash limits within Education to reflect the actual services' DSG spend in 2017/18.	Budget virement is one- off.
			Schools' Budgets		103,996,632						
INFO 17#55	Transformaiton Investment Reserve Transfer	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		900,000	Finance & Efficiency	Balances (Transformation Reserve)		900,000	Transfer of corporate mitigations unused in outturn to Transformation Investment reserve.	Budget virement is one- off.
INFO 17#56	Restructuring & Severance Reserve Transfer	Finance & Efficiency	Corporate Budgets incl. Capital, Audit & Bank Charges		311,370	Finance & Efficiency	Balances (Restructuring Reserve)		311,370	Transfer of corporate mitigations unused in outturn to Severance & Restructuring reserve.	Budget virement is one- off.
OVERALL TOTALS				646,044	122,730,004			59,767	123,316,281		
					123,376,048				123,376,048		

This page is intentionally left blank

Portfolio Cash Limits 2017/18 - Revenue Budgets

Appendix 2(ii)

Cabinet Portfolio	Service	Feb'18 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Outturn Cash Limits £'000
Leader	Council Solicitor & Democratic Services	2,477	106		2,583
	PORTFOLIO SUB TOTAL	2,477	106		2,583
Finance & Efficiency	Finance	2,542	138		2,680
	People Services	450			450
	Risk & Assurance Services	1,078	(148)		930
	Information Technology	4,675	(2)		4,674
	Human Resources	407	60		467
	Property Services	2,458			2,458
	Corporate Estate Including R&M	2,291	(34)		2,257
	Commercial Estate	(15,663)			(15,663)
	Traded Services	170			170
	Strategic Director - Resources	(54)			(54)
	Corporate items (Savings)	(111)			(111)
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	4,130	(614)		3,516
	Unfunded Pensions	1,679			1,679
	Corporate Budgets incl. Capital, Audit & Bank Charges	(231)	(482)		(713)
	New Homes Bonus Grant	(5,325)			(5,325)
	Magistrates	17			17
	Coroners	305			305
	Environment Agency	226			226
	West of England Combined Authority Levy	4,211			4,211
	PORTFOLIO SUB TOTAL	3,061	(1,081)		1,980
Transformation & Customer Services	Libraries & Information	1,620			1,620
	Customer Services	2,848	(31)		2,817
	Strategy & Performance	2,470	252		2,721.891
	PORTFOLIO SUB TOTAL	6,938	221		7,159
Adult Care, Health & Wellbeing	Adult Services	58,950	1,369		60,319
	Public Health		(348)		(348)
	Adult Substance Misuse (Drug Action Team)	535			535
	PORTFOLIO SUB TOTAL	59,485	1,021		60,507
Children & Young People	Children, Young People & Families	13,221	4		13,225
	Learning & Inclusion	15,928	(11,419)		4,509
	Health, Commissioning & Planning	(107,786)	115,657		7,871
	Schools Budget	105,512	(103,088)		2,424
	PORTFOLIO SUB TOTAL	26,875	1,153		28,029
Development & Neighbourhoods	Development Management	1,763	10		1,773
	Building Control & Land Charges	213			213
	Place Overheads	528			528
	Public Protection & Health Improvement - Regulatory & Active Lifestyles	1,791			1,791
	Public Protection & Health Improvement - Leisure	683	(149)		534
	Neighbourhoods & Environment - Waste & Fleet Services	14,287	163		14,450
	Neighbourhoods & Environment - Parks & Bereavement Services	1,503	34		1,537
	Community Safety	69			69
	PORTFOLIO SUB TOTAL	20,836	58		20,894
Economic & Community Regeneration	Economy & Culture	991	13		1,004
	World Heritage	156			156
	Heritage	(6,707)			(6,707)
	Housing	1,039			1,039
	Project Delivery		52		52
	Regeneration, Skills & Employment	233	88		321
	PORTFOLIO SUB TOTAL	(4,287)	153		(4,134)

Portfolio Cash Limits 2017/18 - Revenue Budgets

Appendix 2(ii)

Cabinet Portfolio	Service	Feb'18 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Outturn Cash Limits £'000
Transport & Environment	Highways & Traffic Management	7,344	594		7,938
	Transport & Parking Services - Parking	(6,895)	(646)		(7,541)
	Transport & Parking Services - Public & Passenger Transport	(601)	117		(484)
	PORTFOLIO SUB TOTAL	(152)	65		(87)
	NET BUDGET	115,234	1,696		116,930

Sources of Funding

Council Tax	82,192			82,192
Retained Business Rates	31,279	(60)		31,219
Collection Fund Deficit (-) or Surplus (+)	(1,379)			(1,379)
Balances	3,142	1,756		4,898
Total	115,234	1,696		116,930

Project Title	2017/18 Budget	Variance	Total Requested Rephase	Commentary
	£'000	£'000	£'000	
Development & Neighbourhoods				
Waste Re-provision feasibility work	54	16	16	Multi year programme, rephasing realignment to 18/19
Waste Project - relocation of cleansing	789	157	157	Multi year programme, rephasing realignment to 18/19
Waste Project	10,868	3,891	3,891	Multi year programme, rephasing realignment to 18/19
Waste Vehicles	98	0	0	No rephasing required
Litter Bin Replacement Programme	25	0	0	No rephasing required, programme finalised in 17/18
Neighbourhoods - Bin and Bench Replacement	62	21	21	Multi year programme, rephasing realignment to 18/19
Neighbourhood Services Vehicle Replacement Programme	117	0	0	Multi year programme, rephasing realignment to 18/19
Vehicle Replacement: Neighbourhoods	140	96	96	Rephase rolling programme, delivery continuing to 18/19
Cleansing Vehicles	265	(16)	(16)	Multi year programme, rephasing realignment to 18/19
Allotments	10	18	0	No rephasing required, programme finalised in 17/18
Beechen Cliff Woodland & Other Open Spaces Improvements	73	25	25	Multi year programme, rephasing realignment to 18/19
Sydney Gardens	246	350	350	Multi year programme, rephasing realignment to 18/19
Sydney Gardens: a 21st Century Pleasure Gardens	270	0	0	No rephasing required
Parade Gardens Infrastructure for Business Development	10	8	8	Multi year programme, rephasing realignment to 18/19
Parks s106 Capital projects: Bloomfield Green Open	199	197	197	Multi year programme, rephasing realignment to 18/19
Ponds in Royal Victoria Park	24	5	5	Multi year programme, rephasing realignment to 18/19
Parks Service Schemes	142	71	71	Multi year programme, rephasing realignment to 18/19
Parks Action Response Work	100	(30)	(30)	Multi year programme, rephasing realignment to 18/19
Parks Play Equipment	278	0	0	No rephasing required
Play Equipment	42	138	130	Multi year programme, rephasing realignment to 18/19
Parks Equipment	41	0	0	No rephasing required
Alice Park Skate Park	127	126	126	Multi year programme, rephasing realignment to 18/19
Environmental Protection Vehicles	14	26	26	Multi year programme, rephasing realignment to 18/19
Bath Leisure Centre Refurbishment	4,005	1,134	1,134	Multi year programme, rephasing realignment to 18/19
Leisure - Council Client / Contingency	644	748	748	Multi year programme, rephasing realignment to 18/19
Bath Recreation Ground Trust	510	(269)	(269)	Multi year programme, rephasing realignment to 18/19
Keynsham Leisure Centre - Land Assembly	0	(23)	(23)	Multi year programme, rephasing realignment to 18/19
Keynsham Sports Centre Modernisation	600	(22)	(22)	Multi year programme, rephasing realignment to 18/19
Bath Leisure Centre Car Park	200	54	54	Multi year programme, rephasing realignment to 18/19
Subtotal- Development & Neighbourhoods	19,953	6,721	6,696	
Economic & Community Regeneration				
Roman Baths Development: East Baths Development	(29)	0	0	No rephasing required, programme finalised in 17/18
Heritage Infrastructure Development	92	87	87	Multi year programme, rephasing realignment to 18/19
Roman Baths Archway Centre	264	124	124	Multi year programme, rephasing realignment to 18/19
Victoria Art Gallery Air Conditioning	0	(3)	(3)	Multi year programme, rephasing realignment to 18/19
Disabled Facilities Grant	1,266	59	59	Rephase rolling programme, delivery continuing to 18/19
Affordable Housing	1,915	786	786	Multi year programme, rephasing realignment to 18/19
BWR - Council Project Team	139	40	40	Multi year programme, rephasing realignment to 18/19

