

Cabinet

Date: Wednesday, 7th February, 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)

Chief Executive and other appropriate officers
Press and Public

The agenda is set out overleaf.



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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

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Cabinet - Wednesday, 7th February, 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 MEETINGS - 23RD NOVEMBER AND 6TH DECEMBER 2017 (Pages 7 - 18)

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

9. CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

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

10. MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

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

11. SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING (Pages 19 - 24)

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

12. ADOPTION OF A PARKING STRATEGY AND ASSOCIATED CHARGES AND THE DEVELOPMENT OF ODD DOWN COACH PARK (Pages 25 - 40)

This report:

(1) Outlines the development of a new Parking Strategy and steps taken to reach a final draft of the document. The Parking Strategy seeks to be in line with all other relevant Council policies and provides a strategic framework against which future decisions may be made.

(2) Outlines the development of a new Coach Park at Odd Down Park & Ride to complement the Council's Placemaking Plan and to enable the regeneration of Avon St coach and car park into Bath Quays North.

(3) Outlines the parking charge proposals, developed in line with the outcomes from the Parking Strategy, to be promoted through the necessary statutory process.

13. COUNCIL TAX DISCOUNT FOR CARE LEAVERS & FOSTER CARERS (Pages 41 - 48)

To use the Council's power as a billing authority to reduce to nil the amount of council tax payable by young people leaving care, and to apply a 25% discount to council tax payers acting as foster carers, as permitted by section 13A of the Local Government Finance Act 1992 from 1 April 2018.

The details relating to the eligibility and application process are covered in the Schemes as set out in the report.

14. TREASURY MANAGEMENT MONITORING REPORT TO 31ST DECEMBER 2017 (Pages 49 - 64)

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 for the first nine months of 2017/18.

15. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2018/19 (Pages 65 - 94)

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

In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

16. REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO DECEMBER 2017 (Pages 95 - 122)

This report presents the financial monitoring information for the Authority as a whole for the financial year 2017/18 to the end of December 2017.

17. BUDGET AND COUNCIL TAX 2018/19 AND FINANCIAL OUTLOOK (Pages 123 - 262)

This report presents the revenue and capital budgets for 2018/19 together with proposals for Council Tax and Adult Social Care Precept for 2018/19.

18. HERITAGE SERVICES REVISED BUSINESS PLAN 2018-2023 (Pages 263 - 302)

This is the third update of the Heritage Services five-year Business Plan 2015-2020 that was approved by Cabinet in February 2015. It covers the five financial years from 2018/19 to 2022/23 and has been prepared following the annual in-depth review of business activity. The revised Plan includes an analysis of the risk involved.

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

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BATH AND NORTH EAST SOMERSET

CABINET

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

Thursday, 23rd November, 2017

Present:

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

145 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

146 EMERGENCY EVACUATION PROCEDURE

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

147 APOLOGIES FOR ABSENCE

Councillor Mark Shelford had sent his apologies for this meeting.

148 DECLARATIONS OF INTEREST

There were none.

149 MODERN LIBRARIES PROGRAMME; COMMUNITY LIBRARIES APPROACH - CALL IN RESPONSE

The Chair informed the meeting that the Cabinet had made a decision on 11th October 2017 regarding an approach to Community-led Libraries (Decision E3000 - Modern Libraries Community Led Approach). A Call-in of the decision was held on 13th November 2017 by the Communities, Transport and Environment Policy Development & Scrutiny Panel, and this call-in was upheld. Cabinet therefore would need to consider its response to the Call-In and the Panel's recommendations.

The Chair invited Councillor John Bull to address the Cabinet in his capacity as the Chair of the CTE PDS Panel.

Councillor John Bull read out a statement (*available on the Minute Book at Democratic Services*) where he highlighted three recommendations made by the CTE PDS Panel when the Call In was upheld. Councillor Bull expressed his concerns that an Addendum to the report had only been published less than 24 hours before meeting and that proposals in that document were still short of a full consultation.

The Chair thanked Councillor John Bull for his statement.

The Chair invited Public and Councillors who registered to speak to address the Cabinet. All speakers would have up to 3 minutes and all speakers should only speak to the recommendations of the Panel. The Chair reminded everyone that he used his discretion for this meeting to allow 30 minutes for Public and Councillors to speak and that he would intervene to stop the speaker if they stray from speaking about Panel's recommendations.

Caroline Ambrose read out a statement (*available on the Minute Book at Democratic Services*) where she expressed her concerns on the decision made by the Cabinet on 11th October and highlighted options that the Cabinet would have following the outcome of the Call In.

Kathleen Still read out a statement (*available on the Minute Book at Democratic Services*) where she expressed her concerns on an impact that Cabinet decision might have on Paulton library and the Hub, in particular on current team of volunteers.

Alison Hall addressed the Cabinet by outlining the benefits of Paulton library and its links to Paulton Schools and asked the Cabinet to take on board recommendations made by the CTE PDS Panel on 13th November 2017 Call In meeting before making final decision. Alison Hall also said that Paulton library was not just a place for borrowing books – it was also a social hub for all, contributing against social isolation especially amongst elderly people.

Councillor Joe Rayment addressed the Cabinet by complaining on the timing of this meeting, that the Cabinet should have planned this meeting well in advance, that the Addendum should have been published earlier and that allocated 30 minutes for Public and Councillors to speak was against Constitution.

The Chair reminded Councillor Rayment that he should focus his statement on the recommendations from the CTE PDS Panel.

Maria Lucas (Monitoring Officer) explained that the Constitution requires the Cabinet to consider the report and/or recommendations from the Call-In Scrutiny Panel. The CTE PDS Panel had provided three recommendations when they upheld the Call-In. The Cabinet was required to consider those recommendations and comments on them at this meeting only. Maria Lucas highlighted that the Chair had informed speakers that they could only speak on the recommendations of the Panel. This was single issue meeting, a response to the Call-In outcomes, and no other matters should be discussed at this meeting.

Councillor Joe Rayment concluded his statement by saying that the Addendum did not address issues from the Call-In and the Cabinet should release funding and start the consultation before making any decision on this matter.

Councillor Richard Samuel read out a statement (*available on the Minute Book at Democratic Services*) where he believed that the Cabinet should be clearer on the project goals, set clear objectives for each individual library within an overall strategic context for B&NES libraries, prepare detailed project plans for each site, set out how delivery is to take place, decide if the library can function as a public service within the cost envelope, be clear about the timescales for all sites and manage this as a discrete project. Councillor Samuel urged the Cabinet to take a step back, reconsider all options and make sure that they had acted within the spirit and letter of the law.

Councillor Will Sandry addressed the Cabinet by expressing his concerns that Cabinet decision would have significant impact on Mooreland library in Oldfield Ward. Councillor Sandry also said that Mooreland library had served citizens from more than one Ward and, like Paulton library it had been seen as social hub for residents of Oldfield and neighbouring Wards.

Councillor Liz Hardman read out a statement (*available on the Minute Book at Democratic Services*) where she supported the CTE PDS Panel decision to refer the decision on Branch Libraries back to Cabinet. Councillor Hardman felt that the main reason for asking the Cabinet to re-consider their decision made on 11th October 2017 was down to the lack of any open public consultation. Councillor Hardman concluded her statement by urging the Cabinet to have a rethink on these proposals. In her view, the Community Library Model would not deliver a competent and efficient library service and it would be run with the minimum of support from B&NES, both financial and professional.

Councillor Dine Romero read out a statement (*available on the Minute Book at Democratic Services*) where she felt that the Cabinet Member for Transformation and Customer Services had recommended that the Council should adopt a new approach to library services without having any supporting evidence. Councillor Romero expressed her concerns that, in her view, there was no financial breakdown, and no detail of how the community model might work. Councillor Romero urged the Cabinet to re-think their decision by suggesting that those living in the least advantaged areas would be severely affected by the Community Library Model proposals.

Councillor Patrcik-Anketell addressed the Cabinet by saying that he had abstained from voting on the Call-In proposals as he was not assured with consultation approach in the original report which came to the Cabinet on 11th October or with the status of Mobile Library Service. However, having read the Addendum to the Cabinet Report for this meeting he was satisfied with the recommendations and supported the proposed recommendations of the Cabinet.

Councillor June Player made an ad-hoc statement urging the Cabinet to communicate with the residents on the outcome of the Community Library Model proposals. Councillor Player also requested that Moorland library should continue to run.

The Chair thanked everyone who addressed the Cabinet.

Councillor Karen Warrington read out a statement (*available on the Minute Book at Democratic Services*) where she thanked all the speakers at this meeting. Councillor

Warrington also said that the Cabinet had met to meet today to consider the comments of the CTE PDS Panel held on 13th November which were detailed in the accompanying documentation.

There were two main issues highlighted by the CTE PDS Panel - consultation and certainty over the future of the Mobile Library Services. An addendum the report had clarified an approach to the public consultation. Nevertheless, Councillor Warrington took the meeting through the stages of the public consultation in her statement. Councillor Warrington also said that the Addendum had made it clear that the Mobile Library service was not being stopped. Councillor Warrington concluded her statement by reminding everyone that if the Communities Library Programme did not go ahead, it would put at risk £200,000 of savings which would need to be found from elsewhere.

Councillor Karen Warrington moved the recommendations as per Addendum.

Councillor Tim Warren seconded the motion by saying that this was just start of the process which would trigger the Public Consultation on the Communities Library Programme. Councillor Warren assured everyone that proposals were not about closing libraries in B&NES, but opposite, to protect them from closure. Councillor Warren concluded by saying that Mobile Library Services would continue to operate.

Councillor Vic Pritchard supported the motion by drawing Cabinet's attention to referendum held at Stowey Sutton where massive majority agreed with Cabinet's proposals on Communities Library Programme with 35 people already putting their name down to volunteer at local library.

Councillor Paul Myers also supported the motion by emphasising exemplary work of volunteers in Midsomer Norton and that proposals such as these would bring communities closer.

It was **RESOLVED** (unanimously) to confirm its original decision, as taken on 11th October 2017, with the following clarifications and amendments which address the three issues raised by CTE PDS at its call-in meeting on 13th November 2017:

2.1.1. In the event that the Council is unable to secure a locally agreed Community Run Library provision in any of the existing five Branch Libraries, an options report will be produced for consideration by Cabinet to determine the approach to be taken in that area, having reference to financial consequences and the outcomes of consultation.

2.1.2. The consultation approach will include the matters and approaches detailed in Section 4.

2.1.3. The Mobile Library Service will continue to operate and is not subject to closure.

The meeting ended at 10.30 am

Chair _____

Date Confirmed and Signed _____

Prepared by Democratic Services

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BATH AND NORTH EAST SOMERSET

CABINET

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

Wednesday, 6th December, 2017

Present:

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

150 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

151 EMERGENCY EVACUATION PROCEDURE

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

152 APOLOGIES FOR ABSENCE

Councillor Mark Shelford had sent his apologies for this meeting.

153 DECLARATIONS OF INTEREST

There were none.

154 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

155 QUESTIONS FROM PUBLIC AND COUNCILLORS

There were 19 questions from Councillors.

[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.]

156 STATEMENTS, DEPUTATIONS OR PETITIONS FROM PUBLIC OR COUNCILLORS

Robin Kerr (Federation of Bath Residents' Associations) read out a statement (*available on the Minute Book at Democratic Services*) where he highlighted issues around HMOs and a need for a workable Student Housing Policy.

David Redgewell read out a statement (*available on the Minute Book at Democratic Services*) where he highlighted latest rail transport developments and issues around ongoing works along A37.

Cate Le Grice-Mack read out a statement (*available on the Minute Book at Democratic Services*) where she highlighted impact of extreme traffic congestion in Bath on residents.

Mary Walsh read out a statement (*available on the Minute Book at Democratic Services*) where she highlighted impact of the latest WECA Transport VISION on Whitchurch Village and neighbouring villages.

157 MINUTES OF PREVIOUS CABINET MEETING

RESOLVED that the minutes of the meeting held on Wednesday 8th November 2017 be confirmed as a correct record and signed by the Chair.

158 CONSIDERATION OF SINGLE MEMBER ITEMS REQUISITIONED TO CABINET

There were none.

159 MATTERS REFERRED BY POLICY DEVELOPMENT AND SCRUTINY BODIES

There were none.

160 SINGLE MEMBER CABINET DECISIONS TAKEN SINCE PREVIOUS CABINET MEETING

The Cabinet agreed to note the report.

161 APPROVAL FOR WEST OF ENGLAND COMBINED AUTHORITY (WECA) TRANSPORT FUNDING TO BE INCLUDED ON THE CAPITAL PROGRAMME

Councillor Dine Romero made an ad-hoc statement by expressing her concern that the Council would not get what they should from WECA funding. Councillor Romero also said that it would be useful to know what criteria were used for selecting one scheme over another. Councillor Romero expressed her concern that all current schemes were focused entirely on roads and road improvements and nothing had

been considered on sustainable travel and other transport options. Councillor Romero concluded her statement by suggesting that East of Bath Link should be called North-South connection study.

Councillor Patrick -Anketell-Jones made an ad-hoc statement by welcoming the Freezing Hill junction improvement which would help getting people to Lansdown Park and Ride quicker and easier. Councillor Anketell-Jones also said that the road from Park and Ride continues to Lansdown Road which had seen noticeable increase in traffic in recent years, and suggested that any calculation on traffic levels should not just stop at the Park and Ride but should include the roads towards the city centre.

Councillor Charles Gerrish introduced the report by saying that the Council had successfully bid to The West of England Combined Authority (WECA) for funds to develop key highway projects. On 30th October 2017 WECA had approved funding to develop schemes for:

- 1) East of Bath Link, £250k
- 2) A37 to A362 Improvements to access Somer Valley Enterprise Zone, £280k
- 3) Hicks Gate Roundabout Improvement, £460k
- 4) Freezing Hill Lane Junction Improvement, £100k

The four schemes were linked to the strategic improvements identified in the West of England Joint Transport Study and The Council Transport Strategies for Bath, Keynsham and Somer Valley. The schemes would provide significant benefits in reducing delays to vehicles using the Highway Network. The schemes were identified through the Council Transport Strategies and JTS, as the schemes were developed the options would be reviewed.

Councillor Charles Gerrish moved the recommendations.

Councillor Bob Goodman seconded the motion by saying that these four schemes were the right decision for residents of Bath and North East Somerset area. Councillor Goodman also said that he understood the concerns raised by Councillor Romero though this was just a beginning of a process, and transport developments would follow once road improvements were in place.

Councillor Paul May said that he would support the report. Councillor May also said that major consultation had been taking place on development in Whitchurch, and although that development would have significant highway impact on the village, there was no feasibility study on A37/A4 link. The community from Whitchurch and neighbouring villages would not know the exact impact due to the lack of the study. Councillor May also highlighted that if A350 improvements were going ahead then there would be significant impact on villages around A37 (starting from Farrington Gurney towards Whitchurch). Councillor May concluded his statement by expressing his concern that original JSP had highlighted need for housing and roads though, at the moment, housing had been going ahead and there was little information about roads.

The rest of the Cabinet welcomed the report and approved funding for proposed schemes.

RESOLVED (unanimously) the Cabinet agreed to approve:

- (1) the inclusion of the two new schemes listed below into the Capital Programme:
 - a) A37 to A362 Improvements to access Somer Valley Enterprise Zone, Business Case Development, £280k
 - b) Hicks Gate Roundabout Improvement, Business Case Development, £460k
- (2) the inclusion into the Revenue Budget of the two studies listed below:
 - a) East of Bath Link, Development Support, £250k
 - b) Freezing Hill Lane Junction Improvement, Feasibility and Business Case Development, £100k

162 REVENUE & CAPITAL BUDGET MONITORING, CASH LIMITS AND VIREMENTS – APRIL TO OCTOBER 2017

Councillor Richard Samuel made an ad-hoc statement by saying that the monitoring report had been disappointing with a projected budget overspend of £3.751m. Councillor Samuel expressed his concern that the officers recommendation was to use reserves to mitigate the overspend with planned savings of £1.6m now at risk. Councillor Samuel also said that previous monitoring report suggested that budget overspend was £5.12m and felt that improvement in overspend was down to drawing out money from social care. Councillor Samuel concluded his statement by hoping that next report would show an improvement in figures.

Councillor Charles Gerrish said that report format was different from previous months and it had covered a period of seven months. The report had presented an improvement from the previous report and also an impact of the actions taken since the previous projection. Paragraph 5.5 of the report highlighted cost pressures and paragraph 5.6 showed additional measures agreed with Adult Social Care - it should not to be seen as money taken out from social care. Councillor Gerrish referred at the mitigating measures in 5.8 of the report and informed the meeting that the Revenue Budget Contingency Reserve funding figure had been agreed at the February 2017 Budget. Councillor Gerrish concluded his comments by taking the meeting through each portfolio budget and highlighted some of the Capital Projects.

Councillor Charles Gerrish moved the recommendations.

Councillor Paul Myers seconded the motion by saying that based on the improvement to the position reported to October Cabinet, there was currently no requirement to use non-earmarked reserves as part of these mitigations. The Council's financial position, along with its financial management arrangements and controls, were fundamental to continuing to plan and provide services in a managed way, particularly in light of the medium term financial challenge.

The rest of the Cabinet Members highlighted financial pressures within their portfolios.

RESOLVED (unanimously) the Cabinet agreed that:

2.1 Strategic Directors should continue to work towards managing within budget in the current year for their respective service areas and develop an action plan of how this will be achieved, including not committing any unnecessary expenditure and stringent budgetary control.

2.2 This year's revenue budget position as shown in paragraph 5.3 is noted.

2.3 The mitigations that will be required shown in paragraph 5.8, if the over budget position cannot be reduced by the end of the financial year, are noted.

2.4 The capital year end forecast detailed in paragraph 5.18 of this report, is noted.

2.5 The revenue virements listed for information in Appendix 2(i) are noted.

2.6 The changes in the capital programme listed in Appendix 3(i) are noted.

163 CONSULTATION ON THE PROPOSAL TO CLOSE CAMERTON CHURCH SCHOOL

Councillor Paul May introduced the report by saying that pupil numbers at Camerton Church School had been falling for several years and for September 2017 only seven pupils in total were expected to be 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 meets the academic, social and emotional needs of the pupils at the school. The Governing Body had therefore concluded that the school was no longer viable either educationally or financially and had asked the Council to commence the statutory process that must be followed when it is proposed to close a school.

Councillor Paul May moved the recommendations.

Councillor Tim Warren seconded the motion by saying that if it was decided to close the school, these seven pupils would be able to remain at Shoscombe School and formally transfer onto the roll of Shoscombe School should they wish to. From 1 September 2018 responsibility for home to school transport for these seven pupils would transfer to the Local Authority. Alternatively, they would be free to apply to another school. Admission to another school would be subject to available places.

RESOLVED (unanimously) that the Cabinet, based on the educational, social and emotional needs of pupils, agreed to the publication of a statutory notice proposing the closure of Camerton Church School which will allow a further four week consultation period to take place.

164 WHITCHURCH VILLAGE NEIGHBOURHOOD DEVELOPMENT PLAN

Councillor Paul May introduced the report by saying that Whitchurch Village Parish Council had indicated that they would like to undertake a Neighbourhood Development Plan (NDP) in September 2014 and the Neighbourhood Area, the first formal stage in the process, was designated by the Council on 3rd November 2014. The Plan was considered by an Independent Examiner in September 2017, who

recommended that it should proceed, with modifications, to the final stage, the referendum. The referendum took place on 16th November 2017. There was a 38.5% turnout of the overall Neighbourhood Area electorate. A majority (96.5%) were in favour of using the Whitchurch Village NDP to help decide planning applications in the Neighbourhood Area. Councillor May also commended Councillor Karen Warrington for her involvement in the process and thanked all residents from Whitchurch who turned up for the referendum and at Joint Strategic Plan (JSP) events.

Councillor Paul May moved the recommendations.

Councillor Bob Goodman seconded the motion by praising Councillor May for his involvement in the process and invited residents to get engaged in the JSP consultations.

Councillor Karen Warrington also supported the Plan and commended the community for voting in huge numbers at the referendum.

Councillor Charles Gerrish also welcomed the Plan and invited all residents to get engaged with the JSP and Local Plan consultations.

RESOLVED (unanimously) the Cabinet agreed to:

Make and bring into force the Whitchurch Village Neighbourhood Development Plan, as set out in Appendix 1, as part of the Development Plan for the Whitchurch Neighbourhood Area, in accordance with Section 38A(4) of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011 and the Housing and Planning Act 2016).

The meeting ended at 5.05 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 27-Nov-2017 to 29-Jan-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>

RULE 16 NDR Revaluation Relief update and minor Policy amendments

The updated Appendix D to the Bath and North East Somerset Council Non Domestic Rate Relief Policy gives guidance to officers administering claims for discretionary relief under discretionary powers provided by the Local Government Finance Act 1988 ("The 88 Act").

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 25/01/2018

Effective from: 25/01/2018

Decision:

The Cabinet Member agrees that the Council's Policy is amended in line with the recommendations set out in the report.

Lead officer: Ian Savigar

Article 4 Direction over permitted development rights on the Change of Use from Office to Residential in central Bath

To consider the implications of the permitted development rights on the conversion of offices to residential uses in Bath.

Decision Maker: Leader of the Council

Decision published: 25/01/2018

Effective from: 02/02/2018

Decision:

Cabinet Member agrees that;

- a) Bath & North East Somerset Council makes a non-immediate Article 4 Direction under para 4(1) of the Town and Country Planning (General Permitted Development) (England) Order 2015 to withdraw permitted development rights for the Change of Use from Office (Class B1) to Residential uses (Class C3) in those parts of central Bath shown in the report;
- b) authority is delegated to the Divisional Director for Development, in conjunction with the Council Leader to give notice of the Article 4 Direction in accordance with Schedule 3 of the General Permitted Development Order;

- c) The Cabinet considers whether to confirm, abandon or amend the Article 4 Direction following the statutory consultation; and
- d) any public representations made in response to the notice concerning the direction will be reported to the Cabinet for consideration.

Lead officer: Simon De Beer

Revised Tenancy Strategy

The Tenancy Strategy was approved in 2012. It advocates the careful use of flexible tenancies to help meet local housing need. Housing need has been reviewed this year and minor modifications to strategic priorities are proposed.

Decision Maker: Cabinet Member - Economic and Community Regeneration

Decision published: 25/01/2018

Effective from: 02/02/2018

Decision:

The Cabinet Member agrees that the proposed Tenancy Strategy 2017 – 2022 is adopted.

Lead officer: Sue Wordsworth

West of England Combined Authority - Approval of Borrowing Cap

To give consent to the Combined Authorities Borrowing Regulations, including the setting of a borrowing cap for the West of England Combined Authority

Decision Maker: Leader of the Council

Decision published: 22/01/2018

Effective from: 30/01/2018

Decision:

The Cabinet Member agrees to:

- (i) Give consent to the Combined Authorities Borrowing Regulations.
- (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 Combined Authorities Regulations.

Lead officer: Gary Adams

Twerton Infant School - Replace Prefabricated Pratten Building

To address condition issues at Twerton Infant School by replacing a prefabricated Pratten building with a refurbished modular building.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 22/01/2018

Effective from: 30/01/2018

Decision:

The Cabinet Members agree to give full approval to spend £325,000 Schools Capital Maintenance Grant to replace the poor condition Pratten building at Twerton Infant School.

Lead officer: Anne Leach

SEND Capital Bid

This Single Member Decision seeks agreement for £500k capital funding to assist in increasing capacity for additional SEND places within a small number (four) mainstream schools in B&NES.

Decision Maker: Cabinet Member - Children and Young People

Decision published: 17/01/2018

Effective from: 25/01/2018

Decision:

The Cabinet Member agrees with the approval for the Local Authority to utilise £500k to be spent on expanding existing provision within the area to increase placements for children with Special Educational Needs and Disability (SEND).

Lead officer: Richard Baldwin

Approval to release funding to repair the ponds at Royal Victoria Park

Approval is sought to release S 106 funding (developer contributions) held by the Council for the improvement of green space. The ponds at Royal Victoria Park need work to stop leaks and aerate the water to prevent algal growth.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 08/01/2018

Effective from: 16/01/2018

Decision:

The Cabinet Member for Development & Neighbourhoods and the Cabinet Member for Finance & Efficiency approve:

- The allocation of up to £24,336 of S106 funded developer's contributions towards the repair of the ornamental ponds in Royal Victoria Park, discharging responsibilities associated with S106 agreement for planning reference 12/00980/FUL to improve green spaces in the vicinity of the development.
- To increase the capital programme to incorporate this wholly funded capital spend. All capital expenditure to be funded using developer contributions (Section 106 deposits) ensuring that the work is cost neutral for the authority.

Lead officer: Paul Pearce

Implementation of Changes to the School Funding Formula

Following the introduction of a national funding formula to fund school the Local Authority needs to decide on the funding mechanism to pass the funds to schools.

NOTE:

The undersigned Councillors wish to call in decision E3019 “Implementation of Changes to the School Funding Formula”, taken by the Cabinet Member for Children & Young People on 27 December 2017, for the following reason:

“Insufficient consideration has been given to the alternative options beyond the national Funding Formula and the Local Funding Formula. The report acknowledges that there are many options which could be modelled, but that only one was considered and then dismissed.”

- 1. Councillor Tim Ball*
- 2. Councillor Joe Rayment*
- 3. Councillor Dine Romero*
- 4. Councillor Nigel Roberts*
- 5. Councillor Paul Crossley*
- 6. Councillor Eleanor Jackson*
- 7. Councillor Richard Samuel*
- 8. Councillor Ian Gilchrist*
- 9. Councillor Liz Hardman*
- 10. Councillor John Bull*

The Children and Young People Policy and Development Scrutiny Panel will conduct a Call In meeting on 16th January 2018.

NOTE:

The Children and Young People Policy and Development Scrutiny Panel have dismissed the Call In on 16th January 2018.

Decision Maker: Cabinet Member - Children and Young People

Decision published: 27/12/2017

Effective from: 05/01/2018

Decision:

The Cabinet Member agrees that the implementation of the new National Funding Formula (NFF) methodology is adopted from the 2018-19 financial year.

The Cabinet Member agrees to ensure that all schools receive 0.5% increase per pupil as a minimum.

Lead officer: Richard Morgan

Event Policy Review 2017

The Events Policy was agreed by Cabinet on 9 November 2011. The document was revised and approved, via Single Member Cabinet Decision on 31 March 2015, a further revision is required to tighten the process for events across B&NES.

Decision Maker: Cabinet Member - Development and Neighbourhoods

Decision published: 18/12/2017

Effective from: 28/12/2017

Decision:

The Cabinet Member agrees the Events Policy Review – November 2017.

Lead officer: Lynda Deane

Bright Start Childrens Centre Services - Parkside Children Centre and Family Intervention Team relocation

Bright Start Children's Centre Services currently operate from Parkside Children Centre, Charlotte Street, Bath. The Social Care Family Intervention Team currently operates from 117 Newbridge Hill, Bath. Both services are located in buildings which are not suitable in the long term, both need significant investment in alterations and improvements so that they are suitable for future use. Whilst the People & Community Directorate has looked at alternative options, capital funding to enable such developments has been limited.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 18/12/2017

Effective from: 28/12/2017

Decision:

The Cabinet Members agree:

- The proposal to relocate staff from Parkside Children's Centre and 117 Newbridge Hill into one adapted premises in Charlotte Street, Bath.
- To approve £718k of the provisionally approved sum of £7.445 million in the 17/18 capital budget for Innovation Quay, to fund the refurbishment of accommodation in Charlotte Street.
- Approve the disposal of 117 Newbridge Hill to ADL, and to release the receipt in whole or in part to contribute to the Healthy Living Centre in Radstock.
- Approve the transfer of the Parkside site to the Place Directorate for incorporation into plans linked to Bath Quays regeneration.

Lead officer: Richard Baldwin

St Nicholas CofE Primary - Expansion to 420 Places

Request approval to proceed with a capital project to expand St Nicholas CofE Primary from a 270 place school to 420 places. Expansion of school accommodation is required due to population growth generated by new housing development.

Decision Maker: Cabinet Member - Finance and Efficiency

Decision published: 28/11/2017

Effective from: 06/12/2017

Decision:

Cabinet Members agree to give full approval of £2,473,000 of the provisionally approved project budget of £2,500,000 to be included in the 2017-18 and 2018-19 Schools Capital Programme, to expand school place provision at St Nicholas CofE Primary School, Radstock.

Lead officer: Anne Leach

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	7th February 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3042
TITLE:	Adoption of a Parking Strategy and associated charges and the development of Odd Down Coach Park.	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - Proposed Parking Charges Feb18		

1 THE ISSUE

1.1 This report:

- (1) Outlines the development of a new Parking Strategy and steps taken to reach a final draft of the document. The Parking Strategy seeks to be in line with all other relevant Council policies and provides a strategic framework against which future decisions may be made.
- (2) Outlines the development of a new Coach Park at Odd Down Park & Ride to complement the Council's Placemaking Plan and to enable the regeneration of Avon St coach and car park into Bath Quays North.
- (3) Outlines the parking charge proposals, developed in line with the outcomes from the Parking Strategy, to be promoted through the necessary statutory process.

2 RECOMMENDATION

The Cabinet is asked to:

- 2.1 Agree the proposed changes to parking charges set out in Appendix 1 to this Report which will be taken forward through the necessary statutory process, alongside the adoption of the Parking Strategy.
- 2.2 Approve the use of Odd Down Park & Ride for long stay coach parking.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 No additional resources are required to adopt the Parking Strategy. Adoption of the strategy commits the Council to the development of an action plan and additional resource requirements will be identified through this process and formal approval sought where required.
- 3.2 The funding required to implement the changes to parking charges is agreed to be taken from Council reserves. This is estimated at £150k.
- 3.3 Changes to parking charges, as proposed (see Appendix 1) and subject to the necessary statutory process to implement, are forecast to generate additional income of £662.7k in 2018/19 and a further £229.3k in 2019/20.
- 3.4 In accordance with section 55 of the Road Traffic Regulation Act 1984 Local Authorities must keep a special account of income and operational expenditures relating to designated parking places. In essence parking charges must not be increased to generate income for the general fund. Additionally, it's recognised that the 1984 Act is not a fiscal measure and does not authorise the authority to use its powers to charge for parking in order to raise surplus revenue for other transport purposes funded by the General Fund. Parking charges are recognised within the Parking Strategy with the intention to achieve the Council's transport policy aims of reducing congestion and improving air quality and improved parking management. Any surplus must be applied for a purpose specified in section 55(4) of the 1984 Act and will be allocated to fund improvements to transport and transport related schemes, such as Safer Routes to Schools.
- 3.5 Development of the new coach park at Odd Down is underway following the receipt of £1.8M of funding through the European Development Fund and Local Growth Fund through West of England Combined Authority arrangements. Ongoing revenue costs for the maintenance of the new coach parking facilities will be funded from reallocating budget that is already in place for existing facilities.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The provision for Local Authorities to make and vary charges for parking places is set out in the Road Traffic Regulation Act 1984. The regulations prescribe how Local Authorities may undertake this provision; including the requirements for consultation. The 1984 Act imposes a duty on Local Authorities exercising any functions under the Act, including the setting of parking charges, to act so as to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway.
- 4.2 Local Authorities are subject to the general and specific duties set out in the Equality Act 2010. This report and its recommendations pay due regard to the Council's public sector equality duty. In addition, account has been taken of the Human Rights Act 1998 where a public body must not act in a way which is incompatible with one of the rights contained in the European Convention of Human Rights. The recommendations in this report are considered compatible with such convention rights.