Project Title	2017/18 Budget	Variance	Total Requested Rephase	Commentary
	£'000	£'000	£'000	
BWR - Affordable Housing	212	(1)	(1)	Multi year programme, rephasing realignment to 18/19
BWR - Infrastructure	866	(0)	0	No rephasing required
BWR - Relocation of Gas Holders	2,048	2,056	2,056	Multi year programme, works completed, with grant finalisation due 18/19
Public Realm-Northumberland Place	10	10	10	Multi year programme, rephasing realignment to 18/19 when due to complete
Public Realm-Pattern Book	58	41	41	Multi year programme, rephasing realignment to 18/19 when due to complete
Public Realm-Team Costs	5	0	0	No rephasing required, programme finalised in 17/18
Public Realm-City Information Scheme	54	20	20	Multi year programme, rephasing realignment to 18/19 when due to complete
NRR Infrastructure	116	122	122	Multi year programme, rephasing realignment to 18/19 when due to complete
London Road Regeneration	(49)	(49)	(49)	Multi year programme, rephasing realignment to 18/19 when budget finalisation due
Innovation Quay - Strategic Flooding Solution	1,347	(0)	0	No rephasing required
River Corridor & RoSPA safety works	70	34	34	Multi year programme, rephasing realignment to 18/19 when due to complete
Cattlemarket/Cornmarket	22	22	22	Multi year programme, rephasing realignment to 18/19
Digital B&NES	23	(85)	(85)	Multi year programme, rephasing realignment to 18/19
Somer Valley Business Centres	29	2	2	Multi year programme, rephasing realignment to 18/19 when due to complete
Bath Quays South	7,992	6,553	6,553	Multi year programme, rephasing realignment to 18/19
Bath Quays North	2,035	516	516	Multi year programme, rephasing realignment to 18/19
Bath Quays Bridge & Linking Infrastructure	1,965	1,842	1,842	Multi year programme, rephasing realignment to 18/19
Radstock and Westfield Implementation Plan	43	0	0	No rephasing required
Saw Close Development Works	1,227	54	54	Multi year programme, rephasing realignment to 18/19 when due to complete
South Road Car Park	26	0	0	No rephasing required
BTP Loan Facility	300	150	150	Multi year programme, rephasing realignment to 18/19
Subtotal Economic & Community Regeneration	22,046	12,381	12,381	
Transport & Environment				
Highways Maintenance Programme	3,997	189	189	Multi year programme, rephasing realignment to 18/19 when due to complete
Highways Maintenance - National Productivity Investment Fund (NPIF)	788	0	0	No rephasing required, captured within Highways Maintenance Block
Transport Improvement Programme	2,824	767	767	Multi year programme, rephasing realignment to 18/19 when due to complete
Bus Lane Camera Replacement	300	67	67	Multi year programme, rephasing realignment to 18/19
LSTF: Riverside Path & Employers Grant, Bath	0	34	34	Multi year programme, rephasing realignment to 18/19
Cycle City Ambition / 7 Dials	33	3	3	Multi year programme, works completed, with grant finalisation due 18/19
Kennet & Avon Tow Path & Cycle Parking	30	9	9	Multi year programme, rephasing realignment to 18/19
Street Lighting - LED Replacement Programme	748	565	565	Multi year programme, rephasing realignment to 18/19 when due to complete
Victoria Bridge	28	28	28	Multi year programme, rephasing realignment to 18/19 when due to complete
Batheaston Bridge	4	(7)	(7)	Multi year programme, rephasing realignment to 18/19 when due to complete
Park and Ride East of Bath Project Development	60	35	0	No rephasing required, programme closed in 17/18
Keynsham Town Centre	208	13	13	Multi year programme, rephasing realignment to 18/19
Bath Cycle Action Plan - Bath Quays Scheme	42	15	15	Multi year programme, rephasing realignment to 18/19 when due to complete
Speed Enforcement Cameras	119	0	0	No rephasing required
Dorchester Street, Traffic Review	72	68	68	Multi year programme, rephasing realignment to 18/19
Somerdale Bridge, Keynsham – Initial Options Study	64	5	5	Multi year programme, rephasing realignment to 18/19
London Road Modification	200	172	172	Multi year programme, rephasing realignment to 18/19

Project Title	2017/18 Budget	Variance	Total Requested Rephase	Commentary
	£'000	£'000	£'000	
Kingsmead Square Improvements	2	(1)	(1)	Multi year programme, rephasing realignment to 18/19
York Street Infrastructure works	589	510	510	Multi year programme, rephasing realignment to 18/19
Bath Transport Package - Main Scheme	24	(158)	(158)	Multi year programme, rephasing realignment to 18/19
Better Bus Fund	34	29	29	Multi year programme, rephasing realignment to 18/19
Parking - Vehicle Replacement Programme	15	15	15	Rephase rolling programme, delivery continuing to 18/19
Pay & Display Machines - New Coin Acceptance	0	39	39	Multi year programme, rephasing realignment to 18/19
Parking - Radio System Replacement	28	28	28	Rephase rolling programme, delivery continuing to 18/19
Parking - Enforcement Hand Held Computer Replacement	50	50	50	Rephase rolling programme, delivery continuing to 18/19
Body Worn Video Cameras for Civil Enforcement Officers	25	25	25	Rephase rolling programme, delivery continuing to 18/19
Passenger Transport Vehicles	460	85	85	Rephase rolling programme, delivery continuing to 18/19
Electric Cycle Hire	0	(14)	(14)	Multi year programme, rephasing realignment to 18/19
Business Charge Points	0	(11)	(11)	Multi year programme, rephasing realignment to 18/19
A37 to A362 Improvements to Somer Valley Enterprise Zone Access	280	268	268	Multi year programme, rephasing realignment to 18/19
Hicks Gate Roundabout Improvement	460	459	459	Multi year programme, rephasing realignment to 18/19
Subtotal Transport & Environment	11,484	3,285	3,251	
Children & Young People				
Schools Capital Maintenance Programme	797	756	756	Multi year programme, rephasing realignment to 18/19
Children's Services Capital Managed by Property Services	879	517	517	Multi year programme, rephasing realignment to 18/19
Schools Minor Works and DDA Schemes	603	787	787	Multi year programme, rephasing realignment to 18/19
St Mary's Writhlington Replace Classroom Block	(6)	0	0	No rephasing required
Weston All Saints Primary School - Basic Need	117	66	66	Multi year programme, rephasing realignment to 18/19 when due to complete
Castle Primary School - Basic Need	8	0	0	No rephasing required
St Saviour's Junior School - Basic Need	7	(0)	0	No rephasing required
Oldfield Park Junior School - Basic Need	96	46	46	Multi year programme, rephasing realignment to 18/19
Westfield Primary School - Basic Need	113	113	113	Multi year programme, rephasing realignment to 18/19
Paulton Junior School - Basic Need	496	115	115	Multi year programme, rephasing realignment to 18/19
Bishop Sutton Primary School - Basic Need	204	152	152	Multi year programme, rephasing realignment to 18/19
St John's School Keynsham classroom refurbishment	3	(0)	0	No rephasing required
Basic Needs Feasibility / Option Appraisal	296	219	219	Multi year programme, rephasing realignment to 18/19
Children's Centre Capital Schemes	6	6	6	Multi year programme, rephasing realignment to 18/19
MOD Foxhill Mulberry Park - New School Feasibility Study	4	4	4	Multi year programme, rephasing realignment to 18/19
Bathwick St Mary New School Expansion	9	9	9	Multi year programme, rephasing realignment to 18/19
Broadlands AP	50	6	6	Multi year programme, rephasing realignment to 18/19
Schools Devolved Capital	410	116	111	Multi year programme, rephasing realignment to 18/19
Schools LA Contribution to Capital	138	(5)	0	No rephasing required, part of devolved capital line above
Ensleigh - New Primary School	830	(57)	(57)	Multi year programme, rephasing realignment to 18/19
Saltford Primary - Basic Need	1,079	144	144	Multi year programme, rephasing realignment to 18/19
Peasedown St John Primary	30	24	24	Multi year programme, rephasing realignment to 18/19
Chandag Infants UIFSM	85	0	0	No rephasing required
St Marys Writhlington BN Feasibility Study	557	95	95	Multi year programme, rephasing realignment to 18/19