5 THE REPORT

Parking Strategy

- 5.1 Whilst there is no statutory requirement to have a formal Parking Strategy it is seen as good practice to do so due to the impacts that public parking can have on the Authority as a whole. Therefore it was deemed appropriate to develop a full and comprehensive strategy for adoption at this time.
- 5.2 The Parking Strategy has been developed to provide a link with the Placemaking Plan, the Core Strategy and to complement the existing and developing transport strategies and the Coach Parking Strategy This ensures that all relevant Council policies are harmonised and considered when making decisions or changes to the parking impacts across many different documents.
- 5.3 The Parking Strategy also provides links through to the emerging work on air quality and recognises that parking charges, restrictions and other policy changes are important tools to help to contribute to reductions in air quality issues.
- 5.4 The need for the strategy is reflected in the significant demand on the network from the numbers of commuter, business and resident vehicles coming into the Authority on a daily basis. Currently there is no strategy to guide decisions when requests for change are received.
- 5.5 Furthermore, the development of the Enterprise Area including Bath Quays will result in significant changes to parking provision within the city centre area and reflects the need for longer term plans. The Parking Strategy addresses the above points by setting out standards for the numbers of parking spaces for new developments and assessment criteria to be used by developers; and provides an agreed matrix for use. This approach has been agreed with the planning service but still ensures each development is considered on its own merit.
- 5.6 The Parking Strategy sets out a hierarchy for use of limited kerb space in the city, prioritising disabled users, public transport, residents and business needs. This approach allows reviews of parking areas to be considered fairly and proportionately under an agreed framework, prioritising residents' needs and air quality over long stay parking provision, predominantly used by commuters and tourists who would be better placed at the Park & Ride sites. The Parking Strategy also looks wider than just Bath and sets out opportunities and options for the rural areas across B&NES.
- 5.7 The Parking Strategy recommends a charging strategy that uses charges to discourage long stay parking, limits on street parking to 2 hours and increases charges in Bath but retains free parking in rural community car parks due to the different nature of the challenges outside of the city. This is developed around transport needs and options within the different locations and the impacts that the choices made have on air quality, congestion, economic vitality and public realm aspirations.
- 5.8 The Parking Strategy supports the use of Park & Ride to reduce long stay parking in the city as well as other more sustainable modes of transport such as car clubs, electric vehicles, motorcycles and cycling. These changes will then help to address air quality issues.

- 5.9 The Parking Strategy is in accordance with the adopted Core Strategy (section 2.45) and the Getting Around Bath Transport Strategy whilst recognising economic concerns.
- 5.10 Encouraging the use of the Park & Ride's and alternative modes of transport will help in improving air quality and reduce congestion during the peak hours caused by slow vehicle speeds and queueing. This approach also promotes the policies that help to manage demand to encourage behaviour change towards the use of public transport, cycling and walking (where appropriate). It will also increase space availability for trips that support the economic vitality and vibrancy of the city centre
- 5.11 The Parking Strategy also sets out technology options for future development of parking management in the City. This ensures that the services delivered are of the required quality and develops payment and space booking solutions within the new developments within the Bath Quays and wider Enterprise Area.
- 5.12 The Parking Strategy also recommends reviews of the use of parking permits within the City and residents parking zones, both of which were raised during the public consultation process. Adoption of the Parking Strategy will allow further work to be undertaken to resolve the issues highlighted by residents within these areas.

Parking Charges

- 5.13 The UK has in place legislation passed down from the European Union, to ensure that certain standards of air quality are met. In common with many EU member states, the EU limit value for annual mean nitrogen dioxide emissions is breached in the UK and there are on-going breaches of the nitrogen dioxide limit value in Bath. The UK government is taking steps to remedy this breach in as short a time as possible and has produced a UK Air Quality Plan and a Clean Air Zone Framework, setting out actions required to tackle the exceedances.
- 5.14 Due to forecast air quality exceedances in central Bath, Bath and North East Somerset Council has been directed by the Minister to produce a Clean Air Plan to achieve air quality improvements in the shortest possible time. In line with Government guidance, as part of the Plan Bath and North East Somerset Council is considering a range of options to bring air quality back in line with EU limit values in the shortest possible time.
- 5.15 The Parking Strategy sets out a number of actions and objectives to influence behaviours and travel choices in line with these requirements. This includes changes to parking charges which is one of the main tools that Local Authorities have to change wider travel behaviour.
- 5.16 Work has been undertaken to consider the impact of changes to charging on user groups by developing impact assessments and engagement through focus groups to test early stage options before the necessary statutory process is engaged to permit implementation of the proposed changes. It should also be

noted that off street parking charges have not increased in the car parks operated by the Council since 2010.

- 5.17 The new tariff proposals (see Appendix 1) set a base hourly charge which is then charged for all subsequent hours and is capped at £15 per day. This change to the current tariff structures removes the historic discount applied to the hourly rate for longer stays, reinforcing the strategic outcomes from the Parking Strategy which recommends the reduction of the benefits offered to long stay users and promotes a modal shift to more sustainable solutions such as park and ride.
- 5.18 In line with the commitment in the Parking Strategy to put residents first it is proposed that a discount of 10% (see Appendix 1) against the advertised pay and display parking charges will be available to all BANES residents when purchasing through the Council cashless provider.
- 5.19 Each of the Parking Charge options put forward were considered and assessed in line with the Council's Equalities Impact Assessments, to assist in the selection of the preferred options to be implemented. The main points to note are :
- a) Parking charges do have significant impacts on those who are already in the lower socio economical groups. This can be further compounded as they are more likely to own older vehicles that may have higher levels of emissions, further raising charges if differential charges based on emissions are considered.
 - b) Parking charges can also have a higher impact on those with less travel options, particularly those with disabilities who may well not have the ability to use alternative transport modes, although this is mitigated by the option of the blue badge parking concession that permits free parking on street for up to 3 hours on double and single yellow lines and all day in residents bays and time limited parking bays.
- 5.20 A series of Focus groups were convened to consider the options available and help develop the preferred approach. The groups (1 in Midsomer Norton, 1 in Keynsham and 2 in Bath) were given the opportunity to consider parking charges in the round and give opinion on the early stage proposals. These groups were used to gain specific feedback from residents and obtain a wider understanding of the impacts and issues that would be experienced as a consequence.
- 5.21 The research approach was qualitative rather than quantitative. Qualitative research enables in-depth exploration of issues and is a means to understanding why and how people think and behave in a particular way. In this respect a qualitative research approach was ideally suited to investigating residents' likely reaction to possible parking charges proposals. However, unlike quantitative research, qualitative research does not generate numerical data and or quantify issues.
- 5.22 Each group was selected to include a range of ages, genders, political affiliation and employment but all came from the BANES area. Additionally, attendees were also chosen where they had personal experience of the issues affecting Blue Badge holders. Key points summarised from this are:

- a) there was widespread support for preferential charges for residents and this was recognised as putting residents first;
- b) there was a strong degree of consensus that emissions based differential charging would help meet the strategy's aims of improving air quality; however, overall opinion was polarised as many felt this would penalise poor residents who are more likely to have older vehicles with higher emissions; and
- c) the focus group felt that introducing parking charges on Sundays would change the character of the day in Bath from being relaxed family and local's day to being more like a stressful Saturday.

5.23 It was noted within the groups that short stay price increases could lead to a modal shift; however, many felt that local people 'popping into' Bath are the prime customers of any short stay parking and residents would be significantly affected by an increase.

5.24 There was widespread support for increases to long stay charges to deter commuters; however it was noted that this could displace pressures to less central areas.

5.25 There was a general view that an increase to charges in Keynsham was acceptable due to the low current prices.

5.26 It is proposed that charges for existing season tickets will increase by 10% (see Appendix 1). Further work will be undertaken to develop season tickets in line with Parking Strategy Action 3 which states "The Council will undertake a review of the available permit types and remove those that do not comply with the objectives and policies of this strategy".

5.27 On street charges will be harmonised into three charge bands (Appendix 1) to simplify the charges and improve consistency across all locations. Charges in Royal Victoria Park will remain unchanged.

5.28 The introduction of a nominal £1 daily charge at the new Odd Down Coach Park (see Appendix 1) encourages longer stay coach parking out of the central areas and reduces the impact that coaches have on the lives of residents and the impact on air quality. The coach parking charge will be subject to review once the facility is open and usage is developed.

Odd Down Coach Park

5.29 To support the Council's Economic Strategy, Placemaking Plan and facilitate the regeneration of Bath Quays North, the Council needs to develop a sustainable coach park within the City of Bath. There is a need to relocate the Riverside Coach Park to Odd Down P&R to enable redevelopment of the site and a formal decision to do this is now required to enable the works to proceed. This decision will also allow officers to start marketing the Odd Down site with coach operators.

5.30 Members on the CTE Scrutiny Panel were united on the need for long stay coaches to park out of the city centre and for their customers to come into the centre via the Park & Ride service at Odd Down.

6 RATIONALE

- 6.1 The Parking Strategy and the development of Odd Down Coach Park support the Councils previously adopted relevant policies and strategies and provide a policy framework for future decision making and development of the Parking Service.

7 OTHER OPTIONS CONSIDERED

- 7.1 To abandon the Parking Strategy – this option is rejected because the proposed strategy is a potential key document setting down a parking framework in the district and has been arrived at from a comprehensive consultative and professional process.
- 7.2 To not implement the parking charge recommendations within the Parking Strategy – this option was rejected as the Parking Strategy is designed to achieve the modal shift and air quality improvement sought, and help promote sustainable transport options.
- 7.3 To not implement ODD Down Coach Park – This option was rejected as it would have a fundamental impact on the delivery of the Bath Enterprise Zone.

8 CONSULTATION

- 8.1 The draft Parking Strategy has been developed with public consultation to identify the key themes for respondents. This was then supplemented with key outcomes from Members and Officers.
- 8.2 As part of the development of the Parking Strategy and to ensure that all sections of the community had an opportunity to make representations on the proposals, the draft Parking Strategy was publicised on the 18th September 2017. To assist accessibility to the proposals full technical documents were publicised, a high level summary document made available together with an easy to read 'plain English' leaflet style publication. An infographic was also used to raise public awareness of the Parking Strategy.
- 8.3 During the period of the engagement process, Officers also held three drop in sessions (Midsomer Norton, Bath and Keynsham) to allow members of the public who had specific questions or views to engage with Officers and discuss concerns to ensure that they were as informed as possible when submitting their feedback.
- 8.4 The Parking Strategy webpage had a combined total of 4,630 views and the engagement website had 754 individual visits. At the end of the engagement period, a total of 255 survey responses had been received. The distinction between these numbers highlights that a very large proportion of visitors to the Parking Strategy documents may have had no desire to adversely comment on the draft Parking Strategy.
- 8.5 The majority of respondents lived in Bath and North East Somerset area, only 6 respondents declared that they were residing outside of the authority. In terms of distribution between organisations and individuals, a notable majority (90%) of the responses came from individuals.

- 8.6 The survey results showed that the majority read the summary document of the Parking Strategy and agreed in full or in part with the overall outcomes of the Strategy.
- 8.7 On the question of whether something had been missed, a majority answered yes and provided comments to highlight what had been overlooked. These comments were considered and where appropriate fed into the revised Parking Strategy document as presented and recommended for adoption. However, a large number of the comments referred to elements that were outside of the remit of the Parking Strategy.
- 8.8 The responses provided addressed a range of issues, with comments related to on street parking being the most common, followed by general comments, comments referring to multi modal travel including cycling and public transport and then parking capacity and charges. A smaller number of comments were received regarding enforcement, the parking standards, aims and principles of the strategy and major events.
- 8.9 All feedback has been collated into the Engagement Report, matching the report provided after the initial public consultation. This shows how the public feedback is considered and the resultant changes to the policies.

9 RISK MANAGEMENT

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

Contact person	<i>Chris Major – 01225 394231</i>
Background papers	<ul style="list-style-type: none"> • <i>Draft Parking Strategy including (www.bathnes.gov.uk/parkingstrategy);</i> <ul style="list-style-type: none"> ○ <i>Consultation Report 14.09.2017</i> ○ <i>Parking Strategy Engagement Document</i> ○ <i>Public Engagement Report 08.01.2018</i> ○ <i>Parking Strategy 05.01.2018 Technical Report</i> ○ <i>Parking Strategy 05.01.2018 Summary</i> ○ <i>Parking Management for Major Events;</i> ○ <i>Benchmarking and UK Parking Best Practice;</i> ○ <i>Parking Technology</i> ○ <i>Market Research Report – Parking Charges in B&NES</i> • <i>Draft Coach Parking Strategy, including(www.bathnes.gov.uk/coachstrategy);</i> <ul style="list-style-type: none"> ○ <i>Coach Parking Strategy Final Report 170824</i> ○ <i>Coach Parking Strategy Exec Summary</i> ○ <i>Coach Parking Engagement Report</i>
Please contact the report author if you need to access this report in an alternative format	

Appendix 1 - Proposed Changes To Parking Charges 2018/19
(Subject To Traffic Regulation Order Statutory Processes)

Bath Off street charges

Existing charges		Hours available									
		1	2	3	4	5	6	7	8	10	Full Day
Bath Page 33	Long Stay										
	Avon Street	-	£ 3.10	£ 4.30	£ 5.40	-	£ 7.40	-	£ 9.90	-	£ 12.50
	Charlotte Street	-	-	-	£ 5.40	-	£ 6.40	-	-	-	£ 8.50
	Manvers Street	-	£ 3.10	£ 4.30	£ 5.40	-	£ 7.40	-	£ 9.90	-	£ 12.50
	Short Stay										
	Bath Sports and Leisure Centre	£ 1.60	£ 3.10	£ 4.30	£ 5.40	-	-	-	-	-	-
	Broad Street	£ 1.60	£ 3.10	£ 4.30	£ 5.40	-	-	-	-	-	-
	Cattle Market	£ 1.60	£ 3.10	£ 4.30	£ 5.40	-	-	-	-	-	-
	Claverton Street	£ 1.60	£ 3.10	-	-	-	-	-	-	-	-
	Kingsmead Square	£ 1.60	£ 3.10	£ 4.30	£ 5.40	-	-	-	-	-	-

Proposed charges		Hours available									
		1	2	3	4	5	6	7	8	10	Full Day
Bath - Standard	Long Stay										
	Avon Street	-	£ 3.20	£ 4.80	£ 6.40	-	£ 9.60	-	£ 12.80	-	£ 15.00
	Charlotte Street	-	-	-	£ 6.40	-	£ 9.60	-	-	-	£ 15.00
	Manvers Street	-	£ 3.20	£ 4.80	£ 6.40	-	£ 9.60	-	£ 12.80	-	£ 15.00
	Short Stay										
	Bath Sports and Leisure Centre	£ 1.60	£ 3.20	£ 4.80	£ 6.40	-	-	-	-	-	-
	Broad Street	£ 1.60	£ 3.20	£ 4.80	£ 6.40	-	-	-	-	-	-
	Cattle Market	£ 1.60	£ 3.20	£ 4.80	£ 6.40	-	-	-	-	-	-
	Claverton Street	£ 1.60	£ 3.20	-	-	-	-	-	-	-	-
	Kingsmead Square	£ 1.60	£ 3.20	£ 4.80	£ 6.40	-	-	-	-	-	-
Page 34 Bath - Residents discount	Long Stay										
	Avon Street	-	£ 2.88	£ 4.32	£ 5.76	-	£ 8.64	-	£ 11.52	-	£ 13.50
	Charlotte Street	-	-	-	£ 5.76	-	£ 8.64	-	-	-	£ 13.50
	Manvers Street	-	£ 2.88	£ 4.32	£ 5.76	-	£ 8.64	-	£ 11.52	-	£ 13.50
	Short Stay										
	Bath Sports and Leisure Centre	£ 1.44	£ 2.88	£ 4.32	£ 5.76	-	-	-	-	-	-
	Broad Street	£ 1.44	£ 2.88	£ 4.32	£ 5.76	-	-	-	-	-	-
	Cattle Market	£ 1.44	£ 2.88	£ 4.32	£ 5.76	-	-	-	-	-	-
	Claverton Street	£ 1.44	£ 2.88	-	-	-	-	-	-	-	-
	Kingsmead Square	£ 1.44	£ 2.88	£ 4.32	£ 5.76	-	-	-	-	-	-

£1.60 per hour charge up to 8 hours.

Full day charge (over 8 hours) capped at £15 per day

Residents 10% discount on public rate.

Keynsham Off Street

Existing charges		Hours available								
		1	2	3	4	5	6	7	8	Full Day
Keynsham	Long Stay									
	Bath Hill East	-	£ 0.40	-	£ 0.80	-	-	-	£ 1.30	£ 1.70
	Fox and Hounds	-	£ 0.40	-	£ 0.80	-	-	-	£ 1.30	£ 1.70
	Station Road	-	£ 0.40	-	£ 0.80	-	-	-	£ 1.30	£ 1.70
	The Labbot South	-	£ 0.40	-	£ 0.80	-	-	-	£ 1.30	£ 1.70
	Short Stay									
	Ashton Way	-	£ 0.40	-	£ 0.80	-	-	-	-	-
	Ashton Way East	-	£ 0.40	£ 0.60	£ 0.80	-	-	-	-	-
	Civic Centre	-	£ 0.40	-	-	-	-	-	-	-

Proposed charges		Hours available								
		1	2	3	4	5	6	7	8	Full Day
Keynsham	Long Stay									
	Bath Hill East	-	£ 0.40	-	£ 0.90	-	-	-	£ 1.60	£ 2.10
	Fox and Hounds	-	£ 0.40	-	£ 0.90	-	-	-	£ 1.60	£ 2.10
	Station Road	-	£ 0.40	-	£ 0.90	-	-	-	£ 1.60	£ 2.10
	The Labbot South	-	£ 0.40	-	£ 0.90	-	-	-	£ 1.60	£ 2.10
	Short Stay									
	Ashton Way	-	£ 0.40	-	£ 0.90	-	-	-	-	-
	Ashton Way East	-	£ 0.40	£ 0.60	£ 0.90	-	-	-	-	-
	Civic Centre	-	£ 0.40	-	-	-	-	-	-	-

Increase to 4, 8, and 10 hour stays

Odd Down Coach Park

	Hours available				
	2	3	4	8	Full Day
Existing Charge	N/A	N/A	N/A	N/A	N/A
Proposed Charge	£1.00				

DRAFT

On Street

Existing charges

Street	Tariff	Hours available							
		0.5	1	1.5	2	3	4	6	10
Alfred Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Avon Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Bennett Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Brock Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	£ 5.50	-	-	-
Caroline Place	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Catherine Place	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Chapel Row	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Corn Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Gay Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	£ 5.50	-	-	-
Gloucester Road	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Grand Parade	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Great Pulteney Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Green Park	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Grove Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Guinea Lane	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Henrietta Road	Standard	-	-	-	£ 2.50	-	£ 4.90	-	-
Henrietta Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Henry Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
James Street West	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Julian Road	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Kingsmead	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Lansdown Road	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Laura Place	Ultra-Premium	£ 1.80	£ 3.40	-	£ 5.00	-	-	-	-
Marlborough Lane	Standard	-	-	-	-	-	£ 4.90	£ 6.20	£ 9.50
Milk Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Milsom Street	Ultra-Premium	£ 1.80	£ 3.40	-	-	-	-	-	-
Monmouth Place	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Monmouth Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Old King Street	Premium	£ 1.60	£ 3.10	-	-	-	-	-	-
Pulteney Road	Standard	£ 1.30	£ 2.40	£ 3.10	£ 3.70	-	-	-	-
Pulteney Road	Standard	-	-	-	£ 2.50	-	£ 4.90	-	-
Queens Parade	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Queens Parade Place	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Queens Square	Premium	£ 1.60	£ 3.10	-	-	-	-	-	-
Railway Place	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Rivers Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Rivers Street Mews	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Royal Avenue	Ultra-Premium	-	-	-	£ 3.00	-	£ 5.50	-	-
Royal Crescent	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Royal Victoria Park	Standard	-	£ -	-	£ 1.00	£ 3.00	£ 4.00	-	-
Russell Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Somerset Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
South Parade	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
St James Parade	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Trim Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
Upper Church Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Walcot Street	Premium	£ 1.60	£ 3.10	-	£ 4.30	-	-	-	-
Walcot Street	Premium	£ 1.60	£ 3.10	-	-	-	-	-	-
Westgate Buildings	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-
William Street	Standard	£ 1.30	£ 2.40	-	£ 3.10	£ 3.70	-	-	-
Wood Street	Standard	£ 1.50	£ 2.90	-	-	-	-	-	-

Proposed charges - Standard

Street	Tariff band	Hours available					
		0.5	1	1.5	2	3	4
Alfred Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Avon Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Bennett Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Brock Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ 5.60	£ -
Caroline Place	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Catherine Place	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Chapel Row	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Corn Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Gay Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ 5.60	£ -
Gloucester Road	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Grand Parade	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Great Pulteney Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Green Park	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Grove Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Guinea Lane	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Henrietta Road	1	£ -	£ -	£ -	£ 3.50	£ -	£ 5.50
Henrietta Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Henry Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
James Street West	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Julian Road	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Kingsmead	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Lansdown Road	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Laura Place	3	£ 1.80	£ 3.80	£ -	£ 5.40	£ -	£ -
Marlborough Lane	1	£ -	£ -	£ -	£ -	£ -	£ 5.50
Milk Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Milsom Street	3	£ 1.80	£ 3.80	£ -	£ -	£ -	£ -
Monmouth Place	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Monmouth Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Old King Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Pulteney Road	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ -	£ -
Pulteney Road	1	£ -	£ -	£ -	£ 3.50	£ -	£ 5.50
Queens Parade	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Queens Parade Place	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Queens Square	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Railway Place	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Rivers Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Rivers Street Mews	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Royal Avenue	3	£ -	£ -	£ -	£ 5.40	£ -	£ 8.60
Royal Crescent	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Royal Victoria Park	1	£ -	£ -	£ -	£ 1.00	£ 3.00	£ 4.00
Russell Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Somerset Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
South Parade	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
St James Parade	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Trim Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Upper Church Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Walcot Street	2	£ 1.60	£ 3.40	£ -	£ 4.50	£ -	£ -
Walcot Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
Westgate Buildings	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -
William Street	1	£ 1.30	£ 2.50	£ -	£ 3.50	£ 4.50	£ -
Wood Street	2	£ 1.60	£ 3.40	£ -	£ -	£ -	£ -

Tariff band 1 - £2.50 for first hour, then £1.00 per hour.

Tariff band 2 - £3.40 for first hour, then £1.10 per hour.

Tariff band 3 - £3.80 for first hour, then £1.60 per hour.

3 and 4 hour charge levels are shown subject to acceptance that the maximum available hours is reduced to 2 hours

Proposed charges – Residents discount

Street	Tariff band	Hours available					
		0.5	1	1.5	2	3	4
Alfred Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Avon Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Bennett Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Brock Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ 5.04	£ -
Caroline Place	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Catherine Place	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Chapel Row	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Corn Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Gay Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ 5.04	£ -
Gloucester Road	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Grand Parade	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Great Pulteney Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Green Park	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Grove Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Guinea Lane	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Henrietta Road	1	£ -	£ -	£ -	£ 3.15	£ -	£ 4.95
Henrietta Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Henry Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
James Street West	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Julian Road	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Kingsmead	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Lansdown Road	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Laura Place	3	£ 1.62	£ 3.42	£ -	£ 4.86	£ -	£ -
Marlborough Lane	1	£ -	£ -	£ -	£ -	£ -	£ 4.95
Milk Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Milsom Street	3	£ 1.62	£ 3.42	£ -	£ -	£ -	£ -
Monmouth Place	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Monmouth Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Old King Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Pulteney Road	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ -	£ -
Pulteney Road	1	£ -	£ -	£ -	£ 3.15	£ -	£ 4.95
Queens Parade	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Queens Parade Place	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Queens Square	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Railway Place	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Rivers Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Rivers Street Mews	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Royal Avenue	3	£ -	£ -	£ -	£ 4.86	£ -	£ 7.74
Royal Crescent	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Royal Victoria Park	1	£ -	£ -	£ -	£ 0.90	£ 2.70	£ 3.60
Russell Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Somerset Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
South Parade	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
St James Parade	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Trim Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Upper Church Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Walcot Street	2	£ 1.44	£ 3.06	£ -	£ 4.05	£ -	£ -
Walcot Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
Westgate Buildings	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -
William Street	1	£ 1.17	£ 2.25	£ -	£ 3.15	£ 4.05	£ -
Wood Street	2	£ 1.44	£ 3.06	£ -	£ -	£ -	£ -

Residents 10% discount on public rate.

Season Tickets

	Duration	Existing charge	New charge
Car Park Season - Avon Street (Mon-Fri)	1 Year	£1,856.00	£2,041.60
	6 Months	£928.00	£1,020.80
	3 Months	£464.00	£510.40
	1 Month	£154.67	£170.14
Car Park Season - Manvers Street (Mon-Fri)	1 Year	£1,856.00	£2,041.60
	6 Months	£928.00	£1,020.80
	3 Months	£464.00	£510.40
	1 Month	£154.67	£170.14
Car Park Season - Charlotte Street (Mon-Fri)	1 Year	£1,273.00	£1,400.30
	6 Months	£636.50	£700.15
	3 Months	£318.25	£350.08
	1 Month	£106.08	£116.69
Car Park Season - Charlotte Street (7 day)	1 Year	£1,485.00	£1,633.50
	6 Months	£742.50	£816.75
	3 Months	£371.25	£408.38
	1 Month	£123.25	£135.58
Car Park Reserved - Charlotte Street (Mon - Fri)	1 Year	£2,205.00	£2,425.50
	6 Months	£1,102.50	£1,212.75
	3 Months	£551.25	£606.38
	1 Month	£183.75	£202.13
Car Park Reserved - Charlotte Street (7 day)	1 Year	£2,520.00	£2,772.00
	6 Months	£1,260.00	£1,386.00
	3 Months	£630.00	£693.00
	1 Month	£210.00	£231.00
Car Park Season - Keynsham (7 day)	1 Year	£210.00	£231.00
	6 Months	£105.00	£115.50
	3 Months	£55.00	£60.50
	1 Month	£18.00	£19.80
Residents Car Parks	1 Year	£365.00	£401.50
Residents Car Parks	6 Months	£182.50	£200.75
Residents Car Park - Brougham Hayes	1 Year	£225.00	£247.50
Residents Car Park - Brougham Hayes	6 Months	£112.50	£123.75
Residents Car Park Business	1 Year	£565.00	£621.50
Residents Car Park Business	6 Months	£282.50	£310.75

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	7th February 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3028
TITLE:	Section 13A Exemptions to Council Tax for Care Leavers & Foster Carers	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Care Leavers Relief Scheme</p> <p>Appendix 2 – Foster Carers Relief Scheme</p>		

1 THE ISSUE

- 1.1 To use the Council's power as a billing authority to reduce to nil the amount of council tax payable by young people leaving care, and to apply a 25% discount to council tax payers acting as foster carers, as permitted by section 13A of the Local Government Finance Act 1992 from 1 April 2018.
- 1.2 The details relating to the eligibility and application process are covered in the Schemes as set out in Appendix 1 & 2 attached to this report

2 RECOMMENDATION

The Cabinet is asked;

- 2.1 To agree that a class of reduction will be applied in accordance with the Bath & North East Somerset Care Leaver Relief Scheme detailed in Appendix 1 of this report.
- 2.2 To agree that a class of reduction will be applied in accordance with the Bath & North East Somerset Foster Carers Relief Scheme detailed in Appendix 2 of this report.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The setting up of the scheme is relatively straight forward and requires additional exempt categories to be set up in the Council's administration system.
- 3.2 Applicants will need to be identified and awards granted in accordance with the rules as set out in the scheme (s) attached.

- 3.3 The scheme will need to be monitored.
- 3.4 As this is an arrangement under Section 13A of the Local Government Finance Act 1992, the cost of the awards will fall upon the Billing Authority and its tax payers. It will need to be taken in to account when setting the Tax Base and subsequent charges. The cost of the Relief has to be met through an increase in the general level of Council Tax for other payers or from the general fund.
- 3.5 We are currently providing a service to 80 care leavers between age eighteen and twenty one. Of these 18 are liable to pay some amount of Council Tax. Approximately 15 of these care leavers currently receive some Council Tax Support and 3 do not receive any Council Tax Support. Approximate cost of this scheme, giving 100% exemption irrespective of house band, for those aged 18-21 would be £6,600.
- 3.6 We don't know the circumstances of the care leavers aged 21-25, but a reasonable presumption would be that this cohort has a higher number of households liable to pay some amount of Council Tax. The total cost of the relief proposed cannot be determined precisely as the number of care leavers who would continue to reside in Bath & North East Somerset cannot be accurately determined and neither can the value of the national discounts and exemptions for Council Tax Support they currently receive. However; an estimated cost of £30,000 for Care Leavers relief is deemed reasonable.
- 3.7 The Fostering Team currently has 64 households who provide fostering services to our children. Thirty nine of these are within B&NES. It is estimated that by awarding a 25% discount to households where foster carers have a child staying with them and meeting the eligibility criteria as set out in Appendix 2 will cost in the region of £15,000
- 3.8 It should be noted that we already operate a Council Tax Support Scheme to help people pay Council Tax when they are on a low income and we do consider allowing Hardship payments to those people who are identified as needing additional support (usually of a temporary nature), so any Care Leavers or Foster Carer's scheme will be in addition to Council Tax Support if a balance remains payable.
- 3.9 Taking into account the uncertainties mentioned above it is estimated that these two schemes will cost the Council around £45,000 and there will be a provision in the 2018/19 budget to allow for this.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council has discretion to reduce council tax under Section 13A (1) (c) of the Local Government Finance Act 1992. A scheme which discounts council tax liability for care leavers who are living in Bath & North East Somerset is lawful and reasonable as it supports the Council's corporate parenting role for care leavers up to the age of 21, and 24 for those in education and training.
- 4.2 The Council has discretion to reduce Council Tax under Section 13A (1) (c) of the Local Government Finance Act 1992. A scheme which provides a discount from Council Tax for foster carers who are living in Bath & North East Somerset and looking after foster children is lawful and reasonable as it supports the Council's objective to encourage new people to become foster carers.

5 THE REPORT

- 5.1 At the Council meeting in September 2017 it was agreed that Cabinet should investigate the possibility and implications of implementing a scheme to exempt care leavers and foster carers from Council Tax with a report to Council in time for budget setting.
- 5.2 As detailed above in 4.2 the Council has power to reduce Council Tax in such circumstances and this report includes such investigations and makes appropriate recommendations.
- 5.3 This issue has been raised by a Children's Society campaign that has identified a range of disadvantages care leavers uniquely experience. In particular care leavers are a vulnerable group for council tax debt. The Children's Society details the case for care leavers at least up to the age of 21 to be exempted from paying Council Tax.
- 5.4 However, we propose to apply Care Leavers relief to every care leaver until their 25th birthday for the following reasons;
- the Council has a parenting role which in some circumstances lasts until the care leaver is 24.
 - the scheme will be simpler and easier to administer.
 - the scheme will not distinguish or exclude any sub-set of care leaver.
- 5.5 The Council agrees with the campaign's principle sentiments that young people's transition out of care and into adulthood is extremely difficult and that managing money for the first time without support from family leaves care leavers at real risk of falling into debt.
- 5.6 Corporate parenting is a statutory function of the Council. The underlying principle is that every local authority will seek the same outcomes for young people in care that every good parent would want for their children.
- 5.7 Care leavers who were looked after by a local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, as corporate parents, the Council wants to keep them safe, make sure their experiences leaving care and moving into independent living are positive and improve their ongoing life chances.
- 5.8 The Council accepts its role as a responsible parent and wants to further support those young people who have left care to be able to live independent lives as adults. The proposed scheme will reduce to nil the amount of Council Tax a care leaver pays so that Council Tax cannot become a problem debt.
- 5.9 The Council is a registered Foster Care agency which was rated outstanding by OFSTED. By recruiting and training carers locally we can support carers to provide care for local children and keep the children as close as possible to their home communities. Furthermore, we are proud of the high standard of care we provide and are committed to the service delivering the very best outcomes for those children we have corporate parenting responsibility for.

- 5.10 Customer Services and Children Service teams will work together to make it as easy as possible for Care Leavers to access this relief. For young people in Bath & North East Somerset leaving our care, the process should be seamless and invisible, with Children's Services automatically registering care leavers with the Customer Services team for the relief to be awarded. For those living in our area but leaving another Council's care, we shall endeavour to make the application process for relief as simple, comprehensive and automatic as possible to maximise take up.
- 5.11 In order to adopt the Care Leavers relief scheme and Foster Carers relief scheme, the Council will need to create a class of charge payer that describes the eligibility criteria and decide in each individual case to grant care leavers relief and this is set out in the appendices to this report

6 RATIONALE

- 6.1 By introducing a care leavers relief scheme the Council is reducing the financial burden on care leavers within its area.
- 6.2 This is an initiative that was supported across all parties at a recent Council meeting and the implementation of the scheme (s) are deemed to be of benefit to all Council Tax payers in the area.
- 6.3 The scheme (s) for Council Tax relief can only apply to Council Tax payers resident in Bath & North East Somerset, although it is recognised the parenting responsibility for care leavers extends to people who may now live outside the Council's area. The Council is keen to work with neighbouring authorities to encourage a similar approach in these areas.
- 6.4 The Fostering Industry is a highly competitive environment, with over 40 Fostering Agencies considering this region part of their service area. Carers who are approved foster carers have highly desirable skills and will move to another agency if their needs are not being met or the values of the agency appear to contradict their own. The process to recruit and train a carer is at least 6 months, following which they will become more skilled as they gain experience. Therefore retention of carers is a crucial component to a successful agency.
- 6.5 A significant proportion of the costs of a Fostering Agency are fixed costs – registration, regulatory compliance, staffing, training, office space and business support. As we recruit more carers and place more children the cost per placement reduces.
- 6.6 With these issues in mind the decision to award 25% discount to foster carers who are placed by this Council and whilst living in this area is considered most appropriate.