Project Title	2017/18 Budget	Variance	Total Requested Rephase	Commentary
	£'000	£'000	£'000	
Bathampton School Basic Needs	15	10	10	Multi year programme, rephasing realignment to 18/19
Keynsham East New School Feasibility Study - Cost	5	5	5	Multi year programme, rephasing realignment to 18/19
St Keyna Basic Need Feasibility Study	19	(4)	(4)	Multi year programme, rephasing realignment to 18/19
Somerdale New School Feasibility Costs	4	4	4	Multi year programme, rephasing realignment to 18/19
St Gregs, St Marks 6th Form	0	(1)	(1)	Multi year programme, rephasing realignment to 18/19
Riverside Youth Hub Development	36	7	7	Multi year programme, rephasing realignment to 18/19
Farnborough Primary - Basic Need	96	94	94	Multi year programme, rephasing realignment to 18/19
Ubley Primary Basic Needs	130	(106)	87	Multi year programme, rephasing realignment to 18/19 when due to complete
St Saviour's Junior - Bulge Year Feasibility Study	177	124	124	Multi year programme, rephasing realignment to 18/19
St Michaels Junior School Replace temporary building	1	(6)	(6)	Multi year programme, rephasing realignment to 18/19
Westfield Primary - DDA Works	15	15	15	Multi year programme, rephasing realignment to 18/19
Swainswick Primary School	58	(3)	(3)	Multi year programme, rephasing realignment to 18/19
Freshford Primary Enhancements	32	0	0	No rephasing required
Children's Education Management System	473	337	337	Multi year programme, rephasing realignment to 18/19
Whitchurch Primary expansion	63	34	34	Multi year programme, rephasing realignment to 18/19
Castle Primary expansion (Phase 4)	913	268	268	Multi year programme, rephasing realignment to 18/19
St Nicholas Primary - Feasibility Study Expansion	35	58	58	Multi year programme, rephasing realignment to 18/19
St Nicholas temporary classroom	50	0	0	No rephasing required
St Nicholas' Primary expansion	95	0	0	No rephasing required
Special Education Needs & Disability (SEND) Education Provision	500	500	500	Multi year programme, rephasing realignment to 18/19
Subtotal Children & Young People	9,528	4,449	4,642	
Adult Care, Health and Wellbeing				
Adult Social Care Database replacement	98	11	11	Multi year programme, rephasing realignment to 18/19
Drugs and Alcohol Recovery House Public Health Grant	750	-	-	No rephasing required
Subtotal Adult Care, Health and Wellbeing	848	11	11	
Finance & Efficiency				
Workplaces Programme Delivery	647	376	376	Multi year programme, rephasing realignment to 18/19
Keynsham Regeneration & New Build	789	82	82	Multi year programme, rephasing realignment to 18/19
Radstock Road Depot	93	91	91	Multi year programme, rephasing realignment to 18/19
Lewis House (Inc Comms Hub & OSS)	31	0	0	No rephasing required
The Hollies	12	1	0	No rephasing required, programme finalised in 17/18
Corporate Estate Planned Maintenance	2,368	1,586	1,586	Multi year programme, rephasing realignment to 18/19
Disposals Programme (Minor)	445	28	28	Multi year programme, rephasing realignment to 18/19
Commercial Estate Investment Fund 16/17	335	316	316	Multi year programme, rephasing realignment to 18/19
Commercial Estate Investment 17/18	28,285	127	127	Multi year programme, rephasing realignment to 18/19
Grand Parade & Undercroft	156	138	138	Multi year programme, rephasing realignment to 18/19 when due to complete
Equality Act Works	461	274	274	Multi year programme, rephasing realignment to 18/19 when due to complete
Roseberry Place	15	0	0	No rephasing required
1 - 3 James Street West	115	0	0	No rephasing required
7 - 9 Lower Borough Walls	23	0	0	No rephasing required

Project Title	2017/18 Budget	Variance	Total Requested Rephase	Commentary
	£'000	£'000	£'000	
Saw Close Development	47	0	0	No rephasing required, programme finalised in 17/18
Bathhampton Farmhouse	40	40	40	Multi year programme, rephasing realignment to 18/19 when due to complete
Acquisitions - Future Revenue Generation	194	194	194	Multi year programme, rephasing realignment to 18/19
Housing Delivery Vehicle	1,319	76	76	Multi year programme, rephasing realignment to 18/19
Property Company Investment	7,500	4,533	4,535	Multi year programme, rephasing realignment to 18/19
Cleveland Pools Trust	75	7	7	Multi year programme, rephasing realignment to 18/19 when due to complete
City Centre Protection Measures	200	194	194	Multi year programme, rephasing realignment to 18/19 when due to complete
Capital Contingency	1,894	1,894	1,894	
Flexible Use of Capital Receipts	3,124	0	0	No rephasing required
Desktop As a Service - VDI Technology	1	0	0	No rephasing required, programme finalised in 17/18
Customer Services System	195	2	0	No rephasing required, programme finalised in 17/18
IT Asset Refresh (Servers and Network)	109	24	24	Multi year programme, rephasing realignment to 18/19 when due to complete
Agresso System Development & 5.6 Upgrade	33	28	28	Multi year programme, rephasing realignment to 18/19
Department of Health Grant: Assistive Technology	47	0	0	No rephasing required
Community Resource Centre Capital investment	490	323	323	Multi year programme, rephasing realignment to 18/19
Keynsham Microwave Link Replacement	89	89	89	Multi year programme, rephasing realignment to 18/19 when due to complete
Digital Programme	500	324	324	Multi year programme, rephasing realignment to 18/19
Income systems upgrade & associated works	45	15	15	Multi year programme, rephasing realignment to 18/19 when due to complete
Subtotal Finance & Efficiency	49,677	10,760	10,759	
Transformation & Customer Services				
Modern Libraries & Workplaces	955	681	681	Multi year programme, rephasing realignment to 18/19 when due to complete
LAA Performance Reward Grant	162	87	87	Multi year programme, rephasing realignment to 18/19 when due to complete
Energy at Home	4	2	2	Multi year programme, rephasing realignment to 18/19 when due to complete
Warmth & Health Homes Programme	43	27	27	Multi year programme, rephasing realignment to 18/19 when due to complete
Subtotal Transformation & Customer Services	1,164	796	796	
Grand Total	114,700	38,403	38,535	

This page is intentionally left blank

Capital Virements - Additions & Reductions 2017/2018

Appendix 4 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#62	Castle Primary - Phase 4 New Build	Grant	-294,527		Children & Young People		-294,527	Lower tender for construction costs than expected, re-align grant
CAP17#63	Modern Libraries & workplaces	Service Supported Borrowing	605,000		Transformation & Customer Services		605,000	E2999 & E3000 Full approval of Provisional Budget
CAP17#64	Allotments	Section 106	-58,956		Development & Neighbourhoods		-58,956	Realignment of budget to S106 funding
CAP17#65	Digital Programme	Capital receipts	500,000		Finance & Efficiency		500,000	E2995 Full approval of Provisional Budget
CAP17#66	Kensington Meadows S106	Section 106	4,800		Development & Neighbourhoods		4,800	Realignment of Budget
CAP17#67	Mulberry Park - S106	Section 106	35,000		Transport & Environment		35,000	Feasibility and design of pedestrian crossings and cycle lane S106
CAP17#68	Combe Down - S106	Section 106	16,848		Children & Young People		16,848	Purchase of Playpod
CAP17#69	Affordable Housing - Returning Empty Properties to Use	Various	350,009		Finance & Efficiency		336,201	Budget adjustment in respect of refurbishment costs funded by increased capital receipt.
					Economic & Community Regeneration		13,808	
CAP17#70	Lower Oldfield Park Hayesfield School,	3rd Party contribution	4,500		Transport & Environment		4,500	Zebra Crossing/Pedestrian Improvements
CAP17#71	Kingswood School	3rd Party contribution	5,000		Transport & Environment		5,000	School Crossing Feasibility
CAP17#72	Westfield Primary School replacement of timber windows and doors.	Grant	-5,669		Children & Young People		-5,669	Return remaining budget post project completion / closure
CAP17#73	Peasedown St Johns Primary School Works	Grant	-5,953		Children & Young People		-5,953	Fire door replacement and additional signage
CAP17#74	Chandag Infant School	Grant	6,504		Children & Young People		6,504	Fire risk assessment and works to emergency lighting
CAP17#75	Highways Maintenance	Grant	189,478		Transport & Environment		189,478	Large Planned Patching Programme
CAP17#76	Bath Quays Bridge	Various	970,000		Economic & Community Regeneration		970,000	Additional Local Growth Fund (LGF) Grant
CAP17#77	Twerton Infant School	Grant	4,000		Children & Young People		4,000	Replacement of Temporary Building at the school.
CAP17#78	Ponds in Royal Victoria Park	Section 106	24,336		Development & Neighbourhoods		24,336	Improvements to stop leaks and aerate the water to prevent algal growth.
CAP17#79	Parking Services - Radios	Service Supported Borrowing	28,000		Transport & Environment		28,000	Essential replacement of radio equipment
CAP17#80	Parking Services - Handheld Computer Terminals	Service Supported Borrowing	50,000		Transport & Environment		50,000	Replacement of end of life hand held computers to enable the continued issue of Penalty Charge Notices.
CAP17#81	Schools Minor Works & DDA	Grant	-10,000		Children & Young People		-10,000	Return remaining budget post project completion / closure

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#82	SEND Capital Programme	Service Supported Borrowing	500,000		Children & Young People		500,000	Full approval of capital Budget (SMD Report E3022 - Jan 2018). To expand existing provision within the area of placements for children with Special Educational Needs and Disability (SEND).
CAP17#83	Bath Quays South Office	Various	6,245,000		Economic & Community Regeneration		6,245,000	Full Business Case approval for EDF funding
CAP17#84	A37 to A362 Improvement	Grant	280,000		Transport & Environment		280,000	Full Approval per December Cabinet Report E3017 Grant from WECA linked to Improving the access to Somer Valley Enterprise Zone to reduce delays in Highway Network
CAP17#85	Hicks Gate Roundabout Improvement	Grant	460,000		Transport & Environment		460,000	Full Approval per December Cabinet Report E3017 Grant from WECA linked to reducing delays to vehicles using the Highway Network.
CAP17#86	Parking Services - Body Worn Video Cameras	Service Supported Borrowing	25,000		Transport & Environment		25,000	Essential replacement of body worn video cameras to ensure H&S of Parking CEOs
CAP17#87	Bath Quays South	Various	8,356,000		Economic & Community Regeneration		8,356,000	Realignment of Budgets
CAP17#88	Bath Quays North	Various	3,205,001		Economic & Community Regeneration		3,205,001	Realignment of Budgets
CAP17#89	Bath Quays Bridge	Various	1,189,000		Economic & Community Regeneration		1,189,000	Realignment of Budgets
CAP17#90	Bath Quays North - Odd Down Coach Park	Various	-9,000		Economic & Community Regeneration		-9,000	Realignment of Budgets
CAP17#91	BEA - Flood Mitigation	Grant	1,000,000		Economic & Community Regeneration		1,000,000	Increase in agreed Regional Infrastructure Funding (RIF)
CAP17#92	Keynsham Microwave Link Replacement	Section 106	88,638		Finance & Efficiency		88,638	Funding for replacement for CCTV Operations
CAP17#93	Longvernal Primary	Grant	24,000		Children & Young People		24,000	To carry out phase 2 remodelling
CAP17#94	East of Bath Skate Park	3rd Party contribution	30,000		Development & Neighbourhoods		30,000	Confirmation of £30K of private donations
CAP17#95	City Centre Protection Measures	Corporate Supported Borrowing	200,000		Finance & Efficiency		200,000	Release of provisionally approved capital to support the planned public realm works
CAP17#96	Speed Choice Projects	Revenue	-9,574		Transport & Environment		-9,574	Return remaining budget post project completion / closure
CAP17#97	Disabled Facilities Grant	Grant	110,000		Economic & Community Regeneration		110,000	Increased in budget to reflect additional award of grant
CAP17#98	South Road Car Park Disposal	Capital receipts	25,730		Economic & Community Regeneration		25,730	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#99	BEA - Flood Mitigation	Grant	1,130,980		Economic & Community Regeneration		1,130,980	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#100	Heritage Infrastructure Projects	Service Supported Borrowing	7,766		Economic & Community Regeneration		7,766	Realign Heritage schemes at 2017/2018 year end
CAP17#101	BTP - Main Scheme	various	-776,000		Transport & Environment		-776,000	Realign Budget for Saw Close Works
CAP17#102	Grand Parade and Undercroft	Capital receipts	-4,649,000		Finance & Efficiency		-4,649,000	Revision to Budget following Capital Programme Review as reported in Budget Report in February 2018
CAP17#103	Park & Ride Bath East	Corporate Supported Borrowing	-415,000		Transport & Environment		-415,000	Scheme reduction of approved budget following Capital Programme Review as reported in Budget Report in February 2018.
CAP17#104	One Way Trial, Keynsham High Street	S106	61,000		Transport & Environment		61,000	Uplift in budget to fund permanent aspects of the scheme funded by S106
CAP17#105	Radstock & Westfield Implementation Plan	Corporate Supported Borrowing	16,808		Economic & Community Regeneration		16,808	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#106	BWR Infrastructure Contribution	3rd Party contribution	270,772		Economic & Community Regeneration		270,772	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#107	Waste Operations - Relocation	Capital Receipts	-250,000		Development & Neighbourhoods		-250,000	Realign budget to capital receipt forecast
CAP17#108	Transformation - Flexible Use of Capital Receipts	Capital receipts	3,124,122		Finance & Efficiency		3,124,122	Rephasing of Budgets to align to actual Use of Capital Receipt to fund Transformation Costs
CAP17#109	Cleveland Pools Grant	Corporate Supported Borrowing	75,000		Finance & Efficiency		75,000	E2892 Full approval of Provisional Budget as agreed at February 2018 Cabinet Meeting
CAP17#110	School Energy Improvements	SSB (DSG Funded)	-213,444		Children & Young People		-213,444	Removal of approved budget following Capital Programme Review identified no schemes identified by schools as reported in Budget Report in February 2018.
CAP17#111	Broadland school cycle link	Grant	-41,840		Transport & Environment		-41,840	Project no longer going ahead and grant funding removed.
			22,479,328	0		0	22,479,328	