7 OTHER OPTIONS CONSIDERED

- 7.1 We have looked at a number of options from doing nothing to providing funds for care leavers living outside the Council's area.
- 7.2 We have also considered a variable rate of discount to be applied to care leavers depending upon age and circumstances but we felt this was cumbersome and confusing.

7.3 We feel that simple schemes for both care leavers and foster carers will help us to target those most in need at the lowest cost to the Council Tax payers in general. An Equalities Impact Assessment for both schemes has been conducted and is published on the Council's website.

8 CONSULTATION

8.1 We have considered the professional opinion of those involved with Care leavers and Foster Care and we have looked at the national picture on this issue. There is consensus that applying this relief will support key vulnerable groups and ultimately be of benefit to the whole community.

8.2 We have also published details of our intended scheme (s) on the Council's web pages for a period of six weeks and sought feedback with limited responses which support this approach.

9 RISK MANAGEMENT

A Risk assessment of the two schemes has been considered.

Contact person	<i>Ian Savigar, Divisional Director Customer Services: Tel 01225 477327</i>
Background papers	https://www.childrenssociety.org.uk/what-we-do/resources-and-publications/the-wolf-at-the-door-how-council-tax-debt-collection-is
Please contact the report author if you need to access this report in an alternative format	

Care Leavers Relief Scheme

Policy for determining applications for Council Tax reduction under Section 13A (1) (c) of the Local Government Finance Act 1992 in respect of Care Leavers and Foster Carers.

1. Background

- 1.1 The Council recognises that young people's transition out of care and into adulthood is extremely difficult. Managing money for the first time, without support from family, leaves care leavers at real risk of falling into debt. The Council has decided to support those Council Tax charge payers leaving its care by reducing their net liability for council tax to Bath and North East Somerset Council under the national scheme and after council tax support to zero, until the charge payer's 25th birthday.
- 1.2 Under Section 13A(1-3) of the Local Government Finance Act 1992 (as amended), the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine. The Act contains these provisions;:
 - I. Where a person is liable to pay Council Tax in respect of any chargeable dwelling and day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit. This allows for a further reduction where a reduction under Council Tax support has been applied
 - II. The power under subsection 1) above includes the power to reduce an amount to nil
 - III. The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- 1.3 There are financial implications to awarding any discounts other than those currently available under the statutory legislation and the financial burden of Section 13A discounts has to be met through an increase in the general level of Council Tax for other payers or from the general fund.
- 1.4 1.4 In addition to this:

The granting of Section 13A discounts would reduce income from Council Tax;

The Council Tax Support scheme exists to ensure that those on low incomes receive financial assistance with their Council Tax.
- 1.5 In order to provide further support for care leavers, Council Members have decided that in cases where the person liable for Council Tax is a "Care Leaver" that their Council Tax bill will be reduced to zero, after any other national reliefs and Council Tax Support (where applicable) have been applied.
- 1.6 This policy will apply up to and including the date of the day before the care leavers 25th birthday.
- 1.7 Reducing Council Tax in these circumstances will hereafter be known as an award of Care Leavers Relief.
- 1.8 "Care Leaver" means a person aged 25 or under, who has been looked after by a local authority for at least 13 weeks since the age of 14; and who was looked after by the local authority at school-leaving age or after that date.

2. Carer Leavers Relief application process

- 2.1(a) this can be accessed through the identification and nomination of a care leaver by the Council's Children's Services to the Council's Council Tax Service or;
- 2.1(b) through the identification and nomination by any other public body or professional organisation that confirms that the care leaver was in care (being 'looked after' as a result of a statutory obligation);
- 2.1(c) In any other circumstance by application through the Resident Support Scheme. The Resident Support Scheme sets out how the council tax welfare provision can be applied and will adopt this care leavers policy as the prescription for awarding Care Leavers Relief.
- 2.2 The award can be made for any period from 1st April 2018 where the care leaver is liable for Council Tax.
- 2.3 Any award given to an individual case will end on the day before their 25th birthday.

3.0 Eligibility Criteria

The following will be assessed when making a decision:

- 3.1 Whether the care leaver has applied for any national reliefs, exemptions or discounts to which they would be entitled. These must be assessed before Carer Leavers relief is awarded.
- 3.2 Whether the care leaver applied for any Council Tax Support to which they would be entitled. This should be assessed before Care Leavers relief is awarded.
- 3.3 The last day of the period of the award will be the day before the Care Leaver's 25th birthday.
- 3.4 Bath & North East Somerset Children's or Social Services or other public body or professional organisation have confirmed that the statutory conditions have been met to determine that the applicant is a care leaver

3.5 Whether Bath & North East Somerset is the Council Tax billing authority to whom the care leaver is liable to make Council Tax payments.

3.6 If subsequent to an award the Applicant's liability for Council Tax reduces during the period of the award, any Care Leavers Relief in excess of this reduced liability will be an overpayment of Care Leavers Relief. The Council may recover this overpayment by debiting it from the Applicant's Council Tax account.

3.7 The Council's finances will allow for the reduction to be made (we have allocated £30,000 a year for this).

4.0 Policy Review

4.1 This policy can be reviewed at any stage by the Resident Support Scheme Strategic Management Board.

Foster Carers Relief Scheme

Policy for determining applications for Council Tax reduction under Section 13A (1) (c) of the Local Government Finance act 1992 in respect of Care Leavers and Foster Carers.

1. Background

- 1.1 The Council recognises that it needs to support residents who offer foster caring support to young people. Children who are looked after are extremely vulnerable and often have complex behavioural issues which mean that the role of the foster carer can at times be very demanding. In addition to the emotional resilience which is required by the role, there can also be financial challenges associated with caring for looked after children.
- 1.2 In order to support foster carers Council Members have decided that in cases where the person liable for Council Tax is a "Foster Carer", that their liability to pay Council Tax may be reduced by 25% after any other national reliefs and council tax support (where applicable) have been applied
- 1.3 Reducing Council Tax in these circumstances will hereafter be known as an award of Foster Carers Relief.
- 1.4 "Foster Carer" means a person who has been approved by the panel as a foster carer, or who has been granted temporary approval as a foster carer for a particular child or children.

2. Foster Carers Relief application process

- 2.1 (a) this can be accessed through the identification and nomination of a foster carer by the Council's Children's Services to the Council's Council Tax Service or;
- 2.1 (b) through the identification and nomination by any other public body or professional organisation that confirms that the Applicant is an approved foster carer.
- 2.2 (c) The award can be made for any period from 1st April 2018 where the foster carer is liable for Council Tax .

3.0 Eligibility Criteria

The following will be assessed when making a decision:

- 3.1 Whether the foster carer has applied for any national reliefs, exemptions or discounts they would be entitled to. These must be assessed before Foster Carers relief is awarded.
- 3.2 If the foster carer applied for any Council Tax Support whether they would be entitled. This should be assessed before Foster Carers relief is awarded.
- 3.3 Bath & North East Somerset Children's or Social Services or other public body or professional organisation have confirmed that the statutory conditions have been met to determine that the applicant is an approved foster carer.
- 3.4 Whether Bath & North East Somerset is the council tax billing authority to whom the foster carer is liable to make Council Tax payments.
- 3.5 The foster carer or carers must be employed by Bath and North East Somerset Council; and the foster carer is a current foster carer or has actually fostered a child in that tax year or the tax year immediately preceding the current tax year for which they are claiming.
- 3.6 If subsequent to an award the applicant's liability for council tax reduces during the period of the award, any Foster Carers Relief in excess of this reduced liability will be an overpayment of Foster Carers Relief. The Council may recover this overpayment by debiting it from the applicant's Council Tax account.
- 3.7 The Council's finances will allow for the reduction to be made (we have allocated £15,000 a year for this).
- 3.8 The maximum amount of relief that may be awarded will equate to a 25% reduction in Council Tax liability from the date that the applicant becomes an approved foster carer after any applicable single occupancy discounts have been applied. If the applicant receives Council Tax Support the amount of relief that can be awarded will be the remainder of the net Council Tax liability, subject to a maximum discount of 25%.

4.0 Policy Review

- 4.1 This policy can be reviewed at any stage by the Resident Support Scheme Strategic Management Board.

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	7 February 2018	
TITLE:	Treasury Management Monitoring Report to 31st December 2017	EXECUTIVE FORWARD PLAN REFERENCE: E 2984
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Performance Against Prudential Indicators Appendix 2 – The Council’s Investment Position at 31st December 2017 Appendix 3 – Average monthly rate of return for 1st nine months of 2017/18 Appendix 4 – The Council’s External Borrowing Position at 31st December 2017 Appendix 5 – Arlingclose’s Economic & Market Review Q3 of 2017/18 Appendix 6 – Interest & Capital Financing Budget Monitoring 2017/18 Appendix 7 – Summary Guide to Credit Ratings</p>		

1 THE ISSUE

- 1.1 In February 2012 the Council adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance during the year, and approve an annual report after the end of each financial year.
- 1.2 This report gives details of performance against the Council’s Treasury Management Strategy and Annual Investment Plan 2017/18 for the first nine months of 2017/18.

2 RECOMMENDATION

The Council agrees that:

- 2.1 the Treasury Management Report to 31st December 2017, prepared in accordance with the CIPFA Treasury Code of Practice, is noted
- 2.2 the Treasury Management Indicators to 31st December 2017 are noted.

3 RESOURCE IMPLICATIONS

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 This report is for information only.

5 THE REPORT

Summary

- 5.1 The average rate of investment return for the first nine months of 2017/18 is 0.27%, which is 0.06% 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 December 2017 is given in **Appendix 2**. The balance of deposits as at 30th September 2017 and 31st December 2017 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 also transferred.
- 5.5 Gross interest earned on investments for the first nine months totalled £67k. Net interest, after deduction of amounts due to Schools, Local Growth Fund and other internal balances, is £55k. This level of interest reflects the policy of using cash balances to minimise borrowing costs and reduce exposure to investment counterparty risk.
- 5.6 **Appendix 3** details the investment performance, showing the average rate of interest earned over this period was 0.27%, which was 0.06% above the benchmark rate of average 7 day LIBID +0.05% (0.21%). Performance from Money Market Funds in November and December lagged behind the benchmark due to proportion of these funds invested at fixed rates prior to interest rate (see 5.16).

Summary of Borrowings

- 5.7 The Council's external borrowing as at 31st December 2017 totalled £176.9million and is detailed in Appendix 4. £10million of new PWLB annuity borrowing was arranged during the quarter to maintain appropriate cashflow balances
- 5.8 The Council's Capital Financing Requirement (CFR) as at 31st March 2017 was £200.1 million with a projected total of £338 million by the end of 2017/18 based on the capital programme approved at February 2017 Council. This represents the Council's underlying need to borrow to finance capital expenditure, and demonstrates that the borrowing taken to date relates to funding historical capital spend.
- 5.9 The CFR represents the underlying need to borrow and the difference from the current borrowing of £176.9 million, represents re-investment internal balances of reserves, reducing the in-year borrowing costs in excess of the potential investment returns. Therefore, in-year use of reserves will lead to higher borrowing.

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 2017 apportioned to Bath & North East Somerset Council is £12.86m. 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 5.6.

5.11 The borrowing portfolio as at 31st December 2017 is shown in **Appendix 4**.

Strategic & Tactical Decisions

5.12 As shown in the charts at **Appendix 2**, the investment portfolio has been mainly 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 £22.6m invested as at 31st December 2017.

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 current average investment return is in broadly line with the budgeted level of 0.30%.

Future Strategic & Tactical Issues

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

5.16 The Bank of England base rate was increased to 0.5% on 2nd November 2017. The minutes of the MPC meeting indicated that all members agree that any future increases in Bank Rate would be expected to be at a gradual pace and to a limited extent. The rate was held at 0.5% at the December meeting.

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 From 3rd January 2018, the second Markets in Financial Instruments Directive (MiFID II), resulted the Council "opting" up to professional status to continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. A criteria of this will be to have an investment balance of at least £10 million at all times. Further details are provided in Appendix 5

Budget Implications

5.19 A breakdown of the revenue budget for interest and capital financing and the forecast year end position based on the period April to December is included in **Appendix 6** and shows that the forecast is on target

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

6 RATIONALE

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

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

8.1 Consultation has been carried out with the Cabinet Member for 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; <u>Giles_Oliver@Bathnes.gov.uk</u>; <u>Andrew_Stanton@bathnes.gov.uk</u>;</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 December 2017
	£'000	£'000
Borrowing	338,000	176,919
Other long term liabilities	2,000	0
Cumulative Total	340,000	176,919

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 December 2017
	£'000	£'000
Borrowing	306,000	176,919
Other long term liabilities	2,000	0
Cumulative Total	308,000	176,919

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 December 2017
	£'000	£'000
Fixed interest rate exposure	306,000	156,919(*)

* 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 December 2017
	£'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 December 2017
	£'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 December 2017
	%	%	%
Under 12 months	50	Nil	13.2*
12 months and within 24 months	75	Nil	0
24 months and within 5 years	75	Nil	5.9
5 years and within 10 years	100	Nil	0
10 years and above	100	Nil	80.9

* 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 December 2017
	Rating	Rating
Minimum Portfolio Average Credit Rating	A-	AAA-

APPENDIX 2

The Council's Investment position at 31st December 2017

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

As per Weekly	Balance at 31st December 2017
	£'000's
Notice (instant access funds)	24,310
1 month to 3 months	0
Over 3 months	5,000
Total	29,310

The investment figure of £28.7 million is made up as follows:

	Balance at 31st December 2017
	£'000's
B&NES Council	24,786
Schools	4,524
Total	29,310

The Council had a total average net positive balance of £33.130m during the period April 2017 to December 2017.

Chart 1: Council Investments as at 31st December 2017 (£29.31m)

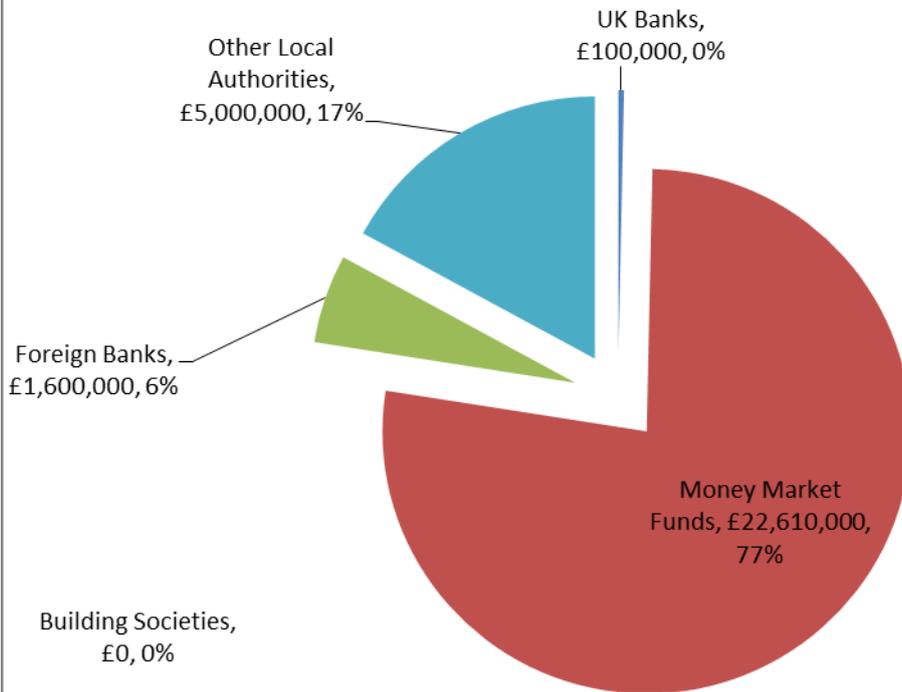


Chart 2: Council Investments as at 30th September 2017 (£28.980m)

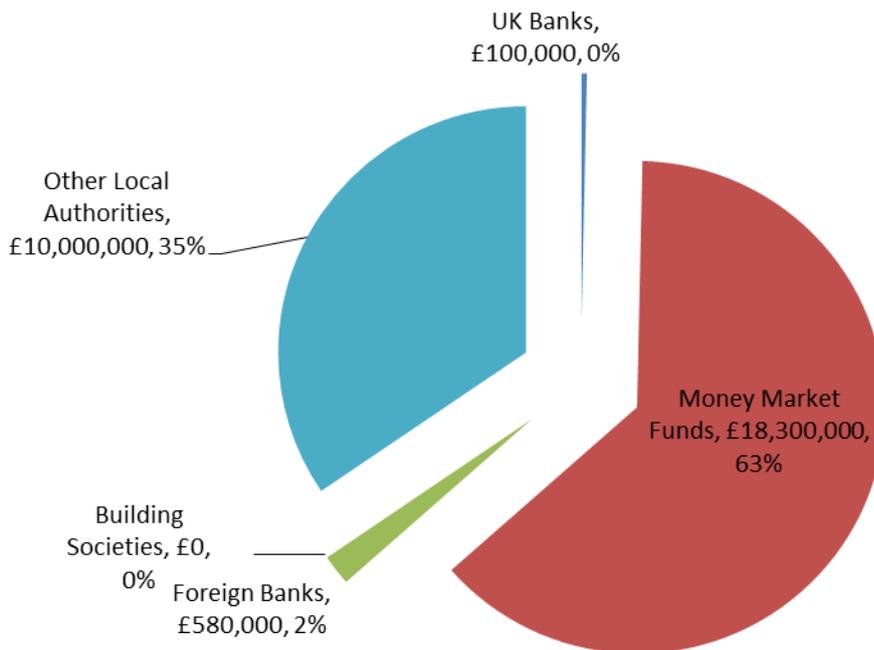


Chart 3: Council Investments per lowest equivalent Long Term credit rating (£29.31m) 31st December 2017

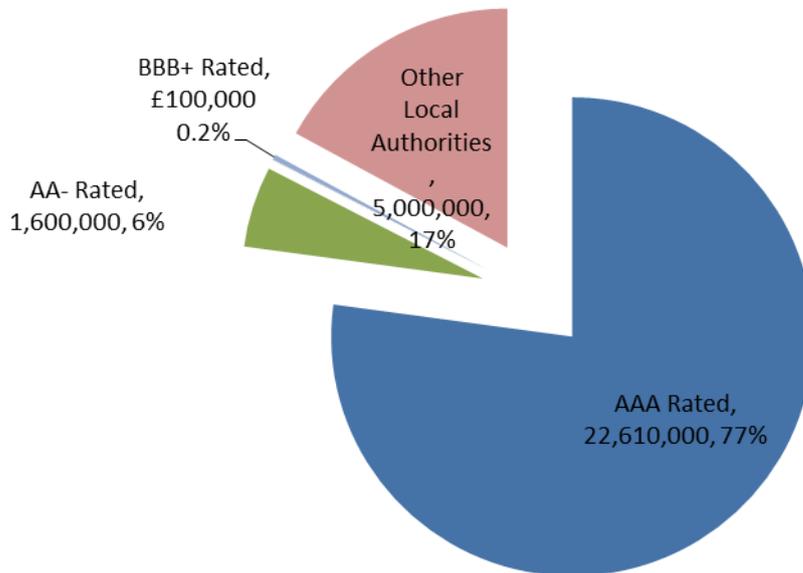
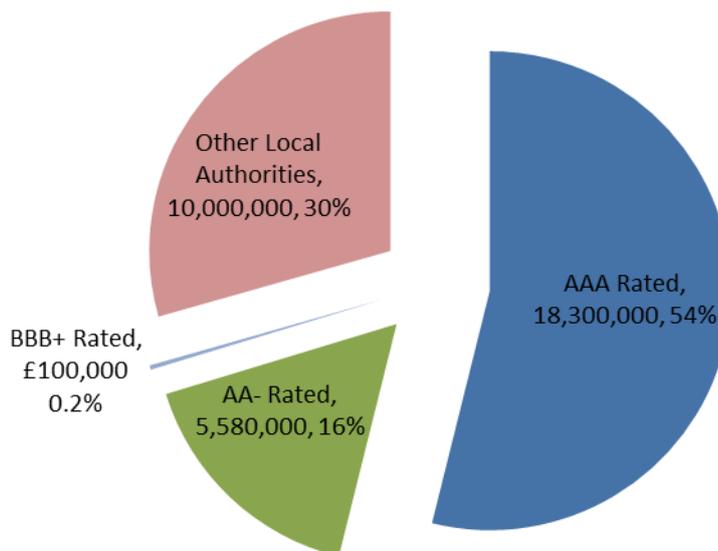


Chart 4: Council Investments per lowest equivalent Long Term credit rating (£28.980m) 30th September 2017



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 %	Average for Period
Average rate of interest earned	0.26%	0.33%	0.34%	0.27%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Arlingclose)	0.17%	0.40%	0.41%	0.21%
Difference %	0.09%	-0.07%	-0.07%	+0.06%

APPENDIX 4

Councils External Borrowing at 31st December 2017

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	9,828,688	24/02/17	16/02/40	2.28%
PWLB	9,850,109	04/04/17	15/02/42	2.26%
PWLB	8,372,424	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%
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	2.05%
Gloucestershire CC	5,000,000	19/12/14	19/12/19	2.05%
Sub Total	154,419,152			
TEMPORARY				
East Dorset DC	2,000,000	20/03/17	19/03/18	0.50%
Christchurch BC	2,000,000	20/03/17	19/03/18	0.50%
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	22,500,000			
Total	176,919,152			

*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 December 2017 (provided by Council's Treasury Advisors Arlingclose)

Economic backdrop: The significant economic event was the increase in the Bank Rate in November by 0.25% to 0.50%, making it the first increase by the Bank of England's MPC to rates since July 2007. The vote to increase Bank Rate was 7-2, reflecting the MPC's growing concern that rising inflation had finally outweighed the risks to growth and largely to meet expectations the Bank itself created. The Bank has reiterated that it expects any future increases in Bank Rate to be at a gradual pace and limited in extent.

Commodity prices rose over the period with oil increasing to around \$67 a barrel from a low of \$42 in June. UK Consumer Price Inflation (CPI) index continued to rise with the data print for November showing CPI at 3.1%, its highest since March 2012 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.8%.

The number of unemployed in the economy continued to decrease, although the unemployment rate remained at 4.3%. Consumers' wages continued to shrink, in real terms, given average earnings growth remained subdued at 2.5%, a good deal below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q2 and Q3 GDP growth of 0.3% and 0.4% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings remaining relatively low and real wage growth negative, there are concerns that these will be a constraint on future economic activity.

In contrast, near-term global growth prospects improved. The US economy grew steadily and inflation increased to 2.2%. As was expected, the Federal Reserve increased its target range of official interest rates in December for the third time in 2017 by 25 basis points to between 1.25% and 1.50%. The Fed is expected to deliver three more increases in 2018 and a further two in 2019. The central bank's growth forecasts were revised up based on the newly-passed personal and corporate tax rate cuts proposed by Donald Trump.

In the face of a struggling economy and Brexit-related uncertainty, Arlingclose expects the Bank of England to take a very measured approach to any monetary policy tightening. Any increases will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

Financial markets: Gilt yields were broadly stable over the quarter as much of the uncertainty which plagued the first half of the year dissipated. The yield on the 5-year gilts fell slightly to 0.72% at the end of the quarter, down from 0.80% in September. The 10-year gilts similarly fell from 1.38% to 1.19% at the end of the quarter and the 20-year gilts from 1.94% to 1.73%.

The FTSE 100 continued to climb, reaching yet another record high of 7688 at the end of

calendar year. Money markets rates, unsurprisingly, have increased over the quarter: 1-month, 3-month and 12-month LIBID rates have averaged 0.43%, 0.47% and 0.76% over the period October-December.

Credit background: UK bank credit default swaps have remained broadly stable throughout the quarter. Bank share prices have not moved in any pattern.

Much of the activity by credit rating agencies during the quarter has related to the upcoming UK bank ringfencing which will take effect in 2018. Ringfencing requires the larger UK banks to separate their core retail banking activity from the rest of their business, resulting in two separate banks. In general, the agencies expect to give the ringfenced “retail” bank a higher credit rating than the non-ringfenced “investment” bank. In practice, this will only affect Barclays, HSBC, Lloyds and RBS as other UK banks and building societies either only conduct retail banking activities or have less than £25 billion of deposits covered by the Financial Services Compensation Scheme.

Barclays Bank plc was upgraded to A from A- by Standard & Poor’s (S&P), after the bank announced its plans for its ringfenced bank, Barclays Bank UK plc, and the non-ringfenced bank, Barclays Bank plc. S&P also assigned preliminary ratings of 'A/A-1' to Barclays Bank UK plc.

In November 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. These reflect the agency’s view that the institutions now show increased resilience, have made substantial progress in meeting regulatory capital requirements and are now better positioned to deal with uncertainties and potential turbulence in the run-up to the UK’s exit from the EU in March 2019.

There have been no changes to Arlingclose’s investment advice regarding banks and building societies during the quarter.

Regulatory Updates

MiFID II: As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities will be treated as retail clients but can “opt up” to professional client status, providing that they meet certain criteria 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 must 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.

CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The Authority is currently considering the changes

from the 2011 Code for incorporation into future Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which sets out 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, it must be approved by full Council, and the determination of the Treasury Management Strategy can then be delegated to a committee.

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.

DCLG Consultations on Investment Guidance and Minimum Revenue Provision

(MRP): In November the DCLG consulted on proposed changes to its Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP) with a deadline for responses of 22nd December.

Proposed 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 draft Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies should detail the extent to which core expenditure is reliant on investment income and a contingency plan should yields on investments fall.

There is a proposed change to the basis of prudent MRP to "cover the gap between the Capital Financing Requirement (CFR) and grant income/capital receipts"; 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.

APPENDIX 6

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

April to December 2017	YEAR END FORECAST			ADV/FAV
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	
Interest & Capital Financing				
- Debt Costs	6,194	6,044	(150)	FAV
- Internal Repayment of Loan Charges	-8,391	-8,391	0	-
- Ex Avon Debt Costs	1,190	1,190	0	-
- Minimum Revenue Provision (MRP)	5,278	5,078	(200)	FAV
- Interest on Balances	-141	-121	20	ADV
Sub Total - Capital Financing	4,130	3,800	(330)	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.

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	7th February 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2980
TITLE:	Treasury Management Strategy Statement and Investment Strategy 2018/19	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 - Treasury Management Strategy 2018/19</p> <p>Appendix 2 - Investment Strategy 2018/19</p> <p>Appendix 3 - Authorised Lending List</p> <p>Appendix 4 - Economic and Interest Rate Forecast</p>		

1 THE ISSUE

- 1.1 In February 2012, the Council adopted the revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, which requires the Council to approve a Treasury Management Strategy before the start of each financial year and for this to be scrutinised by an individual / group of individuals or committee.
- 1.2 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
- 1.3 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4 CIPFA issued an updated Treasury Management in Public Services: Code of Practice in late December 2017 and the code will be effective for the 2018/19 Financial Year. In accordance with Arlingclose advice we have continued to seek approval of our Treasury Management Strategy (TMS) under the requirements of the 2011 Codes, not least because the new code does not recommend any changes to the format or content of the TMS. CIPFA is currently planning to publish updated guidance notes on the changes to the code later in 2018 and if any changes to this strategy are required they will be reported in future treasury management reports and further approvals will be sought at full council.

2 RECOMMENDATION

The Cabinet agrees to;

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

The Cabinet is also asked to:

- 2.3 Note the Treasury Management Indicators detailed in Appendix 1 and delegate authority for updating the indicators prior to approval at Full Council on 13th February 2018 to the Chief Finance Officer and Cabinet Member for Finance & Efficiency, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting.
- 2.4 Note that any comments made by the Corporate Audit Committee at their meeting on the 8th February 2018 will be reported to Full Council on the 13th February 2018.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 This report is a statutory requirement.

5 THE REPORT

Background

- 5.1 The Local Government Act 2003 requires the Council to ‘have regard to’ the Prudential Code and to set Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.
- 5.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Investment Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 5.3 The suggested strategy for 2018/19 in respect of the following aspects of the treasury management function is based on the Treasury Officers’ views on interest rates, supplemented with leading market forecasts provided by the Council’s treasury advisor, Arlingclose.

The strategy covers:

•	Treasury limits in force which will limit the treasury risk and activities of the Council;
•	Treasury Management Indicators;
•	The current treasury position;

•	The borrowing requirement;
•	Prospects for interest rates;
•	The borrowing strategy;
•	The investment strategy.

5.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure (which includes investments expected to produce revenue savings and generate new income) must be limited to a level whereby the net impact on the revenue budget from: -

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

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

5.5 The revised CIPFA Treasury Management in Public services Code of Practice 2011 Edition, adopted by Council in February 2012, requires the Treasury Management Strategy and policies to be scrutinised by an individual / group of individuals or committee, and the Corporate Audit Committee have been nominated by Council to carry out this function, and the report is on the agenda for the 8th February 2018 meeting.

2018/19 Treasury Management & Investment Strategy

5.6 The Strategy Statement for 2017/18 set Treasury Indicators for 2017/18 – 2019/20, which included a total borrowing requirement at the end of 2017/18 of £308 million. At the end of December 2017, external borrowing was at £176.9 million, which may increase before the end of the 2017/18 financial year should a review of the Council's cashflow and capital investment decisions highlight additional borrowing is required. The level of borrowing is in line with the policy of utilising internal cash to reduce net borrowing costs and investment counterparty risk.

5.7 The proposed Treasury Management Strategy is attached as Appendix 1 and includes the Treasury Management Indicators required by the Treasury Management Code.

5.8 Although the indicators provide for a maximum level of total borrowing, this should by no means be taken as a recommended level of borrowing as each year affordability needs to be taken into account together with other changes in circumstances, for example revenue pressures, levels and timing of capital receipts, changes to capital projects spend profiles, and levels of internal cash balances.

5.9 The budget report, which is also on the agenda, includes appropriate provision for the revenue costs of the capital programme in accordance with this Treasury Management Strategy.

5.10 Appendix 1 also details the Council’s current portfolio position as at 31st December 2017, which shows after the netting off of the £29.3 million investments, the Council’s net debt position was £147.6 million.

5.11 The 2018/19 Investment Strategy is attached at Appendix 2. This sets ‘outer limits’ for treasury management operations. While the strategy uses credit ratings in a “mechanistic” way to rule out counterparties, in operating within the policy Officers complement this with the use of other financial information when making investment decisions, for example Credit Default Swap (CDS) prices, Individual Ratings, and the financial press. This has been the case in previous years, which has protected the Council against losses of investment, for example in Icelandic banks.

5.12 The Counterparty listing in Appendix 3 includes credit ratings from three agencies, as well as a sovereign rating for each country. Counterparties who now meet the minimum criteria as recommended in Appendix 2 as at 31st December 2017 are included in the listing in Appendix 3.

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

5.14 The Council has met the conditions to opt up to MiFID II professional status and intends for this to continue in 2018/19 in order to continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to continue to receive the same level of support from our treasury management advisors.

6 RATIONALE

6.1 This report is a statutory requirement.

6.2 In accordance with the CLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Authority’s capital programme or in the level of its investment balance.

7 OTHER OPTIONS CONSIDERED

7.1 The Chief Financial Officer, having consulted the Cabinet Member for Finance and Efficiency, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are the table below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest

		costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

8 CONSULTATION

8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Section 151 Finance Officer and Monitoring Officer.