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
Capital Virements - Additions & Reductions Future Years								

Appendix 4 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income	Expenditure	TRANSFER TO	Income	Expenditure	Notes
CAP17#007-FY	2017/18 Rephasing Requests	Various	26,734,727		Various		26,734,727	Rephasing of capital schemes to 2018/19 and future years as reported in February 2018 Budget Report
CAP17#008-FY	Bath Quays South	Various	17,533,740		Economic & Community Regeneration		17,533,740	Realignment of Budgets following review
CAP17#009-FY	Bath Quays Bridge	Various	3,270,000		Economic & Community Regeneration		3,270,000	Realignment of Budgets following review
CAP17#010-FY	Bath Quays North	Various	4,524,000		Economic & Community Regeneration		4,524,000	Realignment of Budgets following review
CAP17#011-FY	Somer Valley Business Centre	Corporate Supported Borrowing	20,000		Economic & Community Regeneration		20,000	Somer Valley Business Centres (was: Midsomer Norton Business Centre)
CAP17#012-FY	Twerton Infant School	Grant	321,000		Children & Young People		321,000	Replacement of Temporary Building at the school.
CAP17#013-FY	Longvernal Primary	Grant	648,000		Children & Young People		648,000	Project now agreed to carry out phase 2 remodelling of Longvernal Primary School.
CAP17#014-FY	Affordable Housing	3rd Party contribution	200,000		Economic & Community Regeneration		200,000	St Chad's Midsomer Norton Joint, Affordable Housing / Shared Ownership scheme with Curo Places for drawdown in 2019/20
CAP17#015-FY	Radstock & Westfield Implementation Plan	Corporate Supported Borrowing	-16,808		Economic & Community Regeneration		-16,808	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#016-FY	South Road Car Park Disposal	Capital receipts	-25,730		Economic & Community Regeneration		-25,730	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#017-FY	BEA - Flood Mitigation	Grant	-1,130,980		Economic & Community Regeneration		-1,130,980	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#018-FY	BWR Infrastructure Contribution	3rd Party contribution	-270,772		Economic & Community Regeneration		-270,772	Rephase 2018/2019 budget to align to 2017/2018 scheme expenditure
CAP17#019-FY	Transformation - Flexible Use of Capital Receipts	Capital receipts	5,235,878		Finance & Efficiency		5,235,878	Rephasing of Flexible Use of Capital Receipts 2018/19 Budget
CAP17#020-FY	Transformation - Flexible Use of Capital Receipts	Capital receipts	-4,360,000		Finance & Efficiency		-4,360,000	Rephasing of Flexible Use of Capital Receipts 2019/20 Budget
CAP17#021-FY	Transformation - Flexible Use of Capital Receipts	Capital receipts	-4,000,000		Finance & Efficiency		-4,000,000	Rephasing of Flexible Use of Capital Receipts 2020/21 Budget
OVERALL TOTALS			48,683,055	0		0	48,683,055	

	Revised Budget After February 2017 Cabinet	Approvals to Outturn	Final Budget at Outturn
CAPITAL SCHEME	£'000	£'000	£'000
<u>Finance & Efficiency</u>			
Workplaces Programme Delivery	727	(31)	697
Keynsham Regeneration & New Build	709	166	875
Corporate Estate Planned Maintenance	2,368	0	2,368
Disposals Programme (Minor)	144	301	445
Commercial Estate Investment Fund 16/17	335	0	335
Commercial Estate Investment Fund 17/18	28,285	0	28,285
Saw Close Development	47	0	47
Grand Parade & Undercroft	4,805	(4,805)	0
Equality Act Works	461	0	461
Roseberry Place	15	0	15
1 - 3 James Street West	115	0	115
7 - 9 Lower Borough Walls	23	0	23
Desktop As a Service - VDI Technology	1	0	1
Customer Services System	195	0	195
IT Asset Refresh (Servers and Network)	109	0	109
Corporate Capital Contingency	1,950	(56)	1,894
Bathampton Farmhouse	40	0	40
Cleveland Pools	0	75	75
Housing Delivery Vehicle	1,284	279	1,564
Property Company Investment	7,500	0	7,500
Acquisitions - Future Revenue Generation	194	(0)	194
Agresso System Development & 5.6 Upgrade	33	0	33
Income systems upgrade & associated works	45	0	45
Department of Health Grant: Resources IT: Assistive Technology	47	0	47
Community Resource Centre Capital investment	490	0	490
City Centre Protection Measures	0	200	200
Flexible Use of Capital Receipts	0	3,124	3,124
Digital Programme	0	500	500
	49,921	(246)	49,675
<u>Transformation & Customer Services</u>			
LAA Performance Reward Grant	162	0	162
Energy at Home	4	0	4
Warmth & Health Homes Programme	43	0	43
Modern Libraries & Workplaces	486	469	955
	695	469	1,164
<u>Adult Care, Health & Wellbeing</u>			
Adult Social Care Database replacement	98	0	98
Drugs and Alcohol Recovery House Public Health Grant	750	0	750
	848	0	848
<u>Children & Young People</u>			
Schools Capital Maintenance Programme	1,029	(782)	247
Schools Devolved Capital	410	731	1,141
Weston All Saints Primary - Basic Need	117	0	117
Castle Primary - Basic Need	8	0	8
St Saviour's Junior - Basic Need	7	0	7
Saltford Primary - Basic Need	1,079	0	1,079
School Energy Invest to Save Fund	213	(213)	0
Basic Needs Feasibility / Option Appraisal	403	(18)	385
Schools LA Contribution to Capital	138	0	138
Paulton Junior School - Basic Need	496	(0)	496
Children's Services Capital Schemes	(3)	3	0
Children's Services Capital Schemes Managed by Property Services	834	(317)	517
Bishop Sutton Primary School - Basic Need	204	(0)	204

	Revised Budget After February 2017 Cabinet	Approvals to Outturn	Final Budget at Outturn
CAPITAL SCHEME	£'000	£'000	£'000
St Mary's Writhlington Replace Classroom Block	9	(15)	(6)
Schools Minor Works and DDA Schemes	414	(424)	(10)
Westfield Primary School - Basic Need	113	0	113
St John's School Keynsham classroom refurbishment	5	(2)	3
Children's Centre Capital Schemes	6	0	6
Oldfield Park Junior School - Basic Need	96	0	96
St Marys Writhlington BN Feasibility Study	496	15	511
Ensleigh - New Primary School Feasibility Study	1,130	(300)	830
MOD Foxhill Mulberry Park - New School Feasibility Study	4	(0)	4
Bathampton School Basic Needs	15	(0)	15
Keynsham East New School Feasibility Study - Cost	5	(0)	5
Farmborough Primary - Basic Need	96	0	96
St Michaels Junior School Replace temporary building	1	0	1
Riverside Youth Hub Development	36	0	36
St Keyna Basic Need Feasibility Study	19	(0)	19
Somerdale New School Feasibility Costs	4	0	4
Bathwick St Mary New School Expansion	9	(0)	9
Ubley Primary Basic Needs	323	(193)	130
St Saviour's Junior - Bulge Year Feasibility Study	177	0	177
Freshford Primary Enhancements	32	0	32
Children's Education Management System	473	0	473
Whitchurch Primary expansion	63	0	63
Swainswick Primary School	58	0	58
Castle Primary expansion (Phase 4)	1,207	(295)	913
St Nicholas' Primary expansion	95	50	145
East Harptree - DDA BN Feasibility Study	(14)	14	0
Broadlands AP	0	358	358
Westfield Primary - DDA Works	0	607	607
Special Education Needs & Disability (SEND) Education Provision	0	500	500
	9,807	(280)	9,527
<u>Economic & Community Regeneration</u>			
Heritage Infrastructure Development	94	(5)	89
Temple Precinct	0	4	4
BWR - Council Project Team	(8)	147	139
BWR - Affordable Housing	212	0	212
BWR - Infrastructure	596	271	866
BWR - Relocation of Gas Holders	2,048	0	2,048
NRR Infrastructure	0	116	116
London Road Regeneration	116	(166)	(49)
Enterprise Area - Flood Mitigation Phase 1	(1,846)	3,193	1,347
Disabled Facilities Grant	1,156	110	1,266
River Corridor & ROSPA safety works	70	0	70
Digital B&NES	23	0	23
Somer Valley Business Centre	29	0	29
Affordable Housing	1,901	14	1,915
PRMP Northumberland Place	10	0	10
PRMP Pattern Book	58	0	58
PRMP Team Costs	5	0	5
City Information Scheme Corporate Project	54	0	54
Innovation Quay - Strategic Flooding Solution	1,013	(1,013)	
Bath Quays South	(6,609)	14,601	7,992
Bath Quays North	(1,170)	3,205	2,035
Bath Quays Bridge & Linking Infrastructure	(194)	2,159	1,965
Innovation Quay - EDF Infrastructure	9	(9)	0
Cattlemarket/Cornmarket	22	0	22
BWRE/Green Park	147	(147)	0
Radstock and Westfield Implementation Plan	26	17	43
Roman Baths Development: East Baths Development	(39)	10	(29)
South Road Car Park	(0)	26	26
Roman Baths Archway Centre	264	0	264
Saw Close Development Works	1,227	0	1,227
BTP Loan Facility	0	300	300

	Revised Budget After February 2017 Cabinet	Approvals to Outturn	Final Budget at Outturn
CAPITAL SCHEME	£'000	£'000	£'000
	(787)	22,833	22,046
<u>Development & Neighbourhoods</u>			
Vehicle Replacement: Neighbourhoods	140	0	140
Allotments	10	(1)	9
Beechen Cliff Woodland & Other Open Spaces Improvements	73	0	73
Neighbourhoods - Bin and Bench Replacement	6	81	87
Alice Park - Skate Park	97	30	127
Play Equipment	42	278	320
Waste Re-provision feasibility work	54	0	54
Environmental Protection Vehicles	14	12	26
Waste Vehicles	98	0	98
Cleansing Vehicles	265	105	370
Sydney Gardens	246	270	516
Bath Leisure Centre Refurbishment	4,005	0	4,005
Parade Gardens Infrastructure for Business Development	10	0	10
Leisure - Council Client / Contingency	644	0	644
Bath Recreation Ground Trust - Leisure	510	0	510
Parks Service Schemes	121	(57)	65
Waste Project - relocation of cleansing	789	0	789
Waste Operations - Relocation	11,118	(250)	10,868
Sydney Gardens: a 21st Century Pleasure Gardens	270	(270)	0
Parks Play Equipment	278	(278)	0
Environmental Neighbourhood Services Vehicle Replacement Programme	117	(117)	0
Parks s106 Capital projects: Bloomfield Green Open Parks Equipment	274	3	277
Parks Action Response Work	41	0	41
Litter Bin Replacement Programme	100	0	100
Leisure facility modernisation - Keynsham Sports Centre	25	(25)	0
Leisure Bath - Car Park	600	0	600
Odd Down Playing Fields Development	200	(50)	150
Ponds in Royal Victoria Park	0	50	50
	0	24	24
	20,148	(192)	19,956
<u>Transport & Environment</u>			
Bath Transport Package - Main Scheme	800	(776)	24
Batheaston Bridge	4	0	4
Transport Improvement Programme	2,831	628	3,459
Cycle City Ambition	33	(33)	0
Victoria Bridge	28	0	28
Bus Lane Camera Replacement	300	0	300
Highways Maintenance Programme	3,807	879	4,687
Park and Ride East of Bath Project Development	475	(415)	60
Passenger Transport Vehicles	460	(460)	0
Parking - Vehicle Replacement Programme	15	0	15
Better Bus Fund	34	(34)	0
Kennet & Avon Tow Path & Cycle Parking	30	0	30
Street Lighting - LED Replacement Programme	748	0	748
Keynsham Town Centre one way system	147	61	208
Bath Cycle Action Plan - Bath Quays Scheme	42	0	42
Speed Enforcement Cameras	119	(10)	109
HMB - National Productivity Investment Fund (NPIF)	788	(788)	0
Kingsmead Square Improvements	2	0	2
Dorchester Street, Traffic Review	72	0	72
Somerdale Bridge, Keynsham Options Study	64	0	64
London Road Modification	200	0	200
York Street Infrastructure works	589	0	589
Parking - Radio System Replacement	0	28	28
Parking - Enforcement Hand Held Computer Terminal Replacement	0	50	50

	Revised Budget After February 2017 Cabinet	Approvals to Outturn	Final Budget at Outturn
CAPITAL SCHEME	£'000	£'000	£'000
Body Worn Video Cameras for Civil Enforcement Officers	0	25	25
A37 to A362 Improvements to access Somer Valley Enterprise Zone	0	280	280
Hicks Gate Roundabout Improvement	0	460	460
	11,589	(104)	11,485

TOTAL CAPITAL SCHEME BUDGET	92,221	22,479	114,700
------------------------------------	---------------	---------------	----------------

Sources of Funding (£'000)			
EU/Government Grant	16,877	10,628	27,505
Revenue	496	(127)	369
Other Council Support including Borrowing and Capital Receipts	70,302	11,344	81,646
s106 Contribution	3,580	457	4,037
Other 3rd Party	966	177	1,143
Total Sources of Funding (£'000)	92,221	22,479	114,700

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	27 June 2018	
TITLE:	Treasury Management Outturn Report 2017/18	EXECUTIVE FORWARD PLAN REFERENCE: E 3074
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Performance Against Prudential Indicators Appendix 2 – The Council’s Investment Position at 31 st March 2018 Appendix 3 – Average monthly rate of return for 2017/18 Appendix 4 – The Council’s External Borrowing Position at 31 st March 2018 Appendix 5 – Arlingclose’s Economic & Market Review of 2017/18 Appendix 6 – Interest & Capital Financing Budget Monitoring 2017/18 Appendix 7 – Summary Guide to Credit Ratings		

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 2017/18.