8.2 Consultation was carried out via e-mail.

9 RISK MANAGEMENT

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

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

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

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

Contact persons	<i>Giles Oliver - 01225 477022 giles_oliver@bathnes.gov.uk Donna Parham 01225 477468 donna_parham@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	

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APPENDIX 1

TREASURY MANAGEMENT STRATEGY – 2018/2019

Introduction

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

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

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

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

CIPFA issued an updated Treasury Management in Public Services: Code of Practice in late December 2017 and the code will be effective for the 2018/19 Financial Year.

The Arlingclose advice received has been that Local authorities are legally obliged to "have regard" to the Treasury Management Code and the Prudential Code "as amended or reissued from time to time" by relevant Capital Finance Regulations. The Council is awaiting publication, expected later in 2018, by CIPFA of the associated new Treasury Management Code Guidance Notes which will include the Treasury Management indicators, and new DCLG Investment Guidance, so it can fully consider any changes that may be required to the treasury management strategy.

The advice received is therefore to continue to obtain full council approval for the 2018/19 Treasury Management Strategy under the requirements of the 2011 Codes, not least because the new code does not recommend any changes to the format or content of the TMS. If any updates are required once further guidance notes are published these will be reported in future treasury management reports.

In accordance with the CLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Other than code changes, other circumstances would include, for example, a large unexpected change

in interest rates, or in the Authority's capital programme or in the level of its investment balance.

Treasury Borrowing Limits for 2018/19 to 2020/21

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

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

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

Treasury Management Indicators for 2018/19 – 2020/21

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

Security: average credit rating

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2018/19
Minimum Portfolio average credit rating	A-

Interest rate exposures

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

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposures	£403m	£442m	£451m
Upper limit on variable interest rate exposures	£246m	£285m	£294m

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

Maturity structure of borrowing

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

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

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

Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the proportion of total long-term principal sum invested to final maturities over 364 days will be:

	2018/19	2019/20	2020/21
Limit on proportion of principal invested over 364 days	£50m	£50m	£50m

Borrowing limits

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

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

	2018/19	2019/20	2020/21
Operational boundary – borrowing	£403	£442m	£451m
Operational boundary – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Operational boundary – TOTAL	£405m	£444m	£453m
Authorised limit – borrowing	£434m	£473m	£481m
Authorised limit – other long-term liabilities	<u>£2m</u>	<u>£2m</u>	<u>£2m</u>
Authorised limit – TOTAL	£436m	£475m	£483m

External Context & Prospects for Interest Rates (Arlingclose Ltd)

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

Economic background: The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

Credit outlook: High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition,

the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

Interest rate forecast: The Authority’s treasury adviser Arlingclose’s central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose’s forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government’s seemingly deteriorating fiscal stance is an upside risk.

Arlingclose Interest Rate Forecasts

Arlingclose central interest rate forecast – November 2017

	Bank Rate	3 month LIBID	12 month LIBID	20-year gilt yield*
Q1 2018	0.50	0.50	0.70	1.85
Q2 2018	0.50	0.50	0.70	1.85
Q3 2018	0.50	0.50	0.70	1.85
Q4 2018	0.50	0.50	0.70	1.85
H1 2019	0.50	0.50	0.80	1.87
H2 2019	0.50	0.50	0.80	1.92
H1 2020	0.50	0.50	0.80	1.97
H2 2020	0.50	0.50	0.80	2.05

*

The Council can currently borrow from the PWLB at 0.60% above gilt yields

The Council has budgeted for investment interest rates will be made at an average rate of 0.45% for 2018/19 & beyond, reflecting the planned short-term duration of investments.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 4.

Local Context

Current Portfolio Position

The Council's treasury portfolio position at 31st December 2017 comprised:

	Principal	Ave. rate
	£m	%
External Borrowing		
Fixed rate funding – PWLB	124.4	3.36%
Fixed rate funding – LA's	32.5	1.0%
Variable rate funding – LOBOs *	20.0	4.50*%
Other long term liabilities	Nil	N/A
TOTAL GROSS EXTERNAL DEBT	176.9	3.06%
Investments		
Short Term Investments	29.3	0.31%
Long Term Investments	0	
TOTAL INVESTMENTS**	29.3	0.31%
NET DEBT	147.6	3.61%

* These market loans are 'Lenders Options, Borrow Options' or LOBO's. They were taken out on October 2004 and April 2005 and were fixed at a relatively low rate of interest for an initial period and are now payable at 4.5%. The loans are classed as variable, as the lender has the option to change the interest rate at 6 monthly intervals, however at this point the borrower also has the option to repay the loan without penalty.

** Total Investments includes Schools balances where schools have not opted for an external bank account.

Borrowing Strategy

As at 31st December 2017, the Council held £176.9 million of long-term loans, and we will continue to monitor appropriate opportunities for borrowing in line with the overall Capital Financing Requirement.

The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2018 is expected to be £282 million, and is forecast to rise to £434 million by March 2019 as capital expenditure is incurred.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The maximum expected long-term borrowing requirement for 2018/19 is:

	£m
Not borrowed in previous years	105
Forecast increase in CFR	152
Loans maturing in 2018/19	19
TOTAL	276

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

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

Sources of borrowing

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

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments that meets the investment criteria (this includes other local authorities)
- any other bank or building society approved by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds (except the Avon Pension Fund)
- Capital market bond investor
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

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

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

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

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

The Authority holds £20m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2018/19, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

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

Debt Rescheduling

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

Policy on use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

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

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

Derivative counterparties

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

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APPENDIX 2

INVESTMENT STRATEGY

Investment Policy

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

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

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

As a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients but can "opt up" to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10 million and the persons authorised to make investment decisions on behalf of the authority having at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies must assess that these persons have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Council has met the conditions to opt up to MiFID professional status and intends for this to continue in 2018/19 in order continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to continue to receive the same level of support from our treasury management advisors.

Avon Pension Fund Investments

The Council's Treasury Management team also manage the Avon Pension Fund's internally held cash on behalf of the Fund. The cash balance held internally is a working balance to cover pension payments at any point in time and it is estimated will be an average of £20 million, being around 0.45% of the overall assets of the Fund. The regulations require that this cash is accounted for separately and invested separately from the Council's cash.

Investments held will operate within the framework of this Investment Strategy, but the maximum counterparty limit and investment term with any counterparty are set annually by the Avon Pension Fund Committee. These limits are in addition to the Council's limits for counterparties as set out in Appendix 3.

The Fund's investment managers, are responsible for the investment of cash held within their portfolios and this policy does not relate to their cash investments. The Brunel Pension Partnership does not have any direct impact on the Council's treasury management activities.

The West of England Combined Authority

The West of England Combined Authority was established in 2017. The Authority has its own investment and borrowing powers, and is required to approve its own Treasury Strategy Statement.

The Council's Treasury Management Team undertake a lead role for the Treasury Management Function for the combined authority, with recovery of cost through an agreed Service Level Agreement.

Approved Investment Counterparties

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

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Central Govt.	N/A	N/A	£unlimited 50 Years	N/A	N/A
AAA	£10m 5 Years	£15m 20 Years	£10m 50 Years	£10m 20 Years	£5m 20 Years
AA+	£10m 5 Years	£15m 10 Years	£15m 25 Years	£5m 10 Years	£5m 10 Years
AA	£10m 4 Years	£15m 5 Years	£15m 15Years	£5m 5 Years	£5m 10 Years
AA-	£10m 3 Years	£15m 4 Years	£10m 10 Years	£5m 4 Years	£5m 10 Years
A+	£10m 2 Years	£15m 3 Years	£10m 5 Years	£5m 3 Years	£5m 5 Years
A	£10m 13 Month	£10m 2 Years	£10m 5 Years	£5m 2 Years	£5m 5 Years
A-	£10m 6 Months	£10m 13 months	£10m 5 Years	£5m 13 Months	£5m 5 Years

(continued)

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
BBB+	£5m 3 Months	£10m 6 Months	£10m 2 Years	£3m 6 months	£3m 2 Years
BBB	£5m Overnight	£5m 3 Months	N/A	N/A	N/A
None	£1m 6 Months	N/A	£10m 25 Years	£50,000 5 Year	£3m 5 Years
Pooled Funds	£10m Per Fund*				

* Amount refers to the principal invested (excluding any market valuation changes)

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

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

Banks Unsecured

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

Current Bank Account: The Council's current accounts are held with National Westminster Bank plc (NatWest), which is close to the bottom of the above credit rating criteria. The Council will treat NatWest as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day, subject to the bank maintaining a credit rating no lower than BBB-.

Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where

there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

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

Corporates

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

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

Registered Providers

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

Pooled Funds

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

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

The Council is considering investment in the CCLA Property Fund during 2018/19 with a view to providing further diversification of its commercial property investments and the potential for earning a higher investment yield

on the core investment balance the Council must hold to maintain the “Professional” investor status required under MIFID II. Any future investment is already covered under the existing Investment strategy for pooled funds and any final investment decision is delegated to the S151 Officer and will be subject to consultation with the Cabinet Member for Finance & Efficiency.

Other Organisations

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

Risk Assessments & Credit Ratings

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

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

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

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

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

If further counterparties are identified during the year that meet the minimum credit rating criteria and conform to the other criteria set out in the Treasury

Management Practice Schedules, they can be added to the lending list following the agreement of the Chief Financial Officer.

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

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

Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £15m per country for those rated AAA and £10 million per country for those rated AA+. There is no limit on investments in the UK, irrespective of the sovereign credit rating.

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

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

Specified Investments

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

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

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

Non-Specified Investments

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

	£m
Total long-term investments	50
Total investments without credit ratings or rated below A- (except for UK Government and Local Authorities)	10
TOTAL	60

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

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

Liquidity management

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

Planned investment strategy for 2018/19

Investments are made in three broad categories:

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

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

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

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

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

Review Reports

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

Other Matters

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

Treasury management advisers

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

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

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

Investment training

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

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

Investment of money borrowed in advance of need

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

The total amount borrowed will not exceed the 2018/19 authorised borrowing limit of £434 million. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

Proposed Counterparty List - Unsecured Bank Investments

2018/19

CRITERIA									
Duration	Council Limit (£m)	FITCH RATINGS			Moody's Ratings		S&P Ratings		
		S/Term	L/Term	Support	S/Term	L/Term	S/Term	L/Term	
UK Banks									
	Sovereign Rating		AA+		Aa1		AAA		
Barclays Bank plc	13 months	10	F1	A	5	P-1	A1	A-1	A
Close Brothers Ltd	13 months	10	F1	A	5	P-1	Aa3		
Goldman Sachs International	13 months	10	F1	A		P-1	A1	A-1	A+
HSBC Bank plc	3 Years	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-
Lloyds Banking Group									
Lloyds Bank plc	13 months	10	F1	A+	5	P-1	Aa3	A-1	A
Bank of Scotland plc	13 months	10	F1	A+	5	P-1	Aa3	A-1	A
Royal Bank of Scotland Group									
National Westminster Bank plc	3 Months	5	F2	BBB+	5	-	A3	A-2	BBB+
Royal Bank of Scotland plc	3 Months	5	F2	BBB+	5	P-2	A3	A-2	BBB+
Santander UK plc (domiciled in UK)	13 months	10	F1	A	2	P-1	Aa3	A-1	A
Standard Chartered Bank	2 Years	10	F1	A+	5	P-1	A1	A-1	A
UK Building Societies									
Nationwide	13 months	10	F1	A+	5	P-1	Aa3	A-1	A
Yorkshire	6 months	10	F1	A-	5	P-2	A3	NR	NR
Coventry	13 months	10	F1	A	5	P-1	A2	-	-
Leeds	6 months	10	F1	A-	5	P-2	A3	-	-
Foreign Banks									
Australia									
	Sovereign Rating		AAA		Aaa		AAAu		
Australia & New Zealand Banking Group	3 Years	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-
Commonwealth Bank of Australia	3 Years	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-
National Australia Bank Group									
National Australia Bank Ltd	3 Years	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-
Westpac Banking Corporation	3 Years	10	F1+	AA-	1	P-1	Aa3	A-1+	AA-
Canada									
	Sovereign Rating		AAA		Aaa		AAA		
Bank of Montreal	2 Years	10	F1+	AA-	2	P-1	A1	A-1	A+
Bank of Nova Scotia	2 Years	10	F1+	AA-	2	P-1	A1	A-1	A+
Canadian Imperial Bank of Commerce	2 Years	10	F1+	AA-	2	P-1	A1	A-1	A+
Royal Bank of Canada	3 Years	10	F1+	AA	2	P-1	A1	A-1+	AA-
Toronto-Dominion Bank	3 Years	10	F1+	AA-	2	P-1	Aa2	A-1+	AA-
Finland									
	Sovereign Rating		AA+		Aa1		AA+		
OP Corporate Bank	2 Years	10	F1	A+	5	P-1	Aa3	A-1+	AA-
Germany									
	Sovereign Rating		AAA		Aaa		AAAu		
Landesbank Hessen-Thuringen	13 months	10	F1+	A+	WD	P-1	A1	A-1	A
Netherlands									
	Sovereign Rating		AAA		Aaa		AAAu		
Bank Nederlandse Gemeenten	5 Years	10	F1+	AA+	1	P-1	Aaa	A-1+	AAA
Coöperatieve Centrale Raiffe	2 Years	10	F1+	AA-		P-1	Aa2	A-1	A+
ING Bank NV	13 months	10	F1	A	5	P-1	A1	A-1	A
Singapore									
	Sovereign Rating		AAA		Aaa		AAAu		
Development Bank of Singapore Ltd	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-
Oversea-Chinese Banking Corp	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-
United Overseas Bank Ltd	3 Years	10	F1+	AA-	1	P-1	Aa1	A-1+	AA-
Sweden									
	Sovereign Rating		AAA		Aaa		AAAu		
Svenska Handelsbanken	3 Years	10	F1+	AA-	5	P-1	Aa3	A-1+	AA-
Nordea Bank NV	3 Years	10	F1+	AA	5	P-1	Aa2	A-1+	AA-
Switzerland									
	Sovereign Rating		AAA		Aaa		AAAu		
Credit Suisse AG	13 months	10	F1	A	5	P-1	A1	A-1	A
Supernational									
	Sovereign Rating		AAA		Aaa		AAAu		
Council of Europe Development	5 Years	10	F1+	AA+		P-1	Aa1	A-1+	AA+
European Bank for Reconstruction & Dev	5 Years	10	F1+	AAA		P-1	Aaa	A-1+	AAA
European Investment Bank	5 Years	10	F1+	AAA		P-1	Aaa	A-1+	AAA
Inter-American Development Bank	5 Years	10	F1+	AAA		(P)P-1	Aaa	A-1+	AAA
IBRD (World Bank)	5 Years	10	F1+	AAA	-	P-1	Aaa	A-1+	AAA
Kreditanstalt Fuer Wiefrauf	5 Years	10	F1+	AAA	1	P-1		A-1+	AAA
Nordic Investment Bank	5 Years	10	-	-	-	P-1	Aaa	A-1+	AAA

Proposed Counterparty List - Unsecured Bank Investments

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
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.

Appendix 4 –

Arlingclose Economic & Interest Rate Forecast

Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are

subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.

- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.26
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	7th February 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2892
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2017 to December 2017	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report</p> <p>Appendix 1: Revenue & Capital Monitoring Commentary Appendices 2(i) & 2(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2017/18 Appendices 3(i) & 3(ii): Capital Virements & Capital Programme by Portfolio 2017/18</p>		

1 THE ISSUE

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2017/18 to the end of December 2017.

2 RECOMMENDATION

The Cabinet agrees:

- 2.1 Strategic Directors should continue to work towards managing within budget in the current year for their respective service areas and develop an action plan of how this will be achieved, including not committing any unnecessary expenditure and stringent budgetary control.
- 2.2 This year's revenue budget position as shown in paragraph 5.3 is noted.
- 2.3 The mitigations that will be required shown in paragraph 5.8, if the over budget position cannot be reduced by the end of the financial year, are noted.
- 2.4 The capital year end forecast detailed in paragraph 5.18 of this report, is noted.
- 2.5 The revenue virements listed for approval in Appendix 2(i) are agreed, and those listed for information are noted.
- 2.6 The changes in the capital programme listed in Appendix 3(i) are noted.
- 2.7 That £75,000 of provisionally approved capital budget for Cleveland Pools in 2017/18 is fully approved.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

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

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 The annual medium term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2017 through the Budget setting process.

5 THE REPORT

REVENUE BUDGET

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

5.2 Divisional Directors have been asked to outline the actual expected outturn for the year and the reasons to date for over / under budget forecasts. For revenue budgets which are forecast to be over budget, the Divisional Directors are expected to seek compensating savings to try and bring budgets back to balance.

5.3 A summary by Portfolio of the revenue position as at 31st December 2017 is shown in the table below:

Portfolio	Original Budget £'million	Revised Budget £'million	Year End Forecast £'million	Variance £'million
Leader	5.161	4.947	4.962	0.016
Finance & Efficiency	(2.385)	2.429	3.179	0.750
Transformation & Customer Services	4.433	4.468	4.461	(0.008)
Adult Care, Health & Wellbeing	59.548	59.485	60.971	1.486
Children & Young People	25.285	26.875	28.711	1.835
Economic & Community Regeneration	(3.597)	(3.655)	(4.665)	(1.010)
Development & Neighbourhoods	20.488	20.836	21.067	0.231
Transport & Environment	3.957	(0.152)	(0.055)	0.097
Total	112.890	115.234	118.630	3.396

Note1: Some of the figures in this table are affected by rounding.

Note2: The Revised Budget reflects a transfer from Transport and Environment for the WECA levy to Finance & Efficiency.

5.4 The current **year-end** forecast is an over budget position of £3,396,000 which equates to 0.94% of gross budgeted spend (excluding Schools). Appendix 1 sets out the detail for each Portfolio of the current position on Council spending, and the forecast outturn for 2017/18. This is an improvement of £355,000 compared to the position previously reported based on the period to the end of October 2017.

5.5 The financial strategy, presented in October 2017 outlines how these pressures will be addressed over the short to medium term. Strategic Directors have agreed measures to reduce and mitigate this position, including:-

- Reviewing all vacancies to hold or remove;
- Introducing a three month turnover saving before a vacancy can be filled;
- Buying leave option for staff;
- Bringing forward planned savings;
- Regular monthly updates to the Transformation Group;
- Reviewing all income streams;
- Reviewing all spend above £10k.

5.6 In addition specific measures have been implemented within Adult Social Care:-

- Additional capacity for project management, transformation, and contract management to accelerate savings delivery plans;
- Tightened contract management arrangements;
- Improvements to the IT system in processing and reporting;
- Enhanced placement and package approval processes, including senior level sign-off/authorisation and reconfigured approval plans;
- Establishment of a brokerage function for placements.

The improvement from these measures is already reflected in the forecast position, with an improvement of £1.73m from the reported over budget position of £5.125m for the April – August monitoring report at the October Cabinet meeting.

5.7 The measures noted above, as well as the one-off use of reserves and use of flexible capital receipts will be needed. Options to more closely control spend on demand led budgets, such as adult social care, are currently under further review.

5.8 If not reduced by year end, the forecast position will also require use of reserves and other mitigations as follows:-

Mitigation	Amount £'million
Release 2017/18 Government Transition Grant Funding	0.930
Release Strategic Risk Provision Budget	0.510
Clearance of historic suspense account	0.689
Business Rate Revaluation Provision for Impact on B&NES properties	0.380
Revenue Budget Contingency Reserve*	0.887
Total	3.396

* Note this will leave a balance of £1,048k currently uncommitted within the Revenue Budget Contingency Reserve

5.9 Based on the improvement to the position reported to October Cabinet, there is currently no requirement to use non-earmarked reserves as part of these mitigations.

5.10 The forecast outturn position includes the requirement for the delivery of £14.5m of savings as part of the approved budget for 2017/18, of which £11.2m are currently green (on target to be achieved). Of the remainder, £3.0m are included in the current over budget forecast as not achieved, and a further £0.3m are rated as Amber at present (meaning there is a significant risk they will not be achieved). The Appendix 1 service narrative gives details of the items creating service pressures and measures put in place to manage this. 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.

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

5.12 Any revenue budget virements which require Cabinet approval are listed in Appendix 2(i). Technical budget adjustments are also shown in Appendix 2(i) for information purposes, as required by the Budget Management Scheme.

COUNCIL TAX SUPPORT & COUNCIL TAX

5.13 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. Current forecast costs of the scheme has risen to £8.6m, leaving a pressure of £0.5m which will impact on the Collection Fund. The reason for this pressure is that there has been a delay by DWP in residents moving to

Universal Credit, this has resulted in a reduction in the overall tax base growth previously forecast for next year and this update has been reflected in the 2018/19 budget report. The current overall forecast outturn position on the Council Tax Collection Fund is for a small deficit of around £42k for the Council's share, this represents a 0.05% variance against target income. The one-off impacts of the Council Tax collection fund projected outturn position have been built into the financial planning assumptions for the 2018/19 budget.

- 5.14 The collection rate for Council Tax was 85.80%, compared to the target of 85.81% at the end of December 2017.

NON DOMESTIC RATES

- 5.15 This is the first year of the 100% business rates pilot. The current year-end forecast is for the Council's overall share of Business Rate income relating to 2017/18 to be approximately £926,000 less than estimated, which will impact on the Collection Fund. The overall Collection fund deficit position, including the element relating to the 2016/17 outturn is forecast at £1.73m. The government is currently consulting on the mechanism for uplifting compensation through s31 grant for the impacts of amendments to Small Business Rate Relief entitlement, the indicative increase in the Council's grant funding is in the region of £1.2m which will partly offset the impact of the collection fund deficit. As set out in the Budget Report, the Business Rates Reserve will be utilized to fund the residual deficit and this position has been reflected in the 2018/19 budget. 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 84.37% at the end of December 2017 compared to the target of 83.25%.

- 5.16 As highlighted in the 2017/18 Budget Report, there continues to be a future risk relating to NHS Trusts claims that they are entitled to mandatory charitable relief from Business Rates. This claim will ultimately be subject to a legal ruling, with the Local Government Association co-ordinating legal support on behalf of Local Authorities. Whilst the Council's view remains that the relief is not applicable in this case, if this position were to change, the granting of such a relief would present a significant challenge to the ongoing financial viability of the Council.

CAPITAL BUDGET

- 5.17 The current position for the 2017/18 Capital budget of £131.688m (excluding contingency) is for a forecast spend of £97.582m which is less £34.106m than the budget.

- 5.18 A summary by Portfolio of the capital position as at 31st December 2017 is shown in the table below.

Portfolio Summary Monitor Capital Monitor April 2017 to December 2017	Current Year 2017/2018 Forecast Outturn		
	Forecast Actual Expenditure £'million	Annual Current Budget £'million	Forecast In-Year Variance £'million
Finance & Efficiency	43.072	54.622	(11.500)
Transformation & Customer Services	0.209	0.209	0
Adult Care, Health & Wellbeing	1.384	1,594	(.210)
Children & Young People	9.592	15,964	(6.372)
Economic & Community Regeneration	11.176	21.032	(9.856)
Development & Neighbourhoods	20.049	23.773	(3.723)
Transport & Environment	12.099	14.495	(2.395)
TOTAL	97.582	131.688	(34.106)

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

5.19 The forecast outturn figures shown in the table above mainly represents scheme re-profiling into future years and will be rephased as part of budget setting for 2018/19, the key schemes being:-

- a) Finance & Efficiency; £6.3m on Property Company Investment;
- b) Children & Young People: £5.7m on schools expansion works continuing into next financial year; including Castle Primary, Whitchurch Primary, St Nicholas's Primary expansion Swainswick Primary expansion;
- c) Community Regeneration; £3.4m for the Archway Project now profiled into a multi-year programme and £6m on Community Regeneration projects, schemes now aligned to a revised delivery programme;
- d) Development & Neighbourhoods: 1.8m on Leisure, profiling improvement on a multi-year programme and £1.2m on Vehicle replacements no longer expected to complete before 31st March;
- e) Transport & Environment: £2.2m on various schemes including Bath Transport Package, Highways Maintenance and Salford Station.

5.20 Capital investment of £4.7m is no longer required for the Grand Parade & Undercroft, where the programme now envisages a disposal.

5.21 Previously approved changes to the capital programme are listed in Appendix 3(i), while Appendix 3(ii) provides the updated capital programme allocated by Portfolio.

5.22 Following a very recent decision by HLF the Cleveland Pools Trust has requested the Council to support it to make a new bid. The HLF is supporting this approach. Following consultation with the Portfolio Holder a further £75,000 is to be treated as fully approved to enable further development of the project.

6 RATIONALE

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

7 OTHER OPTIONS CONSIDERED

7.1 None

8 CONSULTATION

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

9 RISK MANAGEMENT

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

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

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

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REVENUE BUDGET MONITORING APRIL 2017 TO DECEMBER 2017

- 1.1 The table in paragraph 5.8 of the covering report outlines the Council's current financial position by Cabinet Portfolio for the 2017/18 financial year to the end of December 2017. This shows the current **year-end** forecast is an over budget position of £3,396,000, or 0.94% of the gross expenditure budget (excluding Schools). This is an improvement of £355,000 compared to the position previously reported based on the period to the end of October 2017.
- 1.2 Within the current £3,396,000 forecast figure, there are areas of over budget and under budget net spending which are detailed below, along with any planned service actions being taken to reduce the projected over budget expenditure.
- 1.3 **Leader's Portfolio – forecast £16,000 over budget** (*previous forecast on target*)

There are several small areas of budget variances in both Strategy & Performance and Legal & Democratic Services, which bring the overall current forecast on the Portfolio to a £16,000 over budget.

- 1.4 **Finance & Efficiency Portfolio – forecast £750,000 over budget** (*previous forecast £947,000 over budget*)

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

Support Services: There is a £830,000 (previously £892,000) over budget forecast across Support Services.

Business Support is £27,000 (previously £158,000) over budget forecast. Information Technology is now forecasted a £125,000 under budget compared to an on-target position previously reported. Following a review of service budgets, reduced costs have been identified in Service Supported Borrowing and supplies and services. These have been reflected in the 2018/19 budget as savings proposals.

The Strategic Review savings target of £75,000 to review income collection and debt recovery will need to be carried forward into 2018/19 and be reviewed in line with structural changes. A further £50,000 lean review of financial transactions is underway with savings being identified across the Council rather than showing under Business Support, these will be realised in 2018/19. Finance also has a £75,000 pressure due to the loss of West of England Combined Authority income as most accountable body functions have now transferred (B&NES is no longer the accountable body for the West of England for the various funding streams associated with City Deal, Devolution and the LEP), which are partially offset by held vacancy savings in Finance.

Property & Project Delivery is forecasting to be £34,000 under budget. There is a one-off underspend in Commercial Estate of £98,000 arising from reduced borrowing costs from acquisitions in the first-year, and £42,000 higher than budgeted income from the Housing Delivery Vehicle. This is partially used to offset the £126,000 over budget forecast in Traded Services due to print & post, one-

off backdated Business Rates and Catering Services cost pressures that will be recurrently mitigated through the proposed changes in service provision.

The net spending in Human Resources is over budget by £605,000 for a combination of reasons. This is an improvement from the £678,000 previously reported, as a result of some additional traded income from schools and general cost reductions. The three main reasons causing the over budget position are:-

- The necessary planned reduction in school support to enable the remaining minority of non-academy schools, still using the service, to buy from elsewhere. This is a one-off cost of transition.
- Part of the service had been funded through corporate reserves for a number of years and these have now been removed. There have also been ongoing HR service efficiency targets.
- The remaining element is due to demand exceeding the budget as the Council changes. To help offset this, a new structure will combine People Services and HR Services. These will improve the use of manager and staff self-service through the Trent system which is being upgraded by the supplier to be more intuitive.

The HR Service together with People Services is now in the latter stages of a major review with budgets being zero based and rebuilt by the end of this financial year. These changes will improve affordability but also enable the service to access flexible support for the Council's significant demands over the next few years. A formal consultation process with staff has commenced to enable these changes to be implemented at the start of the next financial year.

Within the Portfolio, there are also £249,000 of management savings across Support Services which have yet to be delivered, and are being addressed as part of the 2018/19 budget setting process. These arose because the savings were made but some of the costs were previously funded from capital, so did not all impact directly on revenue budgets.

Council Cross-cutting Savings: £632,000 pressure due to further procurement savings targets and underspend rebasing across the Council which have not been fully achieved. This is because any procurement savings are being offset within services and inflationary pressures within contracts plus there has not been the same level of underspends available to remove from the budget. It is proposed that this pressure is mitigated by the budget rebasing the of additional profit achieved by Heritage Services to contribute to this target, with a one-off virement for this mitigation for 2017/18 is requested for Cabinet approval in Appendix 2(i). The ongoing pressure is addressed in the 2018/19 Budget Report.

Corporate Costs: £712,000 forecast under budget, as a result of one-off Banking Contract rebate plus reduced banking costs for a year, amounting to £80,000, and £150,000 of other once-off income. In addition, there is a £330,000 under budget forecast on capital financing and interest, reflecting delayed borrowing costs as a result of re-phasing of the capital programme. There are several other small

underspends forecast including Parish Grant payments, unfunded pensions costs and external audit costs.

1.5 Transformation & Customer Services Portfolio – forecast £8,000 under budget *(previous forecast on target)*

Libraries have achieved £96,000 of the £100,000 savings target due to salary savings from vacant posts, but have a £10,000 shortfall of income and extra costs as a result of the delay in the Midsomer Norton move contributing to the overall £22,000 over budget in the Libraries service. In addition, there is a £30,000 under budget forecast in Customer Services due to unbudgeted grant income received.

1.6 Adult Care, Health & Wellbeing Portfolio – forecast £1,486,000 over budget *(previous forecast £1,425,000 over budget)*

The Adult Social Care revenue budget has a current forecast service pressure of £2,777,000. 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 "sellers-market", continue to be a challenge, the latter having been exacerbated by recent care home closures 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.

This position can be partially mitigated by fully drawing down the remaining balance of £1,291,000 from both the Social Care Reserve and the Care Act Reserve. This is in line with its anticipated use, giving a net service pressure of £1,486,000. The movement in forecast will not create a further pressure in 2018/19 and is manageable from within the additional budget growth items being put forward for consideration in the 2018/19 Budget Report.

As previously reported, the measures listed in 5.6 of the covering report have been put in place, identifying a total of £680,000 of mitigations that are already reflected in this forecast.

1.7 Children & Young People Portfolio – forecast £1,835,000 over budget *(previous forecast £1,818,000 over budget)*

The forecast within this Portfolio reflects demand-driven pressures. The main variance relates to Children's Social Care Placement costs which are forecast to overspend by £1,798,000 due to the 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.

The Service continues the work to challenge and mitigate these cost pressures – this has included legitimate recoupment of direct payments relating to periods of hospitalisation and ongoing work to increase recruitment of local foster carers.

Savings have also been made from staffing budgets where vacancies have been held to accommodate other service overspends. Specific savings have been identified in School Improvement budgets, commissioning budgets and management costs.

1.8 Economic & Community Regeneration Portfolio – forecast £1,010,000 under budget *(previous forecast £834,000 under budget)*

Visitor numbers to the Roman Baths have increased by 8% compared to the previous year, which has contributed to Heritage Services forecasting £1,395,000 above the net income target (previously £1,337,000 above target).

Within Economy & Culture, there is an improved position of a £382,000 pressure (previously £502,000 pressure), primarily due to Strategic Review income targets for visitor economy, markets and events not being achieved. To address this going forward the Council is working with BTP on a new Business Plan and funding options that will address the income and efficiency targets for example savings in relation to the new location of both the offices and Tourist Information Centre. The reason for the reduction in the forecast pressure is within Arts, where £121,000 of budget for commissioning (£106,000) and World War 1 Memorial cleaning (£15,000) will not be spent in the current year. The service will request that this budget be carried forward into 2018/19.

1.9 Development & Neighbourhoods Portfolio – forecast £231,000 over budget *(previous forecast £167,000 over budget)*

There is a £156,000 over budget forecast (previously £63,000 over budget) in several areas of Planning Development and Building Control & Land Charges, including savings targets not being fully achieved and a reduction of major scheme Planning Applications submitted in the last quarter, resulting in a reduction of £117,000 in income, this will continue to be closely monitored.

The previously reported £112,000 pressure in the Leisure budget is now on target, arising from the costs of holding the Riverside building in Keynsham has now been reflected in the capital costs of this scheme.