2 RECOMMENDATION

The Cabinet agrees that:

- 2.1 the Treasury Management Report to 31st March 2018, prepared in accordance with the CIPFA Treasury Code of Practice, is noted
- 2.2 the Treasury Management Indicators to 31st March 2018 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 2017/18 is 0.30%, which is 0.04% above the benchmark rate.
- 5.2 The Council's Prudential Indicators for 2017/18 were agreed by Council in February 2017 and performance against the key indicators is shown in **Appendix 1**. All indicators are within target levels.

Summary of Returns

- 5.3 The Council's investment position as at 31st March 2018 is given in **Appendix 2**. The balance of deposits as at 31th December 2017 and 31st March 2018 are also set out in the pie charts in this appendix.
- 5.4 The Council was the accountable body for the West of England Revolving Investment Fund (RIF) and Local Growth Fund. This function has now transferred to the West of England Combined Authority (WECA) and all balances were also transferred.
- 5.5 Gross interest earned for 2017/18 totalled £382k. Net interest, after deduction of amounts due to Schools, Local Growth Fund and other internal balances, is £370k.
- 5.6 **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.30%, which was 0.04% above the benchmark rate of average 7 day LIBID +0.05% (0.26%). Performance from Money Market Funds in the period covering November to March slightly lagged behind the benchmark due to the proportion of these funds invested at fixed rates prior to the change in base rate.

Summary of Borrowings

- 5.7 The Council's external borrowing as at 31st March 2018 totalled £192.5million and is detailed in Appendix 4. £20million of new PWLB annuity borrowing was arranged during the final quarter to maintain appropriate cashflow balances.
- 5.8 The Council's Capital Financing Requirement (CFR) as at 31st March 2018 was £247.1 million. 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.
- 5.9 The CFR represents the underlying need to borrow and the difference from the current borrowing of £192.5 million, represents re-investment of the internal balances of reserves, reducing the in-year borrowing costs in excess of the potential investment returns.
- 5.10 Following Local Government Reorganisation in 1996, Avon County Council's residual debt is administered by Bristol City Council. All successor Unitary Authorities make an annual contribution to principal and interest repayment, for which there is a provision in the Council's revenue budget. The amount of residual debt outstanding as at 31st March 2018 apportioned to Bath & North East Somerset

Council is £12.3m. Since this borrowing is managed by an external body 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 5.7.

5.11 The borrowing portfolio as at 31st March 2018 is shown in **Appendix 4**.

Strategic & Tactical Decisions

5.12 As shown in the charts at **Appendix 2**, the investment portfolio is usually diversified across Money Market Funds, investments with Local Authorities and highly rated Foreign Banks. The Council uses AAA rated Money Market funds to maintain very short term liquidity and had overall investments of £37.7m invested as at 31st March 2018.

5.13 The Council does 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.

5.14 The Council's average investment return was in line with the budgeted level of 0.30%.

Future Strategic & Tactical Issues

5.15 Our treasury management advisors economic and market review for 2017/18 is included in **Appendix 5**.

5.16 The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening although the MPC has stopped short of committing itself to the timing of the next increase in rates,

5.17 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 remains on the rate of increase and the medium-term peak.

5.18 The borrowing that has taken place in 2017/18 is therefore driven by a need to maintain an appropriate working cash balance rather than any immediate changes to interest rates.

5.19 Budget Implications

5.20 A breakdown of the revenue budget for interest and capital financing and the forecast year end position based on the period April to March is included in **Appendix 6** This shows an overall underspend of £404k in 2017/18, reflecting savings from capital programme slippage delaying the need to borrow and a lower Minimum Revenue Provision (MRP) requirement.

6 RATIONALE

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

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

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

Contact person	<i>Giles Oliver - 01225 477022; Andrew Stanton - 01225 477209; Giles_Oliver@Bathnes.gov.uk; Andrew_Stanton@bathnes.gov.uk;</i>
Background papers	<i>2017/18 Treasury Management & Investment Strategy</i>
Please contact the report author if you need to access this report in an alternative format	

APPENDIX 1

Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt

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

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	£'000	£'000
Borrowing	338,000	192,465
Other long term liabilities	2,000	0
Cumulative Total	340,000	192,465

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.

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	£'000	£'000
Borrowing	306,000	192,465
Other long term liabilities	2,000	0
Cumulative Total	308,000	192,465

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.

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	£'000	£'000
Fixed interest rate exposure	306,000	172,465(*)

* 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 Lender exercise this option to increase the rate).

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.

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	£'000	£'000
Variable interest rate exposure	206,000	20,000

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

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

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	£'000	£'000
Investments over 364 days	50,000	0

6. Maturity Structure of borrowing

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

	Upper Limit	Lower Limit	Actual as at 31st March 2018
	%	%	%
Under 12 months	50	Nil	9.6
12 months and within 24 months	75	Nil	0
24 months and within 5 years	75	Nil	5.2
5 years and within 10 years	100	Nil	0
10 years and above	100	Nil	85.2

* 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**.

	2017/18 Prudential Indicator	Actual as at 31st March 2018
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AAA-

APPENDIX 2

The Council's Investment position at 31st March 2018

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

As per Weekly	Balance at 31 st March 2018
	£'000's
Notice (instant access funds)	37,700
1 month to 3 months	0
Over 3 months	0
Total	37,700

The investment figure of £37.7 million is made up as follows:

	Balance at 31 st March 2018
	£'000's
B&NES Council	33,424
Schools	4,266
Total	37,700

The Council had a total average net positive balance of £33.541m during the period April 2017 to March 2018.

Chart 1: Council Investments as at 31st March 2018 (£37.7m)

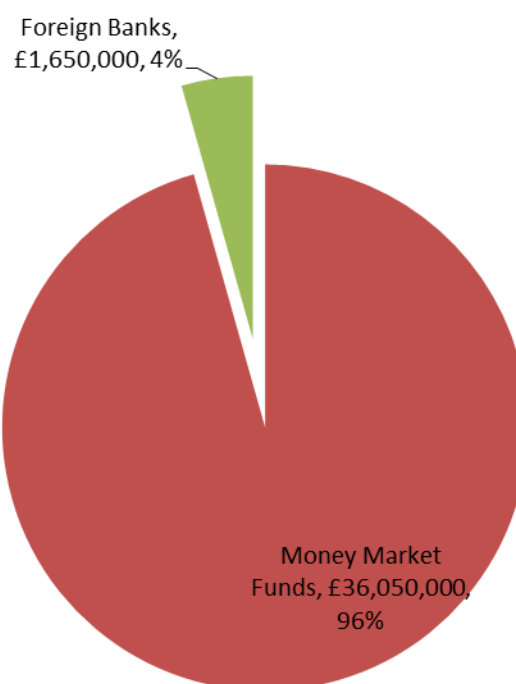


Chart 2: Council Investments as at 31st December 2017 (£29.3m)

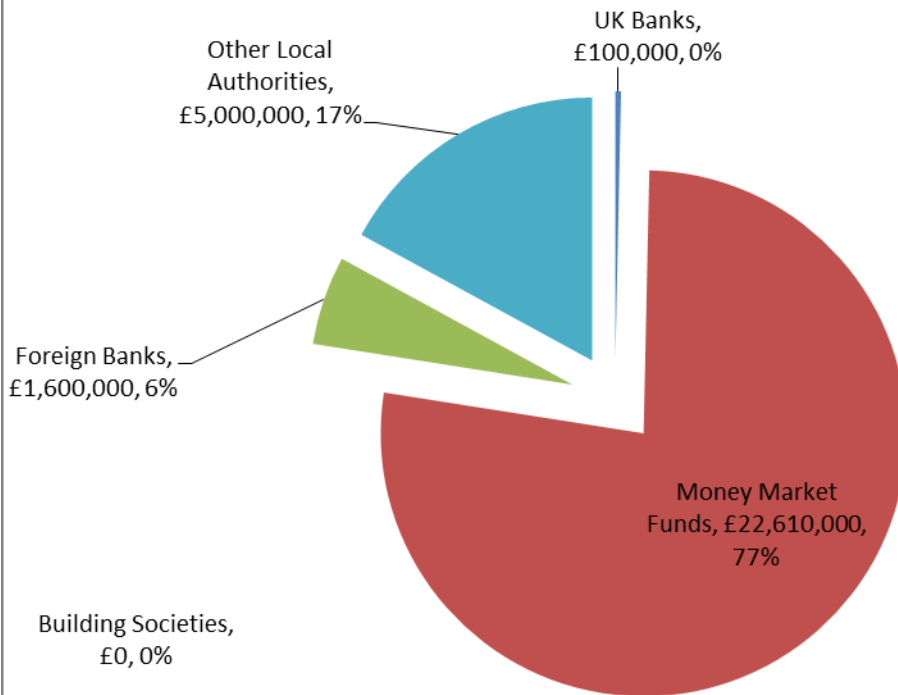


Chart 3: Council Investments per lowest equivalent Long Term credit rating (£37.7m) 31st March 2018

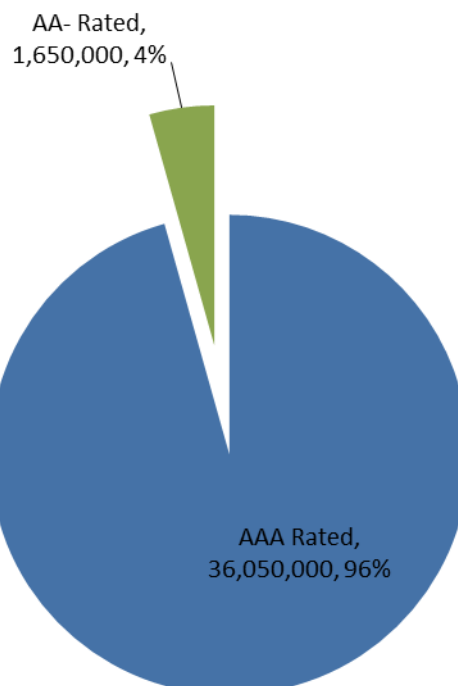
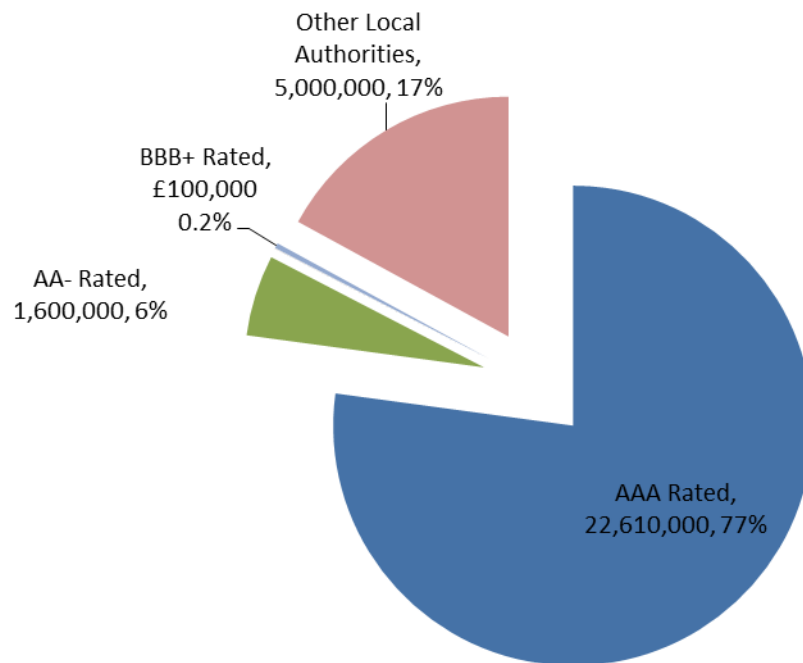


Chart 4: Council Investments per lowest equivalent Long Term credit rating (£29.3m) 31st December 2017



APPENDIX 3

Average rate of return on investments for 2017/18

	April %	May %	June %	July %	Aug %	Sept %
Average rate of interest earned	0.34%	0.24%	0.24%	0.22%	0.24%	0.24%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Difference %	0.18%	0.08%	0.08%	0.06%	0.08%	0.08%

(Cont)	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %	Average for Period
Average rate of interest earned	0.26%	0.33%	0.34%	0.36%	0.40%	0.40%	0.30%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.17%	0.40%	0.41%	0.41%	0.41%	0.41%	0.26%
Difference %	0.09%	-0.07%	-0.07%	-0.05%	-0.01%	-0.01%	+0.04%

APPENDIX 4

Councils External Borrowing at 31st March 2018

LONG TERM	Amount	Start	Maturity Date	Interest Rate
PWLB	10,000,000	15/10/04	15/10/34	4.75%
PWLB	5,000,000	12/05/10	15/08/35	4.55%
PWLB	5,000,000	12/05/10	15/02/60	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	08/04/34	2.62%
PWLB	5,000,000	29/01/15	08/10/64	2.92%
PWLB	19,102,011	20/06/16	20/06/41	2.36%
PWLB	9,655,424	24/02/17	16/02/40	2.28%
PWLB	9,698,525	04/04/17	15/02/42	2.26%
PWLB	8,243,412	08/05/17	15/02/42	2.25%
PWLB	6,965,920	10/08/17	10/04/67	2.64%
PWLB	10,000,000	13/12/17	10/10/42	2.35%
PWLB	10,000,000	06/03/18	10/10/42	2.52%
PWLB	10,000,000	06/03/18	10/10/47	2.62%
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%
Gloucestershire CC	5,000,000	25/11/14	19/12/19	2.52%
Gloucestershire CC	5,000,000	19/12/14	19/12/19	2.62%
Sub Total	173,965,291			
TEMPORARY				
Tameside Metropolitan	6,000,000	25/04/17	20/04/18	0.49%
West of England Combined Authority	10,000,000	25/04/17	24/04/18	0.55%
PCC For Hampshire	2,500,000	28/07/17	27/07/18	0.41%
Sub Total	18,500,000			
Total	192,465,291			

*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. Should the lender use the option to change the rate, then at this point the borrower has the option to repay the loan without penalty.

APPENDIX 5

Economic and market review for April to 31st March 2018 **(provided by Council's Treasury Advisors Arlingclose)**

Economic commentary

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was likely. (which subsequently this has been postponed).

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in

2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets: The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation: The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

Local Authority Regulatory Changes

Revised CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions. The Authority expects to produce this in the near future.

In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

MHCLG Investment Guidance and Minimum Revenue Provision (MRP): In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).

Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called “loans” (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.

The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

MiFID II: As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

APPENDIX 6

Interest & Capital Financing Costs – Budget Monitoring 2017/18 (April to March)

April to March 2018	YEAR END POSITION			ADV/FAV
	Budgeted Spend or (Income) £'000	Actual Spend or (Income) £'000	Over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	6194	5,353	(841)	FAV
- Internal Repayment of Loan Charges	(8,830)	(7,326)	1,504	ADV
- Ex Avon Debt Costs	1,190	1,190	0	-
- Minimum Revenue Provision (MRP)	5,278	4,264	(1,014)	FAV
- Interest on Balances	(317)	(370)	(53)	FAV
Sub Total - Capital Financing	3,515	3,112	(404)	FAV

APPENDIX 7

Summary Guide to Credit Ratings

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

This page is intentionally left blank