Within Waste & Fleet Services, there is a £228,000 over budget forecast (previously £104,000 over budget); this is due to increased service running costs from additional side waste collections over the Christmas period, with some additional one-off costs from depot relocation. Budget pressures within Waste Services have been partly mitigated through changes in waste operations, mainly from the fortnightly collections. There are also reduced disposal and treatment costs, and the waste programme has had some slippage in delivery. A recent breakdown to the recycling Sort Line which separates recyclable materials has also resulted in a

£110,000 loss of income being forecast, the equipment repair has been scheduled into the earliest available time slot to reduce the loss of further income.

Within the Portfolio, there are also small areas of over and under budget forecasts for salaries and overhead expenditure within Place Overheads, Active Lifestyles and Community Safety.

1.10 **Transport & Environment Portfolio – forecast £97,000 over budget** (*previous forecast £226,000 over budget*)

Highways & Traffic Management is on target, having been previously reported £118,000 over budget, with Highway Development roles being covered by consultants and savings anticipated from the Highways Maintenance contract rationalisation not being achieved. This has been mitigated through deferring planned maintenance work in highway maintenance, street lighting and traffic signals until 2018/19 and the service has also taken management action to maximise income and recharges to capital.

Public Transport is forecasting a one-off £220,000 pressure in concessionary fares arising from delays in finalising the 2016/17 outstanding payments. The forecast position also includes a budget pressure of £200,000 as a result of the 2017/18 levy payment to the West of England Combined Authority. Options are being considered that may mitigate this pressure. There are also above budget pressures of £134,000 relating to bus shelter cleaning and Real Time Information system maintenance and a shortfall in Park & Ride income due to a final reconciliation of 2016/17 income which identified an overstatement of the estimated accrual at the year-end of £80,000 that has required an adjustment in this financial year.

The budget pressures within this Portfolio are partially mitigated by the under budget forecast in Parking Services of £566,000, where parking income is £609,000 above target and a £305,000 staffing vacancy underspend.

CAPITAL BUDGET MONITORING – APRIL 2017 TO DECEMBER 2017

- 2.1 The approved Capital Programme for 2017/18 is currently £131.688m and is detailed in Appendix 3(ii). Changes to the Capital Programme since October Cabinet are shown highlighted in Appendix 3(i).
- 2.2 A review of capital schemes has been carried out, and the Capital Programme for 2018/19 onwards is included in the Budget Report elsewhere on the agenda.

Progressing Capital Projects Updates

Finance & Efficiency Portfolio

- 2.3 **Community Resource Centres (CRC) Project** – Refurbishment and re-design of the three care home buildings will provide for changes in the demand of client base, including nursing care and specialist dementia care. These remain on budget and are expected to be completed in June 2018.
- 2.4 **Property Company Investment** - ADL is developing a pipeline of future development projects, and has begun work on the Riverside conversion of the former offices to 96 apartments. Individual flats above shops continue to transfer to ADL for redevelopment and letting as they become vacant. Annual income targets for future years remain on track, and there is a prospect of dividends returning to the Council from 2019/20 onwards.
- 2.5 **Commercial Acquisitions** – The Council is continuing to address revenue targets through the acquisition of income generating commercial properties, whilst at the same time seeking to rebalance the portfolio away from its reliance upon the retail sector. Three sites have been acquired, generating a total projected net annual income of £860,000 and further acquisitions are progressing that will contribute to achieving additional income in 2018/19.
- 2.6 **Digital Programme** – Current projects being taken forward include developing reporting capability for Public through “Report IT”, Digital Print and Post and a new website, which will be a platform for transactions, commercial information and signposting.

Transformation & Customer Services Portfolio

- 2.7 **Modern Libraries Project** – The Council has agreed the Modern Libraries Strategy and the progression towards Bath Library, including agreeing the location at The Podium. The next phase includes briefing, engagement and design works up to tender stage, and it is anticipated that this will take place between November 2017 and May 2018.

Children & Young People Portfolio

- 2.8 **Castle Primary School** – Phase 4 expansion works on target to deliver additional accommodation to expand the school from 210 to 420 places in October 2018. The contractor is due to start on site in January 2018.

- 2.9 **Whitchurch Primary Expansion** – Whitchurch Primary expansion to a 315 place school, with a new four classroom block planned to be complete for 2019. This is currently at detailed design stage, with the next key milestone being the application for planning consent.
- 2.10 **St. Nicholas Primary Expansion** – St. Nicholas Primary expansion to a 420 place school, with a new four classroom block planned to be complete for September 2019. Funding is approved and the full planning application was submitted at the end of December 2017.

Economic & Community Regeneration Portfolio

- 2.11 **Affordable Housing** – Good progress has been made. Ensleigh Extra Care is due to complete April 2019, Platform for Life now has 16 of 20 shared bed spaces available and HOLD shared ownership has one property now purchased and clients identified. At The Lodge, Chew Stoke, conservation works consent has been granted and it is anticipated to start on site at the end of 2017/18, with completion expected in September 2018. Bathampton completion is anticipated by end 2017/18.
- 2.12 **Digital B&NES** - Public Wi-Fi sites in Bath City Centre have been identified, and detailed surveys are being progressed ahead of full rollout. Delivery of Phase 2 of Connecting Devon and Somerset Partnership will commence in early 2018, and further funding applications are being developed for 2018/19. The Full Business Case will be developed for Open Programmable City region project for submission to the West of England Combined Authority. The Council is also participating in a bid for 5G mobile communication testing, and taking part in national gigabit voucher scheme pilot.
- 2.13 **RIF Project: Bath Quays Waterside (Innovation Quay)** - The park opened to the public on 26th November 2017. It remains part of the Quays construction site and will be subject to temporary closures over the next few years as the development progresses. The final section of flood defence works, along the south edge of the river, will be completed in 2018 as part of the Bath Quays South scheme.
- 2.14 **Bath Quays North** – The procurement process to select a development partner continues on schedule. An outline planning application for the Bath Quays North Masterplan has been submitted.
- 2.15 **Bath Quays South** – The land purchase required to facilitate bridge landing on Bath Quays South has now been completed, and onsite enabling works will now commence in Spring 2018. The Council has entered a cooperation and lockout agreement to progress the creative workspace in the Newark Works (35,000ft). The Council is making design modifications to the office to purpose it for a multi-tenant occupation, with construction due to commence in Summer 2018.
- 2.16 **Roman Baths Archway Project** – The RIBA design stage 4 has been completed and the tenders for the main contractor are currently being assessed. The Archaeological Contractor has now been appointed, and a programme of research excavations will take place in January and February 2018. The excavations will be open to public visitors to the Roman Baths, and will bring significant public engagement with the Archway Project in line with the aims of the Heritage Lottery

Fund. The Pre-Qualification process has been undertaken for the Main Building Contractor, and the Invitation to Tender will shortly be issued to a shortlist of five contractors. It is anticipated that the main construction works will commence in Summer 2018, following the repair of the beams supporting York Street.

Development & Neighbourhoods Portfolio

- 2.17 **Waste Projects including Infrastructure Relocation** – On-site construction for the relocation of the Outer Bath Street Cleansing Team to Locksbrook Road was completed in December 2017, and operations will be fully relocated during January 2018. Further options for the relocation of refuse and recycling collection operations are anticipated for consideration in the final quarter of 2017/18. Commercial Waste Service and Waste Transfer Station proposals are being developed, including land acquisition, planning submission and proposed operations.
- 2.18 **Bath Leisure Centre Refurbishment** – The first two packages of works of the development are now open to the public (Sports hall, new fitness suite and new studios / bowling and soft play). In addition the trampoline park opened to the public at the beginning of 2018. Reception and Wet Zones (pools and wet changing) were closed in September 2017 and are currently being fully refurbished. Expected completion of this final phase is late Spring / early Summer.
- 2.19 **Keynsham Leisure Centre** – The scheme proposals have received planning permission, and interior designs are finalised with budget approved. The project is being delivered in conjunction with the residential refurbishment of Riverside, and a contractor has been appointed. Works are anticipated to commence after Spring 2018 with strip out works started on site.

Transport & Environment Portfolio

- 2.20 **Transport Improvement Programme** – The Programme is progressing well, with multiple schemes in delivery. Schemes include the improvements to increase the capacity of the Two Headed Man (A39) Junction, where the works completed in November 2017. Key issues on the Feasibility of a Light Rapid Transit for Bath are also being identified.
- 2.21 **Highways Maintenance Programme** – Schemes are progressing to programme. This includes the A4 Keynsham Bypass, where Phase 1 works including the Broadmead Lane Roundabout have been completed. Phase 2, the bulk of the works to include resurfacing, will be completed in 2018.
- 2.22 **East of Bath Transportation** - The Cabinet has adopted a new approach to address the issues of traffic and transport in Bath, particularly to the east of the city, and will continue to seek and implement new opportunities and work with neighbouring Authorities. The Council continues to seek suitable parking provision linked to public transport improvements for car users, and is developing a feasibility study and business case for the junction at Freezing Hill Lane to improve the access and egress to Lansdown P&R.
- 2.23 **York Street Repairs** – The emergency structural analysis and traffic management plan in place enabled the Christmas Market to proceed as planned.

2017/18 Revenue Virements for Approval

<u>REF NO</u>	<u>REASON / EXPLANATION</u>	<u>CABINET MEMBER</u>	<u>TRANSFER FROM</u>	<u>Income</u>	<u>Expenditure</u>	<u>CABINET MEMBER</u>	<u>TRANSFER TO</u>	<u>Income</u>	<u>Expenditure</u>	<u>DESCRIPTION</u>	<u>ONGOING EFFECTS</u>
			<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		<u>CASHLIM</u>	<u>(£'s)</u>	<u>(£'s)</u>		
The following virements are reported for approval under the Budget Management Scheme rules.											
LOG 17#02	Heritage Income Surplus / Corporate Savings	Economic & Community Regeneration	Heritage	632,000		Finance & Efficiency	Corporate items (Savings)		632,000	SMT request that the in-year pressure within the Corporate items cashlimit (cross-cutting savings items e.g. corporate travel, procurement savings) be offset from the in-year heritage income surplus.	Budget virement is one-off.
OVERALL TOTALS				632,000	0			0	632,000		
					632,000				632,000		

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#27	UNIFORM System Recharge	Development & Neighbourhoods	Building Control & Land Charges		3,391	Development & Neighbourhoods	Development Management		20,349	Centralisation of recharge for UNIFORM System Supervision, which is now no longer recharged to individual services.	Budget virement is ongoing.
			Public Protection & Health Improvement - Regulatory & Active Lifestyles		10,175						
		Economic & Community Regeneration	Housing		6,783						

INFO 17#28	IT Photocopier Centralisation	Children & Young People	Children, Young People & Families		1,500	Finance & Efficiency	Information Technology		1,500	Photocopier charges within Children's Centre now maintained centrally by IT Services.	Budget virement is ongoing.
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INFO 17#29	Centralisation of Stationery	Leader	Council Solicitor & Democratic Services		6,670	Finance & Efficiency	Risk & Assurance Services		77,007	Centralisation of the stationery budget to the Procurement team. Procurement are now managing stationery purchases within each of the four main office locations. Approved by SMT on 22nd March 2017.	Budget virement is ongoing.
			Strategy & Performance		4,160						
		Finance & Efficiency	Various		16,795						
		Transformation & Customer Services	Customer Services		2,450						
		Children & Young People	Children, Young People & Families		1,156						
			Learning & Inclusion		475						
			Health, Commissioning & Planning		19,416						
Development & Neighbourhoods	Place - Overheads		25,885								

2017/18 Revenue Virements for Information

REF NO	REASON / EXPLANATION	CABINET MEMBER	TRANSFER FROM CASHLIM	Income (£'s)	Expenditure (£'s)	CABINET MEMBER	TRANSFER TO CASHLIM	Income (£'s)	Expenditure (£'s)	DESCRIPTION	ONGOING EFFECTS
INFO 17#30	Safeguarding Staffing Budget	Children & Young People	Children, Young People & Families		4,241	Children & Young People	Health, Commissioning & Planning		66,978	Realignment of staffing budgets for the Safeguarding Teams within Children's and Adult Services, to reflect the management of the budgets.	Budget virement is on going.
		Adult Care, Health & Wellbeing	Adult Services		62,737						
INFO 17#31	Amalgamation of Fostering & Adoption Panels	Children & Young People	Health, Commissioning & Planning		5,626	Children & Young People	Children, Young People & Families		5,626	Realignment of MTSRP savings target across the Children's Services Cash Limits, to reflect the Cash Limits in which the Panels sit.	Budget virement is on going.
Page 113 INFO 17#32	Place Stationery Budget	Development & Neighbourhoods	Place Overheads		7,362	Development & Neighbourhoods	Neighbourhoods & Environment - Waste & Fleet Services		1,960	Residual stationery budget for remote locations (not covered by centralisation of stationery) allocated to specific services.	Budget virement is on- going.
							Neighbourhoods & Environment - Parks & Bereavement Services		1,600		
							Transport & Parking Services - Parking		500		
							Transport & Environment		3,302		
INFO 17#33	Strategy & Performance Portfolio Move	Leader	Strategy & Performance		2,469,661	Transformation & Customer Services	Strategy & Performance		2,469,661	Transfer of Strategy & Performance cash limit to report to Transformation & Customer Services Portfolio.	Budget virement is on going.
OVERALL TOTALS				0	2,648,483			0	2,648,483		

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Portfolio Cash Limits 2017/18 - Revenue Budgets

Appendix 2(ii)

Cabinet Portfolio	Service	Dec'17 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Feb'18 Revised Cash Limits £'000
Leader	Council Solicitor & Democratic Services	2,484	(7)		2,477
	Strategy & Performance	2,474	(2,474)		
	PORTFOLIO SUB TOTAL	4,957	(2,480)		2,477
Finance & Efficiency	Finance	2,544	(2)		2,542
	People Services	455	(4)		450
	Risk & Assurance Services	1,001	77		1,078
	Information Technology	4,676	()		4,675
	Human Resources	410	(3)		407
	Property Services	2,463	(6)		2,458
	Corporate Estate Including R&M	2,291			2,291
	Commercial Estate	(15,663)			(15,663)
	Traded Services	170			170
	Strategic Director - Resources	(54)	()		(54)
	Corporate items (Savings)	(743)		632	(111)
	Hsg / Council Tax Benefits Subsidy	(195)			(195)
	Capital Financing / Interest	4,130			4,130
	Unfunded Pensions	1,679			1,679
	Corporate Budgets incl. Capital, Audit & Bank Charges	(231)			(231)
	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	2,367	62	632	3,061	
Transformation & Customer Services	Libraries & Information	1,620			1,620
	Customer Services	2,851	(2)		2,848
	Strategy & Performance		2,470		2,469.661
PORTFOLIO SUB TOTAL	4,471	2,467		6,938	
Adult Care, Health & Wellbeing	Adult Services	59,013	(63)		58,950
	Adult Substance Misuse (Drug Action Team)	535			535
	PORTFOLIO SUB TOTAL	59,548	(63)		59,485
Children & Young People	Children, Young People & Families	13,223	(1)		13,221
	Learning & Inclusion	15,929	()		15,928
	Health, Commissioning & Planning	(107,828)	42		(107,786)
	Schools Budget	105,512			105,512
PORTFOLIO SUB TOTAL	26,835	40		26,875	
Development & Neighbourhoods	Development Management	1,743	20		1,763
	Building Control & Land Charges	217	(3)		213
	Place Overheads	561	(33)		528
	Public Protection & Health Improvement - Regulatory & Active Lifestyles	1,801	(10)		1,791
	Public Protection & Health Improvement - Leisure	683			683
	Neighbourhoods & Environment - Waste & Fleet Services	14,285	2		14,287
	Neighbourhoods & Environment - Parks & Bereavement Services	1,501	2		1,503
	Community Safety	69			69
PORTFOLIO SUB TOTAL	20,859	(23)		20,836	
Economic & Community Regeneration	Economy & Culture	991			991
	World Heritage	156			156
	Heritage	(6,075)		(632)	(6,707)
	Housing	1,046	(7)		1,039
	Regeneration, Skills & Employment	233			233
PORTFOLIO SUB TOTAL	(3,648)	(7)	(632)	(4,287)	

Portfolio Cash Limits 2017/18 - Revenue Budgets

Appendix 2(ii)

Cabinet Portfolio	Service	Dec'17 Revised Cash Limits £'000	Technical Adjustments, below BMS limits or already agreed - shown for information £'000	Total Virements for Approval £'000	Feb'18 Revised Cash Limits £'000
Transport & Environment	Highways & Traffic Management	7,344			7,344
	Transport & Parking Services - Parking	(6,895)	1		(6,895)
	Transport & Parking Services - Public & Passenger Transport	(604)	3		(601)
	PORTFOLIO SUB TOTAL	(156)	4		(152)
	NET BUDGET	115,234			115,234

Sources of Funding

Council Tax	82,192			82,192
Retained Business Rates	31,279			31,279
Collection Fund Deficit (-) or Surplus (+)	(1,379)			(1,379)
Balances	3,142			3,142
Total	115,234			115,234

Capital Virements - Additions & Reductions 2017/2018

Appendix 3 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#047-2017	Adult Social Care Database replacement	Grant	101,080		People and Communities- Adult Care Health and Wellbeing		101,080	Align reserves funding to ongoing system implementation, review & improvements works. Approved by Strategic Director.
CAP17#048-2017	Whiteway Road signing upgrade	S106	4,100		Place- Transport and Environment		4,100	Additional Tree Cutting Work to meet safety requirements. Approved by Strategic Director.
CAP17#049-2017	Castle Primary School - Basic Need	Grant	-219,087		People and Communities- Children and Young People Services		-219,087	Return remaining budget post project completion/closure.
CAP17#050-2017	Early Years - 2yr Olds Funding / S106	S106	-2,271		People and Communities- Children and Young People Services		-2,271	Return remaining budget post project completion/closure.
CAP17#051-2017	Youth Projects	S106	-29,234		People and Communities- Children and Young People Services		-29,234	Return remaining budget post project element completion/closure.
CAP17#052-2017	St Nicholas' Primary expansion	Grant £2023K/S106 £450K	2,473,000		People and Communities- Children and Young People Services		2,473,000	Full approval to extend St Nicholas school
CAP17#053-2017	Bath Quays South	SSB	3,940		Place- Economic and Community Regeneration		3,940	E2991 Full approval of provisional budget.
CAP17#054-2017	Modern Libraries & Workplaces	SSB	605		Resources- Transformation and Customer Services		605	E2999 & E3000: Full approval of provisional budget. (Podium Phase 1 £330 & Community Library £275).
CAP17#055-2017	Digital Programme	Revenue Approvals	500		Resources- Finance and Efficiency		500	E2995 Full approval of provisional budget.
CAP17#056-2017	St Gregs, St Marks 6th Form	Inter Year Adjustment	-40,783		People and Communities- Children and Young People Services		-40,783	Return remaining budget post project completion/closure.
CAP17#057-2017	St Mary's Writhlington Replace Classroom Block	Grant	-15,391		People and Communities- Children and Young People Services		-15,391	Return remaining budget post project completion/closure.
CAP17#058-2017	East Harptree - DDA BN Feasibility Study	Grant	-13,794		People and Communities- Children and Young People Services		-13,794	Return remaining budget post project completion/closure.
CAP17#059-2017	Children's Services Capital Schemes Managed by Property Services	Grant	-1,956		People and Communities- Children and Young People Services		-1,956	Return remaining budget post project completion/closure. St John's Keynsham: Facilities (£1854) & St Martin's Gardens Caretaker Bungalow (£102)
CAP17#060-2017	Basic Needs Feasibility / Option Appraisal	Grant	-1,569		People and Communities- Children and Young People Services		-1,569	Return remaining budget post project completion/closure. St Marks School (£891) & St Martin's School (£678)
CAP17#061-2017	St Saviour's Junior School - Basic Need	Grant	-901		People and Communities- Children and Young People Services		-901	Return remaining budget post project completion/closure.
OVERALL TOTALS			2,258,239				2,258,239	

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Capital Virements - Additions & Reductions Future Years

Appendix 3 (i)

REF NO	REASON / EXPLANATION	TRANSFER / FUNDING FROM	Income (£'s)	Expenditure (£'s)	TRANSFER TO	Income (£'s)	Expenditure (£'s)	Notes
CAP17#006-FY	Bath Quays South - Office	SSB	12,260		Place- Economic and Community Regeneration		12,260	E2991 Full approval of provisional budget.
			12,260	0			12,260	

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	Budget at November 2017 Cabinet	Approvals to February 2018 Cabinet	Budget at February 2018 Cabinet	Re-Phasing Approved at February Cabinet (2018/2019 Budget Report)	Revised Budget After February 2018 Cabinet
CAPITAL SCHEME	£'000	£'000	£'000	£'000	£'000
<u>Finance & Efficiency</u>					
Workplaces Programme Delivery	727	0	727	0	727
Keynsham Regeneration & New Build	679	30	709	0	709
Corporate Estate Planned Maintenance	2,368	0	2,368	0	2,368
Disposals Programme (Minor)	144	0	144	0	144
Commercial Estate Investment Fund 16/17	335	0	335	0	335
Commercial Estate Investment Fund 17/18	28,285	0	28,285	0	28,285
Saw Close Development	47	0	47	0	47
Grand Parade & Undercroft	4,805	0	4,805	0	4,805
Equality Act Works	461	0	461	0	461
Roseberry Place	31	0	31	-16	15
1 - 3 James Street West	115	0	115	0	115
7 - 9 Lower Borough Walls	23	0	23	0	23
Desktop As a Service - VDI Technology	153	0	153	-152	1
Customer Services System	195	0	195	0	195
IT Asset Refresh (Servers and Network)	189	0	189	-80	109
Corporate Capital Contingency	1,950	0	1,950	0	1,950
Bathampton Farmhouse	40	0	40	0	40
Cleveland Pools	100	0	100	-100	0
Housing Delivery Vehicle	1,284	0	1,284	0	1,284
Property Company Investment	13,783	0	13,783	-6,283	7,500
Acquisitions - Future Revenue Generation	194	0	194	0	194
Agresso System Development & 5.6 Upgrade	103	0	103	-70	33
Income systems upgrade & associated works	45	0	45	0	45
Department of Health Grant: Resources IT: Assistive Technology	47	0	47	0	47
Community Resource Centre Capital investment	700	0	700	-210	490
	56,802	30	56,832	-6,911	49,921
<u>Transformation & Customer Services</u>					
LAA Performance Reward Grant	162	0	162	0	162
Energy at Home	4	0	4	0	4
Warmth & Health Homes Programme	43	0	43	0	43
Modern Libraries & Workplaces	515	-29	486	0	486
	724	-29	695	0	695
<u>Adult Care, Health & Wellbeing</u>					
Adult Social Care Database replacement	-3	101	98	0	98
Drugs and Alcohol Recovery House Public Health Grant	750	0	750	0	750
	747	101	848	0	848
<u>Children & Young People</u>					
Schools Capital Maintenance Programme	1,029	0	1,029	0	1,029
Schools Devolved Capital	402	8	410	0	410
Weston All Saints Primary - Basic Need	117	0	117	0	117
Castle Primary - Basic Need	227	-219	8	0	8
St Saviour's Junior - Basic Need	8	-1	7	0	7
Salford Primary - Basic Need	1,079	0	1,079	0	1,079
Building adaptations to provide short breaks for Disabled Children	20	0	20	-20	-0
School Energy Invest to Save Fund	213	0	213	0	213
Early Years - 2yr Olds Funding / S106	2	-2	-0	0	-0
Basic Needs Feasibility / Option Appraisal	409	-2	407	-4	403
Schools LA Contribution to Capital	138	0	138	0	138
Paulton Junior School - Basic Need	504	-8	496	0	496
Youth Projects	48	-29	19	-19	-0
Children's Services Capital Schemes	-3	0	-3	0	-3
Children's Services Capital Schemes Managed by Property Services	834	0	834	0	834
Client Data System for Children's Social Services	2	0	2	-2	-0
Bishop Sutton Primary School - Basic Need	204	0	204	0	204
St Mary's Writhlington Replace Classroom Block	9	0	9	0	9
Schools Minor Works and DDA Schemes	414	0	414	0	414
Westfield Primary School - Basic Need	113	0	113	0	113
St John's School Keynsham classroom refurbishment	5	0	5	0	5
Children's Centre Capital Schemes	6	0	6	0	6
Oldfield Park Junior School - Basic Need	112	0	112	-16	96
St Marys Writhlington BN Feasibility Study	496	-15	496	0	496
Ensligh - New Primary School Feasibility Study	1,130	0	1,130	0	1,130
MOD Foxhill Mulberry Park - New School Feasibility Study	9	0	9	-5	4
Bathampton School Basic Needs	15	0	15	0	15
Keynsham East New School Feasibility Study - Cost	5	0	5	0	5
Farmborough Primary - Basic Need	96	0	96	0	96
St Michaels Junior School Replace temporary building	1	0	1	0	1
Riverside Youth Hub Development	95	0	95	-59	36
St Keyna Basic Need Feasibility Study	19	0	19	0	19
Somerdale New School Feasibility Costs	4	0	4	0	4
St Gregs, St Marks 6th Form	41	-41	0	0	0

Bathwick St Mary New School Expansion	9	0	9	0	9
Ubley Primary Basic Needs	323	0	323	0	323
St Saviour's Junior - Bulge Year Feasibility Study	177	0	177	0	177
Freshford Primary Enhancements	32	0	32	0	32
Children's Education Management System	820	0	820	-347	473
Whitchurch Primary expansion	1,316	0	1,316	-1,253	63
Swainswick Primary School	730	0	730	-672	58
Castle Primary expansion (Phase 4)	2,591	0	2,591	-1,384	1,207
St Nicholas' Primary expansion	0	2,473	2,473	-2,378	95
East Harptree - DDA BN Feasibility Study	0	-14	-14	0	-14
	0				
	13,815	2,150	15,965	-6,159	9,807
<u>Economic & Community Regeneration</u>					
Visitor & Till Management System	100	0	100	-100	0
Heritage Infrastructure Development	94	0	94	0	94
BWR - Council Project Team	-8	0	-8	0	-8
BWR - Affordable Housing	212	0	212	0	212
BWR - Infrastructure	1,550	0	1,550	-955	596
BWR - Relocation of Gas Holders	2,048	0	2,048	0	2,048
London Road Regeneration	116	0	116	0	116
Enterprise Area - Flood Mitigation Phase 1	-49	0	-49	-1,797	-1,846
Disabled Facilities Grant	1,156	0	1,156	0	1,156
River Corridor & ROSPA safety works	274	0	274	-204	70
Digital B&NES	23	0	23	0	23
Somer Valley Business Centre	49	0	49	-20	29
Affordable Housing	1,901	0	1,901	0	1,901
PRMP Northumberland Place	10	0	10	0	10
PRMP Pattern Book	58	0	58	0	58
PRMP Team Costs	5	0	5	0	5
City Information Scheme Corporate Project	54	0	54	0	54
Innovation Quay - Strategic Flooding Solution	1,013	0	1,013	0	1,013
Bath Quays South	198	4	202	-6,811	-6,609
Bath Quays North	3,354	0	3,354	-4,524	-1,170
Bath Quays Bridge & Linking Infrastructure	3,076	0	3,076	-3,270	-194
Innovation Quay - EDF Infrastructure	9	0	9	0	9
Cattlemarket/Cornmarket	22	0	22	0	22
BWRE/Green Park	147	0	147	0	147
Radstock and Westfield Implementation Plan	66	0	66	-40	26
Roman Baths Development: East Baths Development	-39	0	-39	0	-39
South Road Car Park	143	0	143	-143	-0
Manvers Street	57	0	57	-57	0
Roman Baths Archway Centre	3,685	0	3,685	-3,421	264
Saw Close Development Works	1,563	0	1,563	-336	1,227
Heritage: Victoria Art Gallery Air Conditioning	141	0	141	-141	0
	21,028	4	21,032	-21,819	-787
<u>Development & Neighbourhoods</u>					
Vehicle Replacement: Neighbourhoods	212	0	212	-72	140
Allotments	10	0	10	0	10
Beechen Cliff Woodland & Other Open Spaces Improvements	82	0	82	-9	73
Neighbourhoods - Bin and Bench Replacement	6	0	6	0	6
Alice Park - Skate Park	97	0	97	0	97
Play Equipment	42	0	42	0	42
Waste Re-provision feasibility work	304	0	304	-250	54
Environmental Protection Vehicles	14	0	14	0	14
Waste Vehicles	130	0	130	-32	98
Cleansing Vehicles	265	0	265	0	265
Sydney Gardens	246	0	246	0	246
Bath Leisure Centre Refurbishment	5,005	0	5,005	-1,000	4,005
Parade Gardens Infrastructure for Business Development	14	0	14	-4	10
Leisure - Council Client / Contingency	1,394	0	1,394	-750	644
Bath Recreation Ground Trust - Leisure	510	0	510	0	510
Parks Service Schemes	291	0	291	-169	121
Waste Project - relocation of cleansing	789	0	789	0	789
Keynsham Leisure Centre - Land Assembly	74	0	74	-74	0
Waste Operations - Relocation	11,632	0	11,632	-514	11,118
Sydney Gardens: a 21st Century Pleasure Gardens	270	0	270	0	270
Parks Play Equipment	278	0	278	0	278
Environmental Neighbourhood Services Vehicle Replacement Programme	715	0	715	-598	117
Parks s106 Capital projects: Bloomfield Green Open	289	0	289	-15	274
Parks Equipment	41	0	41	0	41
Parks Action Response Work	236	0	236	-136	100
Litter Bin Replacement Programme	25	0	25	0	25
Leisure facility modernisation - Keynsham Sports Centre	600	0	600	0	600
Leisure Bath - Car Park	200	0	200	0	200
	23,772	0	23,772	-3,623	20,149
<u>Transport & Environment</u>					
Bath Transport Package - Main Scheme	2,800	0	2,800	-2,000	800
Batheaston Bridge	4	0	4	0	4
Transport Improvement Programme	2,827	4	2,831	0	2,831
Cycle City Ambition	33	0	33	0	33
Victoria Bridge	28	0	28	0	28
Bus Lane Camera Replacement	300	0	300	0	300
Highways Maintenance Programme	4,335	0	4,335	-528	3,807
Park and Ride East of Bath Project Development	475	0	475	0	475
Passenger Transport Vehicles	460	0	460	0	460
Parking - Vehicle Replacement Programme	100	0	100	-85	15

Salford Station - reopening feasibility work	250	0	250	-250	0
Better Bus Fund	34	0	34	0	34
Kennet & Avon Tow Path & Cycle Parking	30	0	30	0	30
Street Lighting - LED Replacement Programme	748	0	748	0	748
Keynsham Town Centre one way system	147	0	147	0	147
Bath Cycle Action Plan - Bath Quays Scheme	42	0	42	0	42
Speed Enforcement Cameras	119	0	119	0	119
HMB - National Productivity Investment Fund (NPIF)	788	0	788	0	788
Kingsmead Square Improvements	10	0	10	-8	2
Dorchester Street, Traffic Review	100	0	100	-28	72
Somerdale Bridge, Keynsham Options Study	70	0	70	-6	64
London Road Modification	200	0	200	0	200
York Street Infrastructure works	589	0	589	0	589
	14,490	4	14,494	-2,905	11,589

TOTAL CAPITAL SCHEME BUDGET	131,378	2,260	133,638	-41,417	92,221
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Sources of Funding (£'000)					
EU/Government Grant	26,031	1,873	27,904	-11,028	16,877
Revenue	498	0	498	-2	496
Other Council Support including Borrowing and Capital Receipts	96,708	414	97,122	-26,819	70,302
s106 Contribution	4,307	-27	4,280	-700	3,580
Other 3rd Party	3,834	0	3,834	-2,868	966
Total Sources of Funding (£'000)	131,378	2,260	133,638	-41,417	92,221

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Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	7th February 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E3004
TITLE:	Revenue and Capital Budget 2018/19	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report</p> <p>Annex 1: Revenue Budget 2018/19 – individual service cash limits</p> <p>Annex 2: 2018/19 to 2019/20 Budget Savings & Income Generation Proposals</p> <p>Annex 3: Equalities Impact Assessment of 2018/19 to 2019/20 Savings Proposals</p> <p>Annex 4: Efficiency Strategy</p> <p>Annex 5: Draft Capital Programme 2018/19 to 2022/23</p> <p>Annex 5 (i) New and Emerging Capital Schemes</p> <p>Annex 5 (ii): Highways Maintenance Programme</p> <p>Annex 5 (iii): Transport Improvement Programme</p> <p>Annex 5 (iv): Corporate Estate Planned Maintenance Programme</p> <p>Annex 5 (v): Community Infrastructure Levy (CIL) Allocations</p> <p>Annex 6: MRP Policy</p> <p>Annex 7: Advice of Monitoring Officer on the Budget Setting Process</p> <p>Annex 8: Annual Pay Policy Statement</p> <p>Annex 9: Budget Aims and Ambitions</p>		

1. THE ISSUE

This report presents the revenue and capital budgets for 2018/19 together with proposals for Council Tax and Adult Social Care Precept for 2018/19.

2. RECOMMENDATIONS

2.1 The Cabinet recommends Council approves:-

- a) The General Fund net revenue budget for 2018/19 of **£113.271m** and the individual service cash limits for 2018/19 as outlined in Annex 1.
- b) The savings and income generation plans outlined in Annex 2 in conjunction with the Equalities Impact Assessment Report in Annex 3 and thereby agrees to

implement the Council's draft Operational Plan which has been presented to each of the relevant PDS Panels.

- c) That the TDC (Thermae Spa) Profit Share arrangement and possible lease extension is renegotiated, subject to appropriate consents and the final decision delegated to the Chief Executive in consultation with the S151 Officer and Leader of the Council.
- d) To help protect front line services and meet additional pressures in Children's Services the budget includes a recommendation that Council Tax is increased by 1.95% in 2018/19 (an increase of £25.04 per Band D).
- e) An increase of 3% to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of £38.52 on a Band D property.
- f) That the release of reserves, including the Invest to Save Reserve is delegated to the Council's S151 Officer in consultation with the Portfolio Holder for Finance and Efficiency and the Chief Executive.
- g) The transfers between reserves outlined in 5.5.1 and the adequacy of Un-earmarked Reserves at £12.2m within a risk assessed range requirement of £11.9m-£13.1m.
- h) The Efficiency Strategy attached at Annex 4 and delegation of the Leading Together Change Programme funding of £2.0m to the Chief Executive in consultation with the Leader of the Council.
- i) The Capital Programme for 2018/19 of £83.111m including the capital review outlined in 5.7.2, new and emerging capital bids outlined in Annex 5, planned sources of funding in 5.7.3, and notes the programme for 2019/20 to 2022/23 and that any wholly funded projects coming forward during the year will be added to the Capital Programme in line with the Budget Management Scheme.
- j) The delegation of implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 5(ii) to Annex 5(iv) to the relevant Strategic Director or Divisional Director in Consultation with the appropriate Portfolio Holder.
- k) Approve the amended process for Provisional Capital Schemes to become Fully Approved Schemes as outlined in 5.7.3 and all other delegations as set out in the report.
- l) The Community Infrastructure Levy (CIL) allocations outlined in Annex 5(v).
- m) The MRP Policy attached at Annex 6.
- n) The Capital Prudential Indicators outlined in 5.7.5
- o) The Annual Pay Policy Statement at Annex 8.
- p) The Council Tax Support Scheme for 2018/19 shown in the following link <http://www.bathnes.gov.uk/CouncilTaxSupportScheme2017-18> and referred to in 5.3.4.

- 2.2 That the Council include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils, and Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.
- 2.3 That Cabinet note the S151 Officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves outlined in 5.6.
- 2.4 Authorise the Council's S151 Officer, in consultation with the Portfolio Holder for Finance and Efficiency, to make any necessary changes to the draft budget proposal for submission to Council.

3. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

The resource implications are contained within the body of the report

4. STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSALS

A local authority has a statutory duty to set an annual budget and Council Tax. The advice of the Council's Monitoring Officer regarding the budget setting process is attached at Annex 7.

Members must have regard to the impact on specific groups in their decision making. The Equalities Team has reviewed savings plans to ensure that any impact the saving will have on diversity and equality has been assessed and to ensure that any issues are highlighted to members before a decision is made. The analysis is attached at Annex 3.

5. THE REPORT

5.1 The 2018/19 Budget Summary

The Medium Term Financial Strategy (MTFS) was approved in October 2017 and outlined how the budget would be delivered over the medium to long-term. The MTFS for B&NES spans two years with a further three added to show the likely longer-term picture.

The Council needs to deliver a balanced budget over the term of the plan. A balanced budget means that balances or reserves are not used to meet on-going expenditure commitments. The MTFS shows a projected budget gap for 2019/20 and beyond. The figures include all estimates for pay awards, pension costs, Council Tax, business rates, Government grant, and inflation.

The budget focusses on protecting frontline services at a time when the authority is facing cuts in funding whilst facing unprecedented increases in demand in Adults and Children's Services. An increase of 3% in the Adult Social Care Precept has been included in this budget to help meet the pressures in Adult Social Care.

Significant savings and income generation plans totalling £26.83m are included within budget proposals. Of these savings 61% are considered high risk and reflects the same position as many local authorities in that savings plans are becoming more complex and difficult to deliver. The plans include a reduction of approximately 15% in staffing over the next two years that will need to be delivered while protecting front line services to our residents and businesses together with other business critical activities.

To help protect front line services and meet additional pressures in Children's Services the budget includes a recommendation that Council Tax is increased by 1.95% in 2018/19 (an increase of £25.04 per Band D). The proposed Band D Council Tax for Bath and North East Somerset Council next year including the Adult Social Care Precept is £1,347.89 (£1,284.33 in 2017/18) an increase of £63.56 per Band D (£5.30 per month).

There are a number of issues that are specifically impacting on B&NES that the Council is directly or through the LGA looking to central Government to recognise and to agree solutions such as the financial impact of the level of student accommodation, as students do not pay Council Tax nor do the local universities pay business rates on that accommodation which means that there is no contribution from this to the running of Council services. The lost income from Council Tax is estimated at £4.9m per annum.

The proposed net revenue budget for Bath and North East Somerset for 2018/19 is £113.27m.

5.1.1 Council Priorities

The Council's Corporate Strategy was adopted by Council at their meeting on 16th February 2016. It set out the 2020 Vision and the Council's direction of travel. The Corporate Strategy has been shaped by and will deliver the 'Putting Residents First' manifesto, which contains three core aims and six key priorities for the Council to focus on:

Core Aims

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

Key Priorities

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

The Operational Plan proposed by Cabinet translates the Council's overarching Corporate Strategy and vision for the future, setting out the key activities and projects that the Council plans to deliver to achieve this in 2018/19. The Operational Plan was considered by the Policy and Scrutiny Panels in January 2018 to inform the budget process. Annex 9 outlines

some examples of how the budget will continue to deliver the Cabinet's commitments, including a selection of projects and schemes from the capital investment programme.

5.2 The Revenue Budget 2018/19

5.2.1 Current Position

At the end of 2016/17 the Council reported a £2m over budget position – this occurred too late in the financial year to rebase within the 2017/18 budget process. The expected 2017/18 year end position at the end of December 2017 is an over budget position of £3.4m mainly due to additional demand in Adult Social Care, Children's Services, and Special Educational Needs and Disability (including the impact of the previous year). The year-end estimate is after the use of £1.3m in Adult Social Care Reserves.

There have been a number of measures put in place to mitigate some of the pressures including:-

- Reviewing all vacancies to hold or remove;
- Introducing a three month turnover saving before a vacancy can be filled;
- Buying leave option for staff;
- Bringing forward planned savings;
- Regular monthly updates to the Transformation Group;
- Reviewing all income streams;
- Reviewing all spend above £10k.

In addition specific measures have been agreed within Adult Social Care:-

- Additional capacity for project management, transformation, and contract management;
- Improvements to the IT system in processing and reporting;
- Approval panels set up for care packages;
- Support planning and brokerage of placements.

These additional measures have reduced the over budget position forecast of £5.1m at the end of August 2017 to £3.4m at the end of December. A thorough review of the budget has been carried out of the deliverability of savings plans, demand and demographic pressures within Adult and Children's Services, as well as inflation and other pressures impacting on the budget. This together with analysis previously reported equates to overall pressure of £12.5m (budget rebasing of £7.8m, plus demographic and contract inflation of £4.7m) to next year's budget. The reduction in Revenue Support Grant and Public Health Grant although planned for has added a further £4.2m pressure next year.

In addition to this a review of the Capital Programme has been completed resulting in a net ongoing revenue saving of £0.125m per annum.

5.2.2 The Budget and Medium Term Financial Outlook

The budget detail and assumptions as well as the future forecast is shown in the table below:-

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Budget Requirement (Previous Year)	112.89	113.27	111.86	112.10	113.63
Once-Off items from previous year	0.58	-0.15	-	-	-
Pay inflation	1.81	1.39	1.27	1.27	1.27
National living wage impact	0.17	0.18	0.19	0.20	0.21
Pension Contributions	0.60	0.60	0.60	0.60	0.60
Demographic and contract inflation	4.69	4.74	2.99	2.94	2.94
Budget Rebasing Review	7.78	0.30	0.30	0.30	0.30
Provision for amber rates savings in future years	-	0.80	-	-	-
Formalisation of Previous Decisions	0.12	-	-	-	-
Reduction in New Homes Bonus Grant	0.59	0.14	0.59	0.44	-
Reduction in Public Health Grant	0.24	0.22	-	-	-
Capital Financing	2.56	2.11	1.11	1.10	0.50
Increased Business Rates income (incl s31 grants)	-1.92	-	-	-	-
Once-off costs	0.15	-	-	-	-
Draft Budget Before Savings	130.27	123.60	118.91	118.94	119.45
Proposed and Existing Savings Measures (Annex 2)	17.00	9.83	-	-	-
Estimated Savings Required in Future Years	-	1.91	6.81	5.31	4.29
Budget Requirement	113.27	111.86	112.10	113.63	115.16

Funding of Budget Requirement	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Council Tax 1.95% in 2018/19	81.11	81.92	82.74	83.57	84.40
Adult Social Care Precept 3% in 2018/19 and 1% in 2019/20	5.62	6.55	6.62	6.69	6.75
Collection Fund Deficit (Council Tax)	-0.04	-	-	-	-
Business Rate Retention incl Revenue Support Grant	27.62	24.62	22.74	23.37	24.01
Collection Fund Deficit (NDR)	-1.73	-	-	-	-
Business Rates Reserve	0.50	-1.23	-	-	-
Use of Financial Planning Reserve for Once-Off Costs	0.19	-	-	-	-
Funding of Budget Requirement	113.27	111.86	112.10	113.63	115.16

(Note the table outlines an increase in Council Tax in 2018/19 only with Adult Social Care Precept of 3% in 2018/19 and 1% in 2019/20)

The forecast includes the following cost pressures and assumptions:-

Pay – Pay inflation has been allocated in accordance with the national agreement for 2018/19. The Council’s Pay Policy Statement is attached at Annex 8;

Pension Costs – Estimated at 1% increase per annum;

Service Demand Pressures – the strategy assumes that demand especially within Adults and Children’s Social Care remains in line with estimates as at December 2017.

Interest Rates - Continued very low rates of interest of under 0.5% per annum for treasury management short-term cash investments. The Council will maintain a minimum cash policy;

Inflation – CPI projections for the coming years are expected to be 2.4% in 2018/19, 1.9% in 19/20 and 2.0% thereafter. However it is expected that services will continue to absorb all but a limited amount based on specific service circumstances and contractual commitments;

Capital Spending – an allowance has been made to fund a minimal number of new schemes funded from corporate supported borrowing;

Borrowing – the strategy introduces longer term borrowing costs into the MTFs to free up revenue reserves however the authority will continue to optimise the use of cash balances subject to market conditions and the overriding need to meet cash outflows;

Partnerships - That our working arrangements with WECA and the CCG have a neutral impact on the Council’s finances.

Annex 1 shows the Revenue Budget Summary for 2018/19, which totals £113.27m. Once approved by Council, these represent the financial plans that the Cabinet will manage under their delegated authority and monitor in accordance with the Budget Management Scheme.

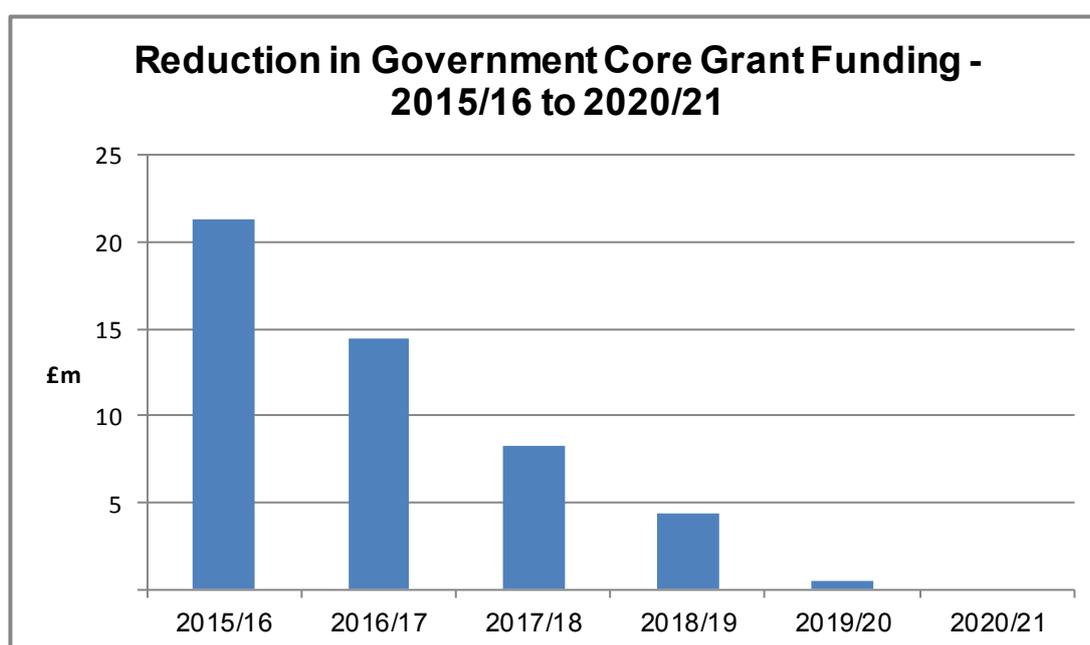
5.2.3 The Government Settlement

B&NES agreed to accept the four-year settlement as did 97% of all local authorities – 2019/20 will be the last year of this agreement.

The Provisional Settlement was received on the 19th December 2017 but has not yet been finalised. MPs will not decide on the final settlement until mid to late February and therefore there is a small chance that the figures for B&NES will change. The figures outlined in this report reflect the provisional figures and four year settlement. The final settlement details will be reflected within the report to Council if they are published before the report deadline.

- **Revenue Support Grant**

The budget and strategy assumes that the 4-year settlement agreed for 2016/17, will continue to 2019/20 with further reductions of £0.49m in 2020/21 removing any remaining RSG (note the remaining RSG allocated to B&NES has been rolled into the 100% Business Rate Pilot). The reductions are shown in the table below:-



- **New Homes Bonus**

The 2017/18 Settlement announced changes to the funding arrangement for New Homes Bonus which would reduce the number of years for which payments are made to 4 years in 2018/19. The settlement announced that the national housing growth baseline adjustment would remain at 0.4% for 2018/19. The Government decided not to make any amendments regarding successful planning appeals.

The amount allocated to B&NES for 2018/19 is £4.79m.

- **Adult Social Care Support Grant**

The Government distributed £240m of savings from New Homes Bonus nationally to authorities responsible for Adult Social Care. For the Council this resulted in a one-off amount in 2017/2018 of £733k. The settlement is silent on further distribution and therefore no further grant has been factored into the budget.

- **Better Care Fund**

The Better Care Fund is intended to incentivise the integration of health and social care, requiring Clinical Commissioning Groups (CCG) and Local Authorities to pool budgets and agree an integrated spending plan. Greater integration is seen as a potential way to use resources more efficiently and achieve better outcomes for people, in particular by reducing avoidable hospital admissions and facilitating early discharge from hospital.

The Council & B&NES CCG Better Care fund for 2018/19 will be c£61.4m with the Council contribution of £25.8m and CCG contribution of £35.6m. The increase in value of the B&NES Better Care Fund is through the further pooling of funding in 2017/18 for the Joint Community Services contract with Virgin Care and associated sub-contracts.

In addition extra funding for adult social care was announced in the 2017 budget with local allocations of one-off funding of £2.064m in 2018/19 reducing to £1.028m in 2019/20, this funding is pre-committed through the 2017/18 Better Care Fund plan and is helping to protect current Social Care spending levels and meet the national conditions for the BCF plan including improving delayed transfers of care (DTC) performance.

From 2018/19 the government through the improved BCF will make funding available incrementally to Local Authorities, £825m in 2018/19 and £1.5bn in 2019/20. For the Council, indicative allocations of the funding are £1.4m in 2018/19 and up to £3m in 2019/20. This funding has been incorporated into the 2018/19 Better Care fund planning assumptions with the funding allowing the Council to continue in meeting Adult Social Care needs and supporting the local Social Care provider market. B&NES Better Care Fund Plan 2017-19 has been agreed by all parties (including the Council, CCG and Health and Wellbeing Board) and NHS England confirmed on 20 December 2017 B&NES BCF plan has been “Approved” at a national level. As a consequence funding can be released subject to the funding being used in accordance with the final approved plan.

- **Non-Domestic Rates**

It has been confirmed that the 100% Business Rate Retention Pilot will continue into 2018/19. The estimated benefit of £2.5m per annum for this Council was factored into the Budget in 2017/18.

The strategy assumes that this benefit will remain in place over the five year period. If the authority returns to a national retention scheme, it is currently estimated that a further £3.9m will be added to the budget gap if this was to occur in 2020/21 once forecast increases have been factored in. The strategy also assumes that a baseline reset will occur in 2020/21.

As part of the proposed budget, reasonable assumptions have been made for likely levels of future Business Rate income, together with specific provisions for appeals and growth. Any surplus or deficit on the Business Rate Collection Fund and associated income will be transferred to or from the Business Rates Reserve for consideration as part of the Business Rates calculations for future years. This approach will include any changes that arise from the final settlement announcement relating to Business Rates, the announcement was still awaited at the time this report was finalised.

The provisional local government finance settlement included an announcement that the local share in the national Business Rate Retention Scheme (BRRS) is likely to increase from 50% to 75% in 2020/21. The increase in local share of Business Rates will be fiscally neutral and will be matched by transfers of Revenue Support Grant, Public Health Grant and other grants. This will be accompanied by a Business Rate baseline reset and an update in needs based funding allocations based on the outcomes of the Fair Funding Review. The financial planning assumptions will be updated as the outcomes of the various consultations are developed over the period leading up to 2020/21.

- **Schools Funding**

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

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. It is estimated that 75% of schools will have converted to academies by September 2018 and that all schools will develop plans to convert in the coming years.

With the introduction of the National Funding Formula for schools the DSG for schools will be ring-fenced for schools from 2018/19 making the LA responsible for the demographic pressures being observed in the SEND / High Needs element of the DSG. The pressures currently being observed amount to £2.3 m and this pressure has been incorporated in the demographic pressures in this report. Schools Forum has agreed to support these pressures from the Schools Block for 2018/19. This commitment provides £0.5m of funding to ease the pressures on the Council (the £2.3m takes this into account).

The final settlement of the DSG for 2018/19 has been provided by the DFE and is in line with the estimates predicted.

5.2.4. Savings and Income Generation

Revised estimates for savings and income generation show that £28.7m will be required over the next two years. This is based on the assumption that the savings already approved and proposed savings of £26.8m can be delivered. This leaves a remaining savings gap of £1.9m in 2019/20 for which savings plans will need to be developed by February 2019.

The proposals for savings and income generation outlined in Annex 2 have been included in the Operational Plan for 2018/19 and will be reviewed by each of the PDS Panels before Council on the 13th February 2018. The Annex has been updated to reflect any amendments to savings plans and income generation.

The MTFS outlined the following savings strategy to be delivered as part of the authority's assessment of its **long term delivery model**. This can be achieved through:-

- **Priority based resourcing** to develop options to reduce spend by:-

- “Do better” – maintaining performance whilst reducing spend;
 - “Do differently” – reducing spend through a different delivery model;
 - “Do less” – reduce or stop the service.
- **Maximising commercial income;**
 - Review all income streams to:-
 - Increase discretionary charges where appropriate;
 - Ensure statutory charges are based on full cost recovery.
 - **Shared services where appropriate/ right sizing:-**
 - Review shared service opportunities (years 3 to 5) with the CCG, WECA, and other local authorities;
 - Assess future staffing and management requirements to deliver the new delivery model.
 - **Targeted capital spend:-**
 - Ensure that capital spend is approved using the new approach outlined under Capital Programme below.
 - **Managing Demand (and the processes surrounding demand)**
 - E.g. signposting and investing in self-help and early intervention to reduce demand on specialist roles.
 - **Contract Savings**
 - Where efficiencies can be delivered.

5.2.5 Organisational Impact (Leading Together Change Programme)

There is a staff savings target of £8m to be achieved through management restructuring and organisational redesign, as well as programme of staff savings linked to transformation. Initial staff consultation regarding management arrangements and organisational design will coincide with the publication of this budget report. Transformation will include smarter working (building on the existing flexible working) designing digital services (Digital by Choice), plus further developing shared services with WECA, CCG and potentially neighbouring Councils. The organisational redesign and staff reductions will be part of the transformation and will need to reflect the wider changes anticipated from other aspects of transformation.

It has already been reported that the salary savings, linked to the budget proposals for the next two years, are anticipated to roughly equate to 300 FTE posts. The planned phasing envisages these savings being split with two thirds being delivered throughout 2018/19 with the other one third as early as possible in 2019/20. This Council has previously been able to minimise the need for compulsory redundancies by seeking volunteers with a suitably targeted approach, redeployment and by anticipating natural staff turnover. It is intended that

similar approaches will continue based on existing HR policies, but the scale of the savings, as well as the organisational redesign, will mean that a significant level of compulsory redundancies is likely.

It is intended that by applying the right processes and principles the changes will result in:

- Streamlined management arrangements and removal of artificial departmental boundaries;
- Continued delivery of corporate priorities despite lower levels of resources;
- Protection of key front line services as well as certain critical internal functions required for sound governance, legal and financial administration;
- Staff being appropriately supported, with morale and performance maintained as far as reasonably possible

In more detail the Council will:

- Seek to protect critical operations
 - Public service delivery examples
 - Care Acts
 - Mental Health Acts
 - Children's Acts
 - Health & Safety of Public (Environmental Health, Health protection, Public Health, Waste, Highways, Licensing, Planning)
 - Council functioning and business continuity which support:
 - Sound corporate governance
 - Safe and transparent decision making
 - Efficiency and VFM/BV
 - Protect our people and core assets
- Reduce and refocus "senior" capacity (i.e. Grade F and above) to reflect corporate priorities, build organisational cohesion and agility and promote authority to act and accountability.
- Integrate and centralise Cross-Council functions to maximise efficiency and link capacity to corporate priorities. Examples: marketing, communications, I.T, Training, Health & Safety etc.

- Integrate and streamline all business support functions – could be Department based or Cross-Council to reduce spend, standardise core processes and increase efficiency.
- Rationalise and secure effective use of existing office accommodation so that use of key sites is maximised.
- Actively Promote “Digital by Choice” to minimise F2F and transactional telephone calls to promote self-service, make savings and protect service areas where F2F is critical.
- Adopt a strategic commissioning approach to deliver options to:
 - Commercialise
 - Divest
 - Share
 - Reduce
 - Stop

all non-critical services over 2018-20 financial years.

NB: Rationalisation and integration can include work with the Clinical Commissioning Group.

The Council’s efficiency strategy was approved by Council in November and has been updated in this budget report to deliver the new and revised savings proposals. The strategy enables the one off costs of changes to be funded from capital receipts; and these one off costs include: investment in transformation, development of shared services together with staff severance costs. Within the £14m target, £2m is required to facilitate the Leading Together Programme and it is recommended that this is delegated to the Chief Executive in consultation with the Leader of the Council.

The Council will be taking a phased approach to the delivery of staffing savings proposals to help manage the organisational impact; as a result a “revenue smoothing reserve” will be used to enable the organisational changes to be phased in.

The wider reorganisation will be phased, taking into account projects that are already underway; with the majority of posts being removed by 30 September 2018. Where expressions of interest in voluntary redundancy are agreed, key decision making milestones for staffing savings are the 31 March, 30 June, 30 September or 31 December 2018 depending on service need and cost. It is anticipated that further savings in 2019/20 will also be delivered on a phased basis consistent with the time table above. The timetable for change needs to be achieved to avoid excessive reliance on the smoothing revenue reserve to fund salaries. Details about the relevant reserves and projected use of capital receipts are set out in section 5.5.

The capital programme refers to the Council’s Digital Programme and Digital by Choice. Investing in new digital ways of working, whilst enabling those that need to access face to face services to continue to do so, will be a key method of ensuring the organisation continues to have the capacity it needs.

Although there are risks from reducing staffing levels, similar programmes are now commonplace in local government. This Council has successfully implemented similar programmes in recent years, albeit on a more limited scale. There is of course a limit to what can be achieved without significant impacts on services and this Council's costs already generally benchmark well. Income has already been grown through commercial opportunities such as within Heritage, the Council's property company ADL, and the commercial estate; and this has been used to help fund the demands on services such as social care. Staff reductions, organisational change, digital and shared services are therefore the main additional opportunities available to the Council to enable a balanced budget. The risks will be carefully monitored as the changes are implemented and any necessary policy issues that arise will be reported to Cabinet or Council as appropriate.

The robustness statement in this budget report considers further the risks that apply. Essential mitigations include the availability of one off funds to enable the required changes, clear programmes to effect staff reductions and organisational change, and a well-resourced digital strategy. It is assumed that savings from greater levels of shared services will not be realisable in the next financial year, but the processes to enable this to happen in future years' needs to start now. This budget allows for the necessary provisions to support these changes and the relevant programmes are in place. The next steps following consideration of this budget will need to include regular monitoring of progress and good programme management of all the changes.

5.2.6 Thermae Bath Spa – Profit Share Income

Included within the savings listed in Annex 2 is an increase in the profit share income from the Thermae Bath Spa. The Council currently receives an annual share of the profits generated by the spa operator (TDC – part of the YTL Group) based on a complex formula agreed as part of the original lease and water supply agreements. In recent years this profit share has provided a significant contribution to the Council's revenue income budget – now equating to around £1m per annum.

The profit share calculation as it is currently constructed requires a considerable amount of officer time and input (on both sides) to monitor and deliver and can also act as a potential barrier to capital investment in the business itself.

It is therefore proposed to seek a simplification of this approach going forwards to a model based on the Council receiving a flat rate share of the company's turnover. The level of this would be set to protect existing levels of income whilst seeing the Council directly benefit from future increases in turnover regardless of associated costs. Such an approach would also be simpler to monitor and administer. The proposed level would equate to a 10% share of turnover. The turnover of TDC has increased every year since opening now running in excess of £11m.

In order to implement these arrangements it will be necessary to work with YTL to secure consent from "Big Lottery" and final approval will be made by Executive Decision.

As part of the negotiations on this matter with YTL, it is also proposed to explore the potential to extend the existing lease (38 years remaining) by a further 50 years securing the income sharing arrangements for the Council in the longer term. Any such lease will be subject to appropriate valuations and may generate a further capital receipt for the Council.

5.2.7 Budget Rebasing Review

As part of the budget setting process a review has taken place of income and expenditure budgets as part of the robustness process. Budget planning had previously identified a £5m gap for 2018/19. An assessment of the delivery of previous savings plans, additional demand pressures, and the budget monitoring position in 2017/18 has been kept under review. Although the budget is forecast to be £3.4m over at the end of 2017/18 once off use of the Adult Social Care Reserve has been made and once-off mitigations such as holding vacancies have been implemented to achieve this. This process has highlighted a need to rebase budgets totalling £7.8m to ensure that budgets accurately reflect required spend. The key budget pressures added to the budget for 2018/19 are Adult Social Care £3.0m, Children's Services £1.4m, Special Educational Needs and Disability £2.3m (a new pressure as a result of funding changes), and other pressures including legacy issues £1.1m.

The requirements for rebasing, demand and inflation for Adult Social Care and Children's Services are highlighted below:-

Adult Social Care

The additional funding requirement into Adult Social Care has taken into account the following items to ensure that the 2018/19 budget proposal is aligned with forecast demand modelling:

- Budget Rebasing to recognise 2017/18 recurring budget pressures.
- Demand planning using service user and local population trends.
- Market analysis to consider the future year's inflationary pressures.

In addition savings proposals have been developed to help manage demand and re-direct funding through efficiency savings. This has resulted in growth after savings into Adult Social Care of £3.94m; the table below gives a summary of the budget planning assumptions.

Adult Care, Health & Wellbeing Portfolio:-

2018/19 Budget Growth	£'m
General (Including Inflation)	1.031
Increase in Service Volumes	2.848
Other	0.298
Additional items	
Social Care 2017/18 recurring placement pressures	3.000
Total Growth	7.177
2018/19 Savings Proposals	(3.237)
Net Budget Growth	3.940

Children's Services

The 2018/19 budget proposal has also recognised the funding pressures in Children's placements including SEND / High Needs as mentioned in the Schools Funding section of the report. The budget has been rebased to recognise the recurring cost pressures to give a growth after savings into Children's Services of £3.082m; the table below gives a summary of the budget planning assumptions.

Children and Young People Portfolio:-

2018/19 Budget Growth	£'m
General (Including Inflation)	0.443
Increase in Service Volumes	0.170
Other	0.030
Additional items	
Special Education Needs Spend Pressure	2.300
Children, Young People & Families - Social Care placement pressures	1.380
Total Growth	4.323
2018/19 Savings Proposals	(1.241)
Net Budget Growth	3.082

5.2.8 Formalisation of Previous Decisions

The following items have been added to the revenue base budget from 2018/19:-

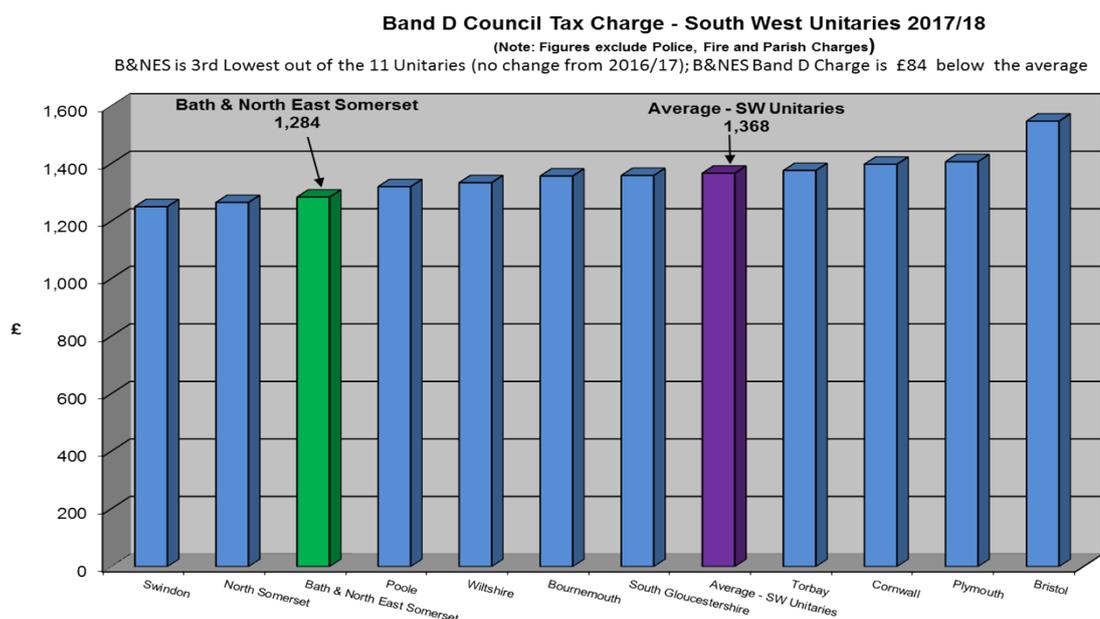
- Urban gull control - £0.07m
- Support for the Duke of Edinburgh Scheme - £0.01m
- Funding of Council Tax Discounts for Care Leavers and Foster Carers - £0.04m

5.3 Council Tax

5.3.1 Band D Equivalent Council Tax

The MTFs did not include any assumptions on increases in Council Tax. The proposal within this report is to increase general Council Tax by 1.95% in 2018/19 to ease pressures within front line services but specifically Children's Services and SEND. This will increase a Band D by £25.04 for 2018/19 to £1,260.52. The tax base for 2018/19 is 64,346.64, an increase of 350.48 from 2017/18.

The diagram below shows that B&NES had the third lowest Council Tax of the South West Unitary Authorities in 2017/18:-



As billing authority, B&NES has to calculate a basic level of tax based on its own spending plans, to which is added the precepts from, Adult Social Care, Avon Fire Authority, Avon and Somerset Police Authority, and any town/parish Council. The actual total of Council Tax for Bath and North East Somerset residents will be calculated once all precepting authorities have notified B&NES of their proposals to be approved at Full Council on 13th February 2018.

The Government outlined in the settlement that it was increasing the referendum level for Council Tax from 2% to 3% before a local referendum was required in recognition of the financial difficulties local authorities are facing.

5.3.2 Adult Social Care Precept

The Government has recognised some of the pressures facing Adult Social Care (ASC) authorities, providing for a continuation for a specific increase in the local Council Tax precept ringfenced to ASC. B&NES approved an increase of 2% in 2017/18 and it is proposed to increase the precept by 3.0% in 2018/19 (this would increase the Adult Social Care Precept to £87.37 an increase of £38.52 from 2017/18), with a further 1% in 2019/20 to meet the increasing demands on this service.

5.3.3 Estimates for Future Years Band D Council Tax

The current Medium Term Financial Strategy **has not factored in any future increases** in Council Tax other than a further Adult Social Care precept of 1% in 2019/20.

5.3.4 Council Tax Support

The Council Tax Support Scheme has been updated to reflect upper and lower thresholds – see link as follows <http://www.bathnes.gov.uk/CouncilTaxSupportScheme2017-18>. The tax

base currently assumes the same number of recipients as at the end of November 2017 will continue into 2018/19. The budget requirement is £8.9m compared to £8.1m in 2017/18.

The Revenue Support Grant passported to the Town and Parish Councils will reduce to zero by 2019/20, with the exception of Radstock where the grant will be phased out by 2021/22 to take account of their relatively higher dependency on the grant as a result of having a higher proportion of Council Tax Benefit claimants under the old scheme.

5.3.5 Discretionary Council Tax Discounts under S13A [Local Government Finance Act 1992]

The Council Tax Policy for Discretionary Discounts has been updated to award discounts of 25% to Foster Carers when fostering children for and within B&NES and 100% discount for Care Leavers aged up to 25 residing within B&NES. The policy is included elsewhere in this agenda. The overall estimated cost of £45,000 has been added to the budget as the cost cannot be shared with other precepting authorities.

5.4 West of England Combined Authority (WECA)

The Budget for the WECA will be set on 2nd February 2018 by the WECA Committee – at the time of writing the budget assumptions set out below are based upon the WECA Budget proposals and are subject to the outcome of the above meeting.

The following elements of the WECA Budget and medium term financial plan have therefore been incorporated within the Council Budget proposal:

- Capital Grant payments in respect of Highways Maintenance and Transport Improvement funding will continue in line with the 4-year allocations provided indicatively by DfT covering 2017/18 to 2020/21. The total allocation for the Council is £4,829,000 including £632,000 for the highest level of incentive grants which is automatically provided for Mayoral Combined Authority areas.
- Appropriate commissioning payments from the WECA to the Council for delivery of transport activities to ensure continuity of service provision in line with the Inter-Authority Agreements (concessionary travel, community transport and bus information).
- Contributions to the WECA from the Council (from existing budgets) to meet the Levy for costs of associated transport functions (concessionary travel, community transport and bus information). The basis of the Levy remains in line with the Councils estimated share of costs. The net impact is neutral for the Council reflecting the movement of funds in line with the devolution arrangements.
- Within the Business Rates Collection Fund to continue to provide for an appropriate share of Business Rates to be allocated to the WECA in accordance with the 100% Business Rate Retention pilot to meet the costs of Highways Maintenance and Transport Improvement Grants (this does not impact on the Council's significant benefits from participation in the Pilot).

- Grants funding received from the WECA for feasibility studies and business case development for infrastructure schemes include:
 - £280k A37 to A362 Improvements to access Somer Valley Enterprise Zone business case development;
 - £460k Hicks Gate Roundabout improvement business case development;
 - £250k East of Bath Link development support; and
 - £100k Freezing Hill Lane Junction Improvement feasibility and business case development.

These are funded from the additional investment funds received by the WECA as part of the devolution arrangements and reflected accordingly with the Councils revenue and capital budget proposals. Further bids for infrastructure funding may be made in line with the WECA Strategy and Assurance Framework and may come forward for inclusion in the capital programme in line with future delivery arrangements.

The WECA is not permitted to raise a Council Tax to fund any of its activity and therefore no precept will be requested.

The Council will continue to work with the WECA to identify opportunities to deliver efficiencies and savings particularly relating to transport and infrastructure functions.

The WECA will not seek to hold specific financial reserves. The associated risks will be mitigated through a number of financial control and management measures although as WECA is not a precepting body, it is ultimately underwritten by the constituent Councils.

Full details of the WECA Budget proposals are available at www.westofengland-ca.gov.uk

5.5 Revenue Balances, Contingency & Reserves

Reserves are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. An estimate of the key reserves has been made for 2018/19 and future years using capital receipts flexibility mainly to fund restructuring and severance costs in 2017/18 to 2019/20.

	Estimated Balance 1/4/18	Estimated Balance 31/3/19	Estimated Balance 31/3/20	Estimated Balance 31/3/21	Estimated Balance 31/3/22
	£'m	£'m	£'m	£'m	£'m
Revenue Budget Contingency	1.5	1.5	1.5	1.5	1.5

	Estimated Balance 1/4/18 £'m	Estimated Balance 31/3/19 £'m	Estimated Balance 31/3/20 £'m	Estimated Balance 31/3/21 £'m	Estimated Balance 31/3/22 £'m
Financial Planning and Smoothing Reserve	6.4	2.3	-	-	-
Transformation Investment Reserve	1.8	-	-	-	-
Restructuring & Severance Reserve	2.0	2.0	2.0	2.0	2.0

5.5.1 Movement of Reserves for Approval

To ensure that reserves are positioned to meet the budget requirements next year the following transfers are required:-

From:	To:	Amount Required £'m
Revenue Budget Contingency Restructure and Severance Reserve	Unearmarked Reserves	1.1 0.3
ICT Reserve	Financial Planning and Smoothing Reserve	0.7
Unearmarked Reserves	Invest to Save Reserve	1.5
Restructure and Severance Reserve	Transformation Investment Reserve	0.2

5.5.2 Revenue Budget Contingency

The primary purpose of this reserve is to fund in year unforeseen events, overspends, and to meet the risks of non-delivery of budget savings. A sum of £1.5m has been set aside for 2018/19 to mitigate these risks.

5.5.3 Financial Planning and Smoothing Reserve

The Financial Planning Reserve will be used to smooth the delivery of organisational change. It has been estimated that within the savings plans proposed the Council will downsize by approximately 300 FTE's by the end of 2019/20. Around 200 of these are scheduled for 2018/19 and it will not be possible to deliver the full savings by the 1st April. An allowance of £3.9m in 2018/19 and a further £2.3m in 2019/20 has been set aside in line with the timescales outlined in this report. An allocation has been made for 2018/19 to fund once-off

expenditure of £0.15m to implement the Car Parking Strategy and a further £0.04m to fund the Collection Fund Deficit for Council Tax.

5.5.4 Transformation Investment Reserve

The reserve was set up to deliver the Strategic Review savings. The reserve was realigned in the MTFs to fund commitments from this reserve from flexible capital receipts and transfer and most of the reserve to the Financial Planning and Smoothing Reserve. The remaining sum in this reserve is fully committed.

5.5.5 Restructuring and Severance Reserve

The reserve was set up to fund severance costs and will only be utilised in future for spend that is not linked to a specific budget savings plan or where there are insufficient capital receipts to fund severance costs. The requirement for this reserve will be reviewed once the required flexible capital receipts target is reached.

5.5.6 Invest to Save Reserve

The current process for an “Invest to Save” proposal is that schemes can borrow Unearmarked Reserves for new projects that make savings and repay the sum borrowed over an agreed period of time. However, at present this could reduce Unearmarked Reserves to a minimum of £7.5m which given the Council’s current financial position has been revisited. It is therefore proposed that current “Invest to Save” commitments of £1.3m plus a further £0.2m for new schemes are transferred to a new specific reserve that is capped at an overall £1.5m. The fund can then be recycled as funding can be released to new bids as repayments are made. Any requests will require the approval of the S151 Officer in consultation with the Portfolio Holder – Finance and Efficiency.

5.5.7 Reserves and Flexible Capital Receipts

Flexible capital Receipts can be used for revenue spend that results in ongoing revenue savings. At present a target of £14.0m has been set through the Efficiency Strategy attached at Annex 4 and this will be updated over time to reflect needs. Currently £9.5m of capital receipts through estate assets, land holdings etc have been identified leaving a further £4.5m to find. A review will take place with our property partners HTC to identify the remaining receipts over the next few months.

	Estimated Usage 2017/18	Estimated Usage 2018/19	Estimated Usage 2019/20	Estimated Usage 2020/21	Estimated Usage 2021/22
	£'m	£'m	£'m	£'m	£'m
Flexible Capital Receipts	1.6	8.4	4.0	-	-

5.5.8 General Fund Unearmarked Reserve

The General Fund Unearmarked Reserve is retained to meet the Council's key financial risks. In removing and capping the "Invest to Save" element the reserve is retained purely to meet those risks. The risk assessment has set a range of between £11.9m and £13.1m to meet those risks. The current estimate is that as at 1/4/2018 the reserve will total £12.2m and will remain sufficient to meet those risks.

5.6 Robustness of and Risks within the Proposed Budget for 2018/19 Statutory Chief Finance Officer (CFO) Report and Advice on the Robustness of the Budget and Adequacy of Reserves and Balances

5.6.1 Introduction

The Local Government Act 2003 states that when a local authority is preparing its budget, "the Chief Finance Officer of the authority must report to it on the following matters:—

- (a) the robustness of the estimates made for the purposes of the calculations; and
- (b) the adequacy of the proposed financial reserves."

And goes on to state that the authority "shall have regard to the report when making decisions about the calculations in connection with which it is made."

This report has been prepared by the Strategic Director – Resources (CFO) to fulfil his duty and gives the required advice relating to the 2018/19 financial year including a consideration of the budget proposal as a whole and all the financial risks facing the Council in this budget. Also, it identifies the Council's approach to budget risk management and assesses the particular risks associated with the 2018/19 budget to inform the advice.

5.6.2 Executive Summary of the Strategic Director - Resources (CFO) on the budget position

For 2018/19 the total gap before savings is £17.0m, this is comprised of budget rebasing brought forward from 2017/18, budgets updated for inflation and demographics, the loss of Revenue Support Grant in 2018/19 but partially offset by business rates and tax base growth including the proposed Council Tax increase, and other budget changes.

The assessment of the plans to close the gap outlines a requirement for up to £3.9m of funds from the Financial Planning Reserve to smooth the delivery of savings in 2018/19 as they cannot all be delivered by the 1st April. It will also require a Revenue Budget Contingency sum of £1.5m to reflect the assessed level of risk associated with the scale of savings and further unknown pressures and demographics in 2018/19.

In addition to this putting forward a balanced budget for 2018/19 is highly dependent on the flexible use of capital receipts to fund redundancies and once-off costs such as transformation to deliver the savings required. If sufficient receipts are not achieved the Council will have to fund redundancy costs from other reserves bringing them below required levels.

Delays to the timescales outlined for delivery of savings will impact adversely on remaining reserves and as a consequence reduce non-earmarked balances below the minimum level required.

5.6.3 Consequences of Failing to Deliver a Budget

If the Council is unable to produce a budget or a plan for reducing the budget requirement for future years or finds it cannot deliver the budget in year, the CFO (under s151 of the Local Government Act) would be required to produce a Section 114 report.

Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the CFO, in consultation with the Council's Monitoring Officer and Head of Paid Service, if "the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure" (i.e. there is likely to be an unbalanced budget). In this event the Council must consider the report within 21 days and decide whether it agrees or disagrees with the views in the report and what action it proposes to take to bring the budget into balance. The publication of such a report starts an immediate 'prohibition period'. This means that everyone who has delegated authority to spend the Council money, immediately has those powers suspended during the prohibition period, and only the CFO can authorise new commitments.

5.6.4 Report of the Strategic Director – Resources (CFO) in Respect of Statutory Duties

The Budget Report as a whole sets out the Council's financial position and budget. This is the formal report and is part of a continuum of professional advice and is the culmination of a budget process in which lots of detailed work has already taken place with Directors, Senior Managers and their teams and Members. This section provides a summary of the conclusions which are considered in more detail within this report and its appendices.

In respect of the robustness of estimates, estimates have been prepared by Directors and their staff supported by appropriate finance staff in accordance with Budget Guidelines. Each Directorate has completed a Robustness Statement outlining savings and delivery risk that have been incorporated into a corporate wide assessment. A sum of £1.5m Budget Contingency Reserve has been allocated to mitigate the risk of savings not being realised in 2018/19. This contingency includes a general provision as well as allowances against various specific savings and is intended to increase confidence in the deliverability of the overall budget, especially when coupled with the inclusion of known pressures within the estimates, including Adult Social Care and Children's Services.

The total known pressures of £7.8m from 2017/18 have been rebased to ensure there should be sufficient funds to meet service demand and delivery costs as currently forecast. SMT has considered on several occasions during the development of the budget the financial pressures the Council is likely to face during 2018/19 and the need for additional resources.

Given the over budget position in 2016/17 and likely outturn in 2017/18, it has been critical to review those pressures as well as demographic demand and inflation (a total of £12.5m) to prepare a robust budget for 2018/19. Monitoring of the budget especially around demand pressures in Adult and Children's Services will be critical to identifying any emerging issues as quickly as possible.

In the context of this report as a whole, clearly the financial position is challenging, but the **CFO concludes that the estimates are robust**, in that they have been robustly constructed.

With regard to the adequacy of balances, whilst the minimum level of General Fund Unearmarked Reserve of £12.2m (within the required range of £11.9m to £13.1m) is preserved, the Council is highly dependent on the use of flexible capital receipts to achieve its budget aims. Achievement of capital receipts income of £14.0m by the end of 2019/20 is therefore imperative to the delivery of the budget.

The conclusion of the CFO is that the estimates for 2018/19 are robust and the budget is lawful, balances are adequate but highly dependent on the achievement of the capital receipts target.

5.7 Capital Programme and Capital Receipts 2018/19 to 2022/23

5.7.1 Efficiency Strategy

Central Government outlined in December 2015 that local authorities will be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. This was updated in March 2016 which outlined a simpler approach to allow authorities to utilise receipts if the spend resulted in an ongoing saving. The guidance is clear however that expenditure should be once-off and the flexibility cannot be utilised for ongoing expenditure. The flexibility was due to end in March 2019 but the Government has extended this in the settlement for a further three years.

Council approved its' Efficiency Strategy in November 2017. The Efficiency Strategy is fundamental to funding the once-off costs to deliver savings plans. The target is to utilise £14m of flexible receipts to 2019/20. An updated Strategy is attached at Annex 4 to reflect proposed savings plans and must be approved by Full Council. A revised strategy may be replaced by another during the year.

5.7.2 Review of the Capital Programme

A review of the capital programme was carried out as part of preparing next year's budget with the following objectives:-

- To ease staffing capacity issues;
- Ease financial pressures;
- Review financial and delivery risks.

The Capital Programme reflects the amendments outlined below:-

Capital Project	Total Budget 2017/18 £'m	Total Budget 2018/19 onwards £'m	Amount to be Removed £'m	Funding	Comments
Place Schemes					
Manvers Street	0.057	-	0.057	Service Supported Borrowing	Propose deletion.
Midsomer Norton Town Hall Transformation Project	0.110	2.570	2.680	Corporate Borrowing / Capital Receipts / Capital Grants	This item is being replaced with proposed new item included in the new & emerging items listing for public realm, in addition property works have been included within the capital planned maintenance for the both the current and next financial years in connection with an asset transfer.
Somer Valley Business Centres	1.200	-	0.200	Corporate Borrowing / S106	Proposed reduction of £200k with remaining £1m to be supplemented by additional grant funding included on the new & emerging items listing.
East of Bath Park & Ride	9.215	-	9.215	Corporate Borrowing	Being replaced by a new & emerging item listing for Strategic Transportation Programme.
Subtotal	10.582	2.570	12.152		
Resources Schemes					
Grand Parade & Undercroft	4.774	-	4.649	Service Supported Borrowing	Adjust budget to reflect proposed change to disposal with minor enhancement in terms of a development agreement, rather than full development.
Print Services - Equipment Investment	0.300	-	0.300	Service Supported Borrowing	Propose deletion, no longer pursuing scheme.
Energy Services Investment	1.500	1.500	3.000	Service Supported Borrowing	Propose deletion, no emerging schemes with a sufficient payback identified.
Energy Efficiency Fund (was Biomass)	0.500	-	0.500	Corporate Borrowing	Propose deletion, no viable investment identified

Capital Project	Total Budget 2017/18 £'m	Total Budget 2018/19 onwards £'m	Amount to be Removed £'m	Funding	Comments
Communications Hub	0.096	-	0.096	Service Supported Borrowing	Propose deletion.
Libraries	3.558	2.395	2.953	Service Supported Borrowing, S106 & Capital Receipts	Proposed reduction from provisional sum reflecting lower level of anticipated costs following further assessment and in light of decision on location.
Subtotal	10.728	3.895	11.498		
People & Community Schemes					
School Energy Invest to Save Fund	0.213	-	0.213	Service Supported Borrowing (DSG)	Proposed deletion of remaining budget as no identified requirements and schools becoming academies
Subtotal	0.213	-	0.213		
Overall Total	21.523	6.465	23.863		
Funding					
Corporate Supported Borrowing			11.214		
Service Supported Borrowing			11.055		
Grants			1.072		
Other 3rd Party & Capital Receipts			0.522		
Total			23.863		

The net reduction once replacement schemes are funded is a net saving of £0.125m per annum in revenue costs.

The review outlined further recommendations for the current and future capital programme with the following principles requiring consideration:-

- All existing schemes to be reviewed and simplified, reduced, paused or stopped as necessary;
- Minimise new schemes except those that meet corporate priorities; and;

- Create additional income or savings;
- Address a statutory or health and safety imperative;
- Replace obsolete or inefficient assets/equipment;
- Part of a high priority government funded programme or WoE programme.

5.7.3 Overall Capital Programme & Financing including New Capital Schemes

The detail of new and emerging capital bids is attached at Annex 5(i).

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

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

It is recommended that the process is amended for items for **Provisional Approval** to move to **Full Approval** through the Strategic Director (who will record the decision) and the S151 Officer in consultation with the appropriate Portfolio Holder and the Portfolio Holder for Finance and Efficiency in line with the Budget Management Scheme. The approval is delegated on the basis that there are no further revenue or capital funding requirements highlighted on completion of the financed business case.

This will enable the projects within the capital programme to be delivered faster but still have an appropriate level of due diligence.

Attached at Annex 5(ii) is the Highways Maintenance Programme, 5(iii) the Transport Improvement Programme, and at 5(iv) the Corporate Estates Planned Maintenance Programme for approval. Once approved it is recommended that the implementation, subject to consultation where appropriate is delegated to the relevant Strategic Director or Divisional Director in consultation with the appropriate Portfolio Holder.

A summary of the proposed capital programme and it's financing for 2018/2019 – 2022/2023 is shown below:-

Capital Schemes For Approval

Cabinet Portfolio: Capital Schemes	Budget 2018/2019 £'m	Budget 2019/2020 £'m	Budget 2020/2021 £'m	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Total £'m
Development & Neighbourhoods	9.131	5.041	-	-	-	14.172
Economic & Community Regeneration	37.347	-	-	-	-	37.347

Cabinet Portfolio: Capital Schemes	Budget 2018/2019 £'m	Budget 2019/2020 £'m	Budget 2020/2021 £'m	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Total £'m
Transport & Environment	12.633	-	-	-	-	12.633
Children & Young People	7.207	-	-	-	-	7.207
Adult Care, Health & Wellbeing	0.210	-	-	-	-	0.210
Finance & Efficiency	16.533	19.227	4.000	-	-	39.760
Corporate Capital Contingency	0.050	-	-	-	-	0.050
Total	83.111	24.268	4.000	-	-	111.379

Capital Schemes For Provisional Approval (Subject to)

Cabinet Portfolio: Capital Schemes	Budget 2018/2019 £'m	Budget 2019/2020 £'m	Budget 2020/2021 £'m	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Total £'m
Development & Neighbourhoods	23.533	3.311	2.596	0.950	1.693	32.083
Economic & Community Regeneration	33.479	14.142	13.253	14.990	2.135	77.999
Transport & Environment	8.889	11.596	6.009	4.933	1.298	32.725
Children & Young People	10.802	2.148	-	-	-	12.950
Adult Care, Health & Wellbeing	0.098	-	-	-	-	0.098
Finance & Efficiency	54.249	5.116	2.544	2.439	2.200	66.548
Transformation & Customer Services	3.145	-	-	-	-	3.145
Total	134.195	36.313	24.402	23.312	7.326	225.548
Grand Total	217.305	60.581	28.402	23.312	7.326	336.926

Funded By

Financing	Budget 2018/2019 £'m	Budget 2019/2020 £'m	Budget 2020/2021 £'m	Budget 2021/2022 £'m	Budget 2022/2023 £'m	Total £'m
Grant	43.056	9.649	6.974	6.166	3.139	68.984
Capital Receipts/RTB	9.966	16.390	0.635	0.635	0.635	28.261
Revenue	1.527	-	-	-	-	1.527
Borrowing	148.745	33.305	19.956	16.261	3.452	221.719
3rd Party (inc S106 & CIL)	14.012	1.237	0.837	0.250	0.100	16.436
Total	217.305	60.581	28.402	23.312	7.326	336.926

Note1: The figures in the table above include re-phasing from prior years.

Note 2: Some of the figures in the above table are affected by rounding.

Note 3: The Figures include capital spend of £120m to generate commercial investment returns as outlined in the Council's Commercial Strategy.

Work is currently underway to investigate whether opening a Housing Revenue Account would have a positive impact on delivery of affordable rented accommodation in B&NES. The outcome will not be known until summer 2018.

Capital Risk Contingency

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

- Individual major projects within the capital programme hold their own contingency in accordance with good project management practise to meet unavoidable and unforeseen costs;
- The capital programme includes a funded corporate risk contingency which will be maintained at £2m;
- The corporate risk assessment on which the general reserves target is based includes an element in the context of the capital programme based on the risks of the current programme.

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

Capital Invest to Save

A process for small "Invest to Save" schemes requiring capital funding is currently being investigated with proposals being brought forward once completed.

5.7.4 Minimum Revenue Provision (MRP) Policy

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve a MRP Policy in advance each year, or if revisions are proposed during the year they should be put to the Council at that time. The policy as attached at Annex 6 was updated in February 2017 and there are currently no revisions proposed at this time. However, the Policy may require updating in due course once the outcome of the Government's consultation on MRP requirements are known.

5.7.5 Prudential Indicators

The key objectives of the Prudential Code are to ensure that capital investment plans of local authorities are affordable, prudent, and sustainable. The Capital Prudential Indicators are shown below:-

Prudential Indicator	2016/17 Actual	2017/18 Forecast Outturn	2018/19	2019/20	2020/21
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	53,910	127,749	217,305	60,581	28,402
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's)					
The implied estimate of incremental impact of the new capital investment decisions on the Council Tax			£13.85	£3.98	£3.19
Cumulative totals:			£13.85	£17.83	£21.02
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			12.99%	19.21%	21.23%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.52%	6.68%	7.35%
Borrowing Limits (£m)					
Operational boundary – borrowing			£403m	£442m	£451m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
Operational boundary – total			£405m	£444m	£453m
Authorised limit - borrowing			£434m	£473m	£481m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
Authorised limit - total			£436m	£475m	£483m
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	200,147	282,125	434,016	472,616	481,383

Gross Debt and the Capital Financing Requirement

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

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

Borrowing limits

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

The Operational boundary for external debt (or planned borrowing level) is based on the same estimates as the authorised limit, but including an allowance for cash flow funding of specific capital schemes and without the additional headroom for unusual cash movements.

5.7.6 Community Infrastructure Levy (CIL) Spend Proposals 2018/19

The allocations proposed for CIL spend are attached in Annex 5(v) for approval. These allocations have been included in the capital programme where appropriate.

6. RISK MANAGEMENT

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

The key risks to the budget are currently assessed as:

Risk	Likelihood	Potential Impact	Risk Management
Further demands on service continue to escalate beyond current estimates	Possible	High	Ongoing monitoring of spend and controls. Ensure reserves are sufficient to manage in-year pressures
Interest rates increase	Likely	Medium	A reserve is available for borrowing to manage market risk and has also been factored into the longer-term MTFs
The authority is currently underwriting part of £2.1m (over three years) in revenue costs from 2020/21 for the Metrowest Project. There also remains a risk of revenue reversion if the scheme does not go ahead	Possible	High	It is proposed that a programme approach is adopted which will remove the potential revenue reversion risk. In order to try to avoid any future revenue operational costs discussions are taking place to include the project within the new franchise process.

Risk	Likelihood	Potential Impact	Risk Management
There may be a requirement for further funding in Adult Social Care community services, as a result of the re-assessment of existing community services contracts identifying on-going cost pressures	Likely	High	Work is currently underway to ensure that any additional requirement has a sound evidence base and that costs will remain within the overall Adult Social Care budget
Volatility and uncertainty around business rates	Likely	High	Ensure business rate income and appeals are monitored and that specific reserve is sufficient to manage in-year volatility
The Business Rates 100% pilot ceases	Possible	High	Will need to monitor closely a return to 49% retention in 2020/21 adds an estimated £3.9m pressure
Anticipated savings not delivered or cannot be delivered because of external challenge	Possible	High	Ensure equalities impact assessments are completed and robust. Monitor delivery plans and continue to assess on a regular basis. Ensure Budget Contingency Reserve sufficient to meet in-year issues.
Reduction in staffing impacts on service delivery	Possible	High	Plans are being put in place to minimise the impact in key front line delivery areas as referred to in this report. Ensure regular communication is made to minimise the impact on staff morale
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. Ensure that revenue reserves are sufficient to meet these risks. The new capital programme methodology looks to de-risk projects wherever possible.
Capital receipts in the areas identified are insufficient to meet target	Possible	High	Review receipts regularly – prioritise to meet requirements.
Adult Social Care and Children's Service spend continue to have an adverse impact on the 18/19 budget	Possible	High	Implement enhanced level of operational and financial monitoring in 2018/19. Need to continue to highlight the demand pressures to central Government regarding Adult Social Care and Children's Services
Changes to Government Policy that affects future funding	Likely	High	Need to monitor and continue to highlight impact

Risk	Likelihood	Potential Impact	Risk Management
Economic downturn impacts on commercial income	Possible	High	Portfolio has been diversified to manage some of this risk
Brexit risks	Likely	Medium	Need to monitor any economic impact.
Funding pressures through partner organisations	Possible	Medium	Ensure good communication links with partner organisations
The additional income from Heritage may not be sustained	Possible	Medium	Continue to monitor income levels

The key risks will continue to be monitored and reported through regular budget monitoring to Cabinet.

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

7 RATIONALE

The rationale for the recommendations is contained throughout this report and the accompanying appendices.

The Council's Section 151 Officer is the Strategic Director - Resources. As Section 151 Officer his duties include ensuring a prudent and balanced budget is set on time which properly takes into account the financial constraints and risks facing the Council.

8 OTHER OPTIONS CONSIDERED

The report and annexes also contain the other options that can be considered in making any recommendations.

9 CONSULTATION

Planned public consultation took place in November 2017. Planned scrutiny of the MTFS through the Resources and Policy Development and Scrutiny Panel took place in November 2017. Savings plans were scrutinized through PDS Panels in January 2018.

Contact person	Donna Parham, Divisional Director – Business Support (01225) 477468
Background papers	Commercial Estate Investment Strategy 2018-2019 http://www.bathnes.gov.uk/services/business/property-project-

	delivery/bnes-commercial-estate-investment-strategy-2018-19
	<i>November/ January/February PDS Panels</i>
Please contact the report author if you need to access this report in an alternative format	

Portfolio Cash Limits 2018/19 - Revenue Budgets

Annex 1

CABINET PORTFOLIO	Service	Current 2017/18 Cash Limits	Removal of One-offs (including one-off virements in 2017/18)	2017/18 Base Budget	MTFP Growth	MTFP Savings	Business Rates Income (including s31 grants)	Total 2018/19 Budget Changes	2018/19 Proposed Budget
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader	Council Solicitor & Democratic Services	2,477		2,477	64	(10)		54	2,531
	PORTFOLIO SUB TOTAL	2,477		2,477	64	(10)		54	2,531
Finance & Efficiency	Finance	2,542		2,542	231	(97)		134	2,676
	People Services	450		450	11			11	462
	Risk & Assurance Services	1,078		1,078	30	(20)		10	1,088
	Information Technology	4,675	(86)	4,589	420	(301)		119	4,708
	Human Resources	407		407	581			581	988
	Property Services	2,458		2,458	75	(200)		(125)	2,333
	Corporate Estate Including R&M	2,291		2,291	108	(50)		58	2,349
	Commercial Estate	(15,363)		(15,363)	168	(925)		(757)	(16,120)
	Housing Delivery Vehicle	(300)		(300)		(150)		(150)	(450)
	Traded Services	170		170	51			51	221
	Strategic Director - Resources	(54)		(54)	288			288	234
	Corporate items (incl Council Restructuring saving)	(743)		(743)	684	(6,020)		(5,336)	(6,079)
	Hsg / Council Tax Benefits Subsidy	(195)		(195)					(195)
	Capital Financing / Interest	4,130	200	4,330	725	140		865	5,195
	Unfunded Pensions	1,679		1,679					1,679
	Corporate Budgets incl. Capital, Audit & Bank Charges	(231)	806	576	1,050	(221)	(1,923)	(1,093)	(518)
	New Homes Bonus Grant	(5,325)		(5,325)	535			535	(4,790)
	Magistrates	17		17					17
	Coroners	305		305					305
	Environment Agency	226		226	5			5	231
West of England Combined Authority Levy	4,211		4,211	62			62	4,273	
	PORTFOLIO SUB TOTAL	2,429	920	3,349	5,024	(7,844)	(1,923)	(4,743)	(1,394)
Transformation & Customer Services	Libraries & Information	1,620		1,620	46	(40)		6	1,626
	Customer Services	2,848	86	2,935	85	(170)		(85)	2,849
	Strategy & Performance	2,470	(99)	2,371	39	(395)		(356)	2,015
	PORTFOLIO SUB TOTAL	6,938	(13)	6,925	170	(605)		(435)	6,491
Adult Care, Health & Wellbeing	Adult Services	58,950		58,950	6,875	(2,935)		3,940	62,890
	Adult Substance Misuse (Drug Action Team)	535		535	1			1	535
	Public Health				302	(302)			
	PORTFOLIO SUB TOTAL	59,485		59,485	7,177	(3,237)		3,940	63,425
Children & Young People	Children, Young People & Families	13,221		13,221	1,767	(247)		1,520	14,741
	Learning & Inclusion	15,928		15,928	128	(439)		(311)	15,617
	Health, Commissioning & Planning	(107,786)		(107,786)	2,428	(555)		1,873	(105,913)
	Schools Budget	105,512	(2,014)	103,498					103,498
	PORTFOLIO SUB TOTAL	26,875	(2,014)	24,861	4,323	(1,241)		3,082	27,943

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Note: The items shaded light grey are existing savings and income generation proposals from the 2017/18 - 2019/20 budget, these have been reviewed for the 2018/19 - 2019/20 budget report.

Portfolio: Economic & Community Regeneration

Efficiency Savings								
Commissioning of Destination Management	Supporting Bath Tourism Plus to become self sustaining. This will be achieved by reducing the contract sum over the next 2 years and by working with BTP to ensure they become self sustaining.	150	350	500	M/H	0	None	Improved co-ordination of visitor economy activities for resident and visitors.
Housing	Service efficiency and additional grant income to off-set revenue costs	53	7	60	L	0	None	None
Reduction in grants	Reduction in contribution to the World Heritage Enhancement Fund	5	5	10	L	0	None	None

Sub Total - Efficiency Savings

208	362	570
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Income Generating Opportunities								
Film Office Option	Increase in income generated from management of filming in B&NES and sales of stock video / drone footage to film makers and additional efficiencies	20	30	50	L	0	None	Expanding the service offer to other partners in order to generate greater income, will improve further the overall perception of the service.
Heritage Services business plan	Continued progression of business plan in line with recent performance.	1600	500	2100	M	0	None	To be managed through Heritage business plan.

Sub Total - Income Generating Opportunities

1,620	530	2,150
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Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Service Redesign								
Arts Development	Phase out Art grants from the Council moving to a strategic support role.	78	0	78	L	2	None	The Council will close its arts grants programme and move to an enabling role via other services.
Devolution to town & parish councils	A number of local authorities have devolved services and assets to town and parish councils. This has delivered savings through reducing duplication and leveraging-in additional resources such as volunteer time and the local skills and knowledge of town and parish councils. Bath and North East Somerset will consider a devolution framework will be agreed with town and parish councils in our area.	25	0	25	M	0	Potential for asset transfer to town and parish councils	The aim is to improve efficiency and effectiveness of delivery through redesigning local services with town and parish councils. Through its review of the Parish Charter, the Council has worked closely with town and parish councils in the past year to develop joint principles of devolution to underpin this. In addition, the Community Empowerment Fund has provided pump-priming investment for parish and town councils to develop new ways of working.

Sub Total - Service Redesign

103	0	103
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Economic & Community Regeneration Total

1,931	892	2,823
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Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Transport & Environment

Efficiency Savings								
Street Lighting LED replacement	A replacement programme of existing lights with more efficient ones	5	0	5	L	0	Conversion of units to efficient LEDs & introduction of dimming technology.	Energy savings through more efficient lighting and more reliable lanterns. Achieved as an invest to save project
Depot Review	Rationalise depots to reduce costs and enable capital improvements to remaining sites.	38	0	38	L/M	Changes to working locations	Reduction in number of sites and improvement of remaining assets.	None
Transport Planning	Reduce reliance on consultants	0	50	50	L	None	None	More efficient delivery of service
Parking & Transport	Rationalise payment machines & implement cashless payment solutions	23	0	23	L	None	None	Some customers may prefer to pay using coins.
Immediately Addressable Spend	Reductions in overheads e.g. training	16	0	16	L	None	None	None

Sub Total - Efficiency Savings

82	50	132
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Income Generating Opportunities								
Transport & Parking Services review	A Parking Strategy Review will outline different parking charge options and rebase income targets. This review will be concluded this financial year	1112.7	229.3	1342	H	0	None	This additional income reflects existing performance and targets, which are in line with proposals arising from the parking review.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Sub Total - Income Generating Opportunities

1,113	229	1,342
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Service Redesign								
Transport - moving people from A to B	Through a cross Directorate Working Group looking at the opportunities to improve customer options whilst also being cost effective	525	568	1093	M	0	Infrastructure improvements to facilitate delivery changes.	Service delivery is being changed and structure reviewed to enable more interaction with the customer e.g. moving to more personalised budgets in relation to SEN transport options.
Network Management	Redesign consultations	0	30	30	M	0	None	

Sub Total - Service Redesign

525	598	1,123
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Transport & Environment Total

1,720	877	2,597
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Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Development & Neighbourhoods

Efficiency Savings								
Service review within Development Management	Staff Restructure	18	0	18	L	1.2	None	
GIS	Software cost reduction	13	0	13	L	None	None	
Waste and Parks	Service Review of Parks	205	0	205	M	Pending outcome of review	Pending outcome of review	Pending outcome of review
Policy & Environment	Reduction in funding to Bristol Regional Environmental Records Centre	3	0	3	L	None	None	
Policy & Environment	Reduce funding to Avon Catchment	0	3	3	L	None	None	
Reschedule Policy work programme	Reschedule work programme in LDS	10	0	10	M	None	None	

Sub Total - Efficiency Savings

249	3	252
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Income Generating Opportunities								
Bereavement Service	Increase charges and promote memorial sales	80	0	80	L	0	None	
Neighbourhood Planning applications from Parish Councils	Enabling further grant over 2 years by implementing with Parishes higher number of Neighbourhood Planning applications.	0	-50	-50	L	0	None	Increased quality and support to Neighbourhood Plans would further enhance the relationships with communities and parishes.
Building Control	Increase in fees 2%	8	0	8	L	None	None	
Land charges	Increase in fees 2%	6	0	6	L	None	None	
Development Management	Increase pre-app fees by 10%	5	0	5	L	None	None	

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Development Management	Increase Development Team fees 10%	11	0	11	M	None	None	

Sub Total - Income Generating Opportunities

110	-50	60
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Service Redesign

Refuse Collection	Reduction in garden waste service in winter months	35	35	70	M	None	None	Reduction in the garden waste service in winter months is proposed as this waste is greatly reduced during this period therefore the impact will be minimal
Waste Strategy	Greater reliance on online material with a reduction in hard copies	0	20	20	L	None	None	Impacts should be low as residents are used to the new service and require less support/enforcement
Cleansing	Cease funding Parish sweeping schemes.	0	80	80	L	None	None	
Public Protection & Health Improvement	Remove Graduate Intern post	12	0	12	L	None	None	

Sub Total - Service Redesign

47	135	182
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Development & Neighbourhoods Total

406	88	494
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Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Adult Care, Health & Wellbeing

Efficiency Savings

Community Support Services	Reduce cost of Community Support services through: Re-defining requirements - new specification with focus on maximising independence and reduce longer-term dependency on funded care. Utilise Prime Provider/DPS arrangement to achieve contracting efficiencies.	75	25	100	M	0	None	Improved outcomes for service users as they are able to access services that are focused on maximising their independence and not building unnecessary dependency.
Day Care	Reduce the cost of day care services through: redefining requirements - new specification with focus on maximising independence and reducing longer-term dependency on funded care and moving away from more traditional model of day care for people with an LD that have been day-centre based, standard activities. Also, revise approach to transport provision to reflect this new approach.	75	0	75	M	0	May impact the long term future use of two Council-owned day-centres	Improved outcomes for service users as they are able to access services that are focused on maximising their independence and not building unnecessary dependency. Potential change in access arrangements for some people with an LD in relation to the changes in the service model with a shift away from the current, traditional day-centre model.
Provider Relationship	Strengthen the focus of providers on maximising independence by focusing on individual's strengths, interests, abilities and networks improving outcomes and reducing longer term dependency. Support with a gain share model with community services providers to incentivise them to deliver outcomes and reduce package costs.	125	0	125	M	0	None	Improved outcomes for service users able to access services focused on maximising independence. Greater visibility of the available options for service users and carers, giving them greater choice and control. Services can be co-ordinated around the needs and wishes of the individual.
Residential and nursing re-commission	Reduce the cost of care home placements through: a) Refinement of eligibility criteria and active promotion of community based alternatives that focus on maximising independence; b) Ensuring consistency and equity in care home fees by implementing a new commissioning and contracting model informed by Fair Price of Care exercise undertaken in 2016/17; & c) Design and implementation of a brokerage service.	75	25	100	M	0	None	The assessed level of need is aligned with the cost of meeting that need avoiding "over-prescription" and increased dependency. Improved consistency and equity between service user groups. Improved cost control supported by efficient payment processes achieves better value for money.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Assistive Technology	Increase the use of assistive technology to reduce overall package costs and reduce demand longer term for residential care a) Package cost reduction of existing service users b) Demand management - reduce future demand for more expensive care through early identification of service users who will benefit from assistive technology c) Income generation - charge service users without eligibility for Council provided care	50	0	50	M	0	None	Improved outcomes for service users able to access services focused on maximising independence. Greater visibility of the available options for service users and carers, giving them greater choice and control. Services can be co-ordinated around the needs and wishes of individuals. Some service users may be charged for their service, if not eligible for Council care.
Page 166 Re-ablement	Maximise impact of reablement service promoting independence, avoiding unnecessary admission to residential and nursing care/hospital and supporting timely discharge from hospital. Streamline pathways into reablement to improve access, reduce waiting times and prevent a delay in individuals receiving a service. Improve service user outcomes and reduce dependency on long term packages of care.	125	0	125	M	0	None	Service users are supported to maximise their independence and packages do not build unnecessary dependency on funded services resulting in improved outcomes. The assessed level of need is aligned with the cost of meeting that need avoiding "over-prescription" and increased dependency. Improved access to reablement service and avoidance of delays. Some service users receiving reablement for longer than 6 weeks whilst waiting for an ongoing package of care may be charged for their care.
Front Door Review	Redesign social care access as part of an integrated 'front door' to place greater emphasis on: a) providing information, advice and guidance; b) enabling people to access alternative preventative and self-care focused services including those provided by voluntary sector organisations; and c) ensuring that individuals who do need statutory social care services are able to access them without delay.	188	0	188	M	0	None	Service users are supported to maximise their independence and packages do not build unnecessary dependency on funded services resulting in improved outcomes. The assessed level of need is aligned with the cost of meeting that need avoiding "over-prescription" and increased dependency. Improved access to statutory health and care services and avoidance of delays in individuals receiving a service. Greater visibility of the available options for service users and carers, giving them greater choice and control. Service users are enabled to help themselves.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Incremental Package Costs	Analysis of package data indicates that in 2015/16 there were a significant number of incremental package increases. A proportion of these increases will have been appropriate to respond to an increase in need. However, existing controls and governance can be strengthened to reduce the volume, value and duration of incremental increases.	50	0	50	M	0	None	<ul style="list-style-type: none"> • Reduced prevalence of incremental package increases, realising a cashable benefit • Improved outcomes for service users by ensuring they receive the right level of care at the right time and dependency is not built unnecessarily • Wider strategic objectives are supported by actively promoting and encouraging alternative ways to meet an identified need that does not necessarily rely on funded social care support, for example, assistive technology • Decision makers are held to account which can result in a greater level of ownership for operational decisions to contribute to wider practice changes • Greater visibility of incremental increases will inform practice change and market development work, by better understanding local drivers for package increases and being better equipped to respond to the reasons for those.
Support Planning and Brokerage	Transform the approach and delivery structure of support planning and brokerage. This will involve implementing an asset based approach and separating the assessment from support planning and brokerage functions to improve operational efficiency, provide the framework for more innovative support plans and increase consistency to realise cashable and non-cashable benefits.	50	0	50	M	0	None	Service users are supported to maximise their independence and packages do not build unnecessary dependency on funded services resulting in improved outcomes. The assessed level of need is aligned with the cost of meeting that need avoiding "over-prescription" and increased dependency. Improved access to statutory health and care services and avoidance of delays in individuals receiving a service. Greater visibility of the available options for service users and carers, giving them greater choice and control. Service users are enabled to help themselves.
Review/restructure of Disabled Care Team (Adults & Children's)	The Children's Disability team is currently an in-house team whilst the Adults' team is externalised. An opportunity exists to merge the function through service restructuring.	50	0	50	H	Not known at this stage	None	There is the potential for further join up of adult and children's services provision to deliver benefits in relation of an all-age service and improvement of transition arrangements. This does need to be considered in the context of current mixed delivery models, plans for further integration, and the appointment of Virgin Care as the Prime Provider of community health and social care services. In the first instance, the model of C&YP provision is being reviewed.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Home Care Compliance	Develop the approach to home care commissioning to strengthen the focus on outcomes and maximising independence. Redesign the commissioning and contracting model to achieve efficiency, stimulate the market and incentivise providers to maximise independence. Streamline business processes to gain efficiencies from payment processes and cost controls.	50	0	50	M	0	None	Service users are supported to maximise their independence and packages do not build unnecessary dependency on funded services resulting in improved outcomes. The assessed level of need is aligned with the cost of meeting that need avoiding "over-prescription" and increased dependency. Improved cost control supported by efficient payment processes achieves better value for money.
Public Health further savings	Savings in 17/18 will be made against health improvement programmes including from the DPH award (non-pay), NHS health checks and other lifestyle programmes not included in the Your Care, Your Way envelope. Savings in 18/19 will involve reduction in support to CCG health protection, internal intelligence posts, training budgets and possibly other changes to budgets for staff or commissioned services based on the Your Care, Your Way process.	50	0	50	L	0	None	This will have a small impact on a range of preventive services carried out in schools and in the community but no service will be lost entirely and direct client-facing services will be maintained and efficiency maximised through service remodelling in the Your Care, Your Way process

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Purchased Care –Across Client Group Page 169	<p>Accelerate existing transformation - Expedite existing savings plans and service transformation activities to realise benefits quickly through:-</p> <p>Process efficiencies including</p> <ul style="list-style-type: none"> • Review all social care packages to determine whether there is additional potential to reduce costs; • Review income collection processes and approach to increase income collection rate and reduce bad debts • Strengthen the monitoring and approval process of changes in package costs <p>Review service delivery approach including:</p> <ul style="list-style-type: none"> • Exploring the possibility of in-house care provision in response to challenging market conditions. • Review in and out of area placements – reduce the restrictions on where individuals receive their care package, • Care in the community v care in residential and nursing settings 	920	1271	2191	H	0	None	Some initiatives are expected to improve service user experience and access to services whilst also achieving savings. For example, testing the "three conversations" approach to assessing need and support planning, which is being implemented by some other local authorities and is aimed at helping people lead independent lives. There may, in some instances, be a reduction in the range/type of services offered and the level of choice given to individuals, including the type of service put in place to meet their assessed/eligible need.
MCA/ DOLS	Review the assessment activity undertaken by the team; use 'like' assessments within year to reduce spend on Section 12 Drs. Reduce the use of external best interest assessors through prioritisation of assessments	60	0	60	M	0	0	Delays to some assessments, which may impact on service users, families and for other stakeholders who will hold a level of risk

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Community Equipment	<p>Assessment threshold - Increase the threshold for assessments prior to the release of equipment.</p> <p>Improved utilisation - Review the contract and existing processes. Increase utilisation of equipment where it reduces the need for more expensive forms of care and improve efficiency from better stock management and recycling</p>	43	0	43	H	0	The community equipment review will include an options appraisal of the current store in a Council owned building in Radstock	The review, whilst delivering efficiencies, will also aim to improve the service currently offered, to include full 7 day working to support hospital discharge, and streamlining of the current ordering and authorisation process.
Food Policy	Remove the food policy role	0	40	40	L	1	None	Loss of key source of food policy and strategy work
Public Health Analyst	Post currently shared with another service, suggestion is to remove the 0.5 FTE from public health with data analysis and admin work being provided on a priority only basis.	17	0	17	L	0.5	None	Impact on overall capacity of team and will require prioritisation of work
Director of Public Health Award	Reduce Council contribution to DPH Award scheme and further explore options for recharging schools or redesigning the service	0	15	15	L	0	None	May result in less capacity to support schools and/or fewer schools participating in this health initiative.
Immediately Addressable Spend	25% of immediately addressable spend	7		7	L	0	None	Reduced partnership working if travel is restricted. Loss of funding for professional subscriptions may impact recruitment and retention. The proposals will require careful budget management and over-sight to ensure that spend is carefully targeted and monitored.
Sub Total - Efficiency Savings		2,010	1,376	3,386				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Growth Avoidance								
Adult Social Care Demographic Growth - Older People over 65	Fair Price of Care and modelling of alternative fee structures for care home placements has informed development of new commissioning and contracting approaches. However, this is in the context of increasing pressures arising from demographic change. Also in the context of market conditions, which are a significant constraint when negotiating and agreeing new contractual arrangements and fee structures and ensuring that the Council's statutory obligations are met. Very close links with the mobilisation, transition and transformation of community services (your care, your way), the establishment of the Prime Provider/Dynamic Purchasing System arrangements and the agreement of risk and gain share.	333	333	666	H	0	None	A strengthened focus on maximising independence by focusing on individuals' strengths, interests, abilities and networks is designed to improve outcomes for service users and reduce longer term dependency. Potential reduced access to their preferred care setting for some service users and carers as the Council balances the views, preferences and wishes of the individual with ensuring that the assessed level of need is aligned with the cost of meeting that need, avoiding "over prescription" and building increased dependency.
Adult Social Care Demographic Growth - Mental Health over 65		190	190	380	H	0	None	
Adult Social Care Demographic Growth - Learning Disabilities		348	348	696	H	0	None	
Adult Social Care Demographic Growth - Mental Health Adults of Working Age		75	75	150	H	0	None	
Adult Social Care Demographic Growth - People with Physical Disabilities		46	46	92	H	0	None	
Sub Total - Growth Avoidance		992	992	1,984				
Service Redesign								
Public Health grant reduction	Redesign and reduction in Public Health work to absorb reduction in Grant funding,	235	222	457	M	0	None	This would have to be delivered through further prioritisation of which local preventative initiatives and campaigns can be supported; stopping the test purchasing and intelligence gathering on illegal tobacco sales; reductions in office costs and reductions in contracted spend for health checks and other commissioned services
Sub Total - Service Redesign		235	222	457				
Adult Care, Health & Wellbeing Total		3,237	2,590	5,827				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Children & Young People

Efficiency Savings								
Increase the level of "In-house" Foster-Placements	Increase level of in-house foster placements through a combination of enabling in house carers to take more complex cases and/or increasing volumes of in house carers through increased recruitment	50	0	50	M	0	None	Initial review of new recruitment approaches (particularly through improving and increasing our social media presence) have resulted in an overall increase in expressions of interest in fostering and those which progress to assessment of carers. An increased number of in-house foster-placements may require additional capacity within the team to support the foster carers, but should still enable a net saving as shown
Children's safeguarding court proceedings	Reducing the numbers of those coming to court and then into care through preventative measures and changing the use of experts during the process e.g. a) reduction in cost of barristers a mediation approach to early prevention b) Early help preventative measures c) Review social worker use	100	0	100	H	0	None	The numbers of cases that have required the Local Authority to initiate Court proceedings in relation to young children has risen over the past two years, reflecting a national trend. Any changes to the decision making process will need to be made with consideration to evidence of an incremental and increased demand for legal intervention, but securing professional input in a more cost-effective way and increasing preventative measures can only have a positive impact.
Skills and Employment Funding Model	Reduction in level of funding from People & Communities to Place for Skills & Employment team, which will become self-funding through its work with employers. Consolidation of ad hoc internal savings used to fund this team, by deleting a post within People & Communities.	60	0	60	L	1	None	Minimal impact anticipated, providing focus on care leavers and other vulnerable young people is not lost as a result of new funding model
Preventative Commissioning	Explore opportunities for further integration of commissioned services, creating more joined up approaches and creating some back-office efficiencies	12	0	12	M	0	None	Improved outcomes for families, by integrating services that are coordinated around their needs and preventing escalation into specialist social care services.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
SIAS /School Improvement & Achievement	Requirement for service will significantly reduce as Academisation increases. Also option to absorb admin roles within a corporate team / shared service.	0	50	50	M	1	None	Capacity reduced to minimum statutory duty of monitoring school standards from Academic year 2019/20 (assumes few if any maintained schools will remain). Explore opportunities to share residual services with another Authority
Administration	Potential removal of 3 FTE admin posts.	90	0	90	L	3	None	The Service will work hard to minimise any impacts on front line capacity. The introduction of Business support "Pods" (as proposed by the Business Support Review) will seek to spread admin support to teams in a more flexible way and allow staff to move between teams according to demand.
Service management consolidation (Preventative and Inclusion services)	Removal of 3 FTE roles by combining responsibilities with other management posts or reducing to statutory minimum service.	76	77	153	M	3	None	The loss of these posts will mean that the tasks currently undertaken by the managers would need to be reduced and/or passed to other colleagues. The additional tasks and priorities would need to be managed alongside existing service demands. This is made possible by other changes in service delivery such as cessation of traded Parent Support Advisers, redesign of youth Connect and remodelling of children's Centre Services, already underway.
Capital and Organisation	With the reduction in workload associated with the growth in academies, reduce the team which manages the allocation of resources to capital priorities - maintaining a minimum statutory function linking to sufficiency of school places.	0	40	40	L	1	None	Limited impact as responsibility for capital maintenance and delivery of some capital expansion schemes will transfer to academies
Education psychology services	Increase income from trading marginal capacity to fully recover costs and support service resilience	33	0	33	M	0	None	The need to generate additional income will require the team to work differently, and may require some re-structuring of priorities to ensure staff can promote and market their services to schools and obtain new contracts to work in new schools.

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Short Breaks for Disabled Children	<p>Expenditure relates to commissioned services that provide access to short breaks for children and their families with eligible social care needs.</p> <p>The services were last procured in 2013 and are now due for re-provision. This presents an opportunity to market test and re-negotiate contracts and rates without a substantial impact on service levels.</p>	0	18	18	H	0	None	<p>There may be an increase in waiting times for short breaks. Short break provision is a vital service that aims to support families to be able to care for their disabled children at home in the community. The provision provides respite for the parents and carers of children and young people with disabilities/SEND, and a short-break for the young person. Short break provision helps prevent family breakdown and enables children and young people to remain at home. Provision will continue to be closely monitored to ensure that the realisation of the saving does not adversely impact on the quality and safety of the service or on outcomes for vulnerable children and families.</p>
Early Years	Consolidation of business support roles, including admin, data monitoring, EHCP & Ofsted reports.	16	0	16	M	0.4	None	This proposal will require the team to reduce the scope of its current work to only cover statutory requirements.
Immediately Addressable Spend	25% of immediately addressable spend	43	0	43	L	0	None	Some services may be less accessible if travel is restricted. Loss of funding for professional subscriptions may impact recruitment and retention. The proposals will require careful budget management and over-sight to ensure that spend is carefully targeted and monitored.
Sub Total - Efficiency Savings		480	185	665				

Service Redesign								
Children's Centres buildings management	Reduce cost of Children's Centres through 'asset transfer' of centres or finding a way to ensure services are delivered by others through existing buildings	75	0	75	M	0	Potential asset transfer	The current service will continue to run. The transfer of some Children's Centre buildings to community ownership could benefit local organisations through more effective use of the buildings as well as reduce unnecessary overheads for the Council. Already well advanced in exploring this option for the 'spoke' centres (not hubs).

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Review savings available from Youth Connect Service	Options are being reviewed to enable alternative delivery arrangements for services creating potential partnerships with local communities thus enabling local community groups to develop the additional capacity in key areas that will offer supplementary services for young people	200	300	500	H	7-10	Potential asset transfer	This proposal seeks to maintain the Council's commitment to delivering its statutory requirements, whilst also encouraging and enabling local community groups to develop the additional capacity in key areas that will offer supplementary services for young people. Any reduction in the size and remit of the Council-run service may impact on service delivery and our early help offer. The aim of the review will be to minimise any negative impact on outcomes for young people.
Children's Services Collaboration with other LA	Combine smaller services with other local authorities to achieve efficiencies e.g. YOT, educational functions, admissions, school psychologists, school improvement service etc. a) Combining small services b) Removal of non-essential services	25	0	25	M	1	None	Minimal impact expected as this is about combining delivery with another LA. This could assist in making these smaller services more robust as well as providing efficiencies.
Early Years nursery provision	To review all of the existing Council owned and run nurseries and explore the option of assisting other organisations to take on the running and management of nurseries to ensure there are sufficient places available.	50	0	50	M	Some fixed term posts already terminated	None	There is now provision of sufficient alternative nursery places in some areas. The private sector has been able to absorb the movement of children to independent nursery providers from Council-run nurseries in some locations. The Council will explore the option of assisting other organisations to take on the running and management of nurseries to ensure that sufficient places remain available across communities
Remodel Education Support & School Services	Scale down offer to meet remaining statutory requirements only, transferring responsibility to schools where appropriate.	250	0	250	M	Up to 5	None	This re-modelling follows national policy initiatives which have resulted in academisation of schools and the transfer of functions to schools, academies the Regional Schools Commissioner; Teaching Schools, Trust Boards of Multi Academy Trusts (MAT).Proposed to scale back existing teams to minimum consistent with statutory duties linked to expected number of maintained schools

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Early Years Foundation Stage Team	Increase target for traded income to support ongoing service delivery and provide statutory minimum for early years. Reduce staffing hours.	74	0	74	L	0.8	None	May be some reduction in capacity to provide support to the Early Years sector.
Music Service	Explore options to combine back office support for the services across other local authorities (conversations already underway) and/or ensure charges to schools and parents enable full cost recovery to remove Council subsidy	0	40	40	H	0	None	The Music Service, through its grant from Arts Council, is responsible for providing support to low income families. Need to ensure that this is not jeopardised by any changes in service delivery or charging.
Education Welfare Services	Statutory service supporting children not attending school. Reduce service delivery and provide statutory minimum by focusing on prosecutions only.	40	0	40	M	1	None	This proposal will require the team to reduce the scope of its current work to only cover statutory requirements.
People & Communities Communications	Reduce staffing to a minimum level to meet statutory requirement to provide information around SEN provision.	40	0	40	M	1	None	Reduced quality of information for public in relation to early help offer
Safeguarding outcomes	Reduction of agency costs for staff delivering the CSE work by taking on more fixed term contract staff to continue to meet demand.	7	0	7	M	0	None	The proposals will require careful budget management and over-sight to ensure that spend is carefully targeted and monitored and key skills retained or developed.
Sub Total - Service Redesign		761	340	1,101				
Total Children & Young People		1,241	525	1,766				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Portfolio: Transformation & Customer Services								
Efficiency Savings								
Consolidation of Marketing and Communication function	Deliver efficiencies through consolidation of people and spend carrying out Marketing and Communications activities and roles across the Council.	75	60	135	M	TBC	None	
Review Purchase to Pay process	Undertake a review of purchase to pay process to ensure efficient payment of suppliers for approved spend ensuring invoices are processed efficiently	19	0	19	H	0	None	May impact supplies if suppliers have not received official Council orders for goods and services.
Consolidation of Performance / intelligence function	Deliver efficiencies through consolidation of people carrying out performance / intelligence activities and roles across the Council. Previous Council work has indicated possibility to save £250k on a base of £1.5m across the Council	0	250	250	M	5-10	None	Reduced capacity but more cross Council approach.
Corporate Travel Plan	The Council currently spends c.£600k on corporate travel. There is an option to reduce this by up to 25% through taking a more radical approach backed up with strong leadership. Initiatives including the rollout of the corporate travel plan Assumed 25% saving against £600k corporate spend – would come from across the Council rather than S&P budget.	100	50	150	M	0	This will make better and more efficient use of Council assets	The proposal aims to improve efficiency of service delivery through delivery of smarter ways of working
Registrations	Increase number of registered venues for weddings/ ceremonies. Cross-selling and upselling of event packages. Estimated 10% increase in income.	0	9	9	L	0	None	This does require additional work but should be managed within existing resources

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
3 month delay in recruiting to vacant posts	Through proposed changes to the recruitment process savings will be realised through the holding of vacancies for 3 months.	250	0	250	M	TBC	None	Exemptions will need to be considered to help manage service impact for roles fulfilling statutory duties.
Sub Total - Efficiency Savings		444	369	813				

Income Generating Opportunities								
Communications Hub & CCTV Income Generation	Approach the external market to use the spare capacity in our 24/7 Operation, including CCTV monitoring, Radio monitoring, Lone Worker Support, and Alarm Monitoring.	50	50	100	H	0	None	Community benefits from increased security for those that use the service.
Energy Services for B&NES	Local Energy Services in the form of a local tariff, energy supply and efficiency investments on Council buildings and investment in community led energy schemes	10	75	85	H	0	Renewable energy installations on some Council assets	Efficiencies but also positive impacts for the B&NES community especially those suffering fuel poverty
Sub Total - Income Generating Opportunities		60	125	185				

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Service Redesign								
Modern Libraries and Customer Services review Page 179	<p>Develop the Keynsham model for joint one stop shop and library service in Bath and Midsomer Norton</p> <p>Consult with local communities for alternative delivery of library services to reduce our staffing & resources commitment across the area.</p> <p>Savings achieved through staff reduction across the whole of customer services; efficiencies. Income from sale of assets and lettable space</p>	0	700	700	M	25	<p>This proposal will help rationalise the Councils property assets.</p> <p>Access to 3 million items across Libraries West will be maintained with the browsing experience being enhanced through innovative use of digital technology</p> <p>In Rural areas the impacts will dependent upon local community solutions and have potential to enable longer opening hours and more vibrant community hubs and shared facilities.</p>	<p>This programme is now well underway and has been reported in detail. The proposals for Bath are now at the design stage (for the Podium) and community engagement is taking place until mid 2018 to enable this. Midsomer Norton at delivery stage. Community Libraries at engagement stage. Keynsham already completed. The approach includes integrating services in 3 main population centres and combining one stop shops with library services, with also an increased focus on the new digital agenda; helping people to access resources and gain appropriate skills; with a focus on children and families and developing skills for the economy</p>
Staffing reduction in Strategy & Performance	As a result of further consolidation of policy functions the numbers of posts in the service will be further reduced.	135	60	195	M	3-4	None	Previously agreed staff reductions from a corporate approach to functions delivered by this service.
Welfare and Investigations	Grants support to troubled families- rebase grant (£270k) by 30% to reflect current spend.	80	0	80	L	0	None	This is to reflect current spending and will continue to be monitored to avoid impacts
Group Service Development	Restructure the team potential net reduction in 1 fte	80	0	80	M	1	None	Unknown but should be minimal although there may be a loss of specialised skills

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Community Safety and Engagement	Budget line reductions in this area to include Council funding for the Student Community Partnership, Prevent training, match funding initiatives, Workers Challenge Groups and undertaking Domestic Homicide Reviews. Support will continue in different ways, including using mainstream budgets, delivering efficiencies and using partner contributions as appropriate.	28	4	32	L	0	None	
Sub Total - Service Redesign		323	764	1,087				
Transformation & Customer Services Total		827	1,258	2,085				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Finance & Efficiency

Efficiency Savings								
IT Services – Core Efficiency Programme	Cost reduction and efficiency based on further centralising IT functions, consolidating the number of applications, sharing larger applications, a more flexible but lower cost infrastructure.	100	0	100	L	0	None	Capacity will be restricted especially for additional service requests
Finance – Income and Debt Transactional Services	To consolidate the approach to income collection and debt recovery services across the Council.	50	10	60	M	0	None	Further alignment of practices and recovery between departments
Corporate estate	Further consolidation of corporate estate including the few small stand alone offices that remain	50	0	50	M	0	Releasing corporate assets to add to the commercial estate or disposal	
Apprenticeship Levy	A New National Apprentice Scheme came into effect in 2016-17 with a levy to be paid by employers to meet recognised training cost.	25	0	25	M	0	None	Opportunity to enhance skills development across the workforce and obtain government credits through this programme.
Property Management	Closer working with the recently appointed Private Sector retail advisor to reduce voids and increase rental growth through active management of the commercial estate.	100	300	400	H	0	Greater efficiency within the Commercial Estate	

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Project Delivery	<p>Uplift percentage capital charge from 30 to 40% for projects – in line with policy.</p> <p>Review commercial charging rates for Academies – benchmark against other providers and identify if price point can be increased in line with competitors.</p> <p>Note: vast majority of £100k to be delivered through capital charging.</p>	100	0	100	L	0	None	Technical adjustment only but constrained by accountancy practice rules.
IT Supply chain efficiencies and technology changes	Reducing spend through re-procurement and / or by changing some of the technologies we are using	201	112	313	L	0	None	Ongoing efficiency programme following insourcing of IT service and centralisation of IT spend
Immediately Addressable Spend	25% of immediately addressable spend	25	0	25	L	0	None	Refers to sundry expenditure codes for consumables. These budgets have previously been reduced hence the small available saving. Procurement monitor and challenge all orders above £10K.
Management arrangements and staffing	Management and departmental structures will be reviewed and streamlined with staff reductions equivalent to approximately 300 FTE posts to achieve necessary savings.	5,770	2,240	8,010	H	The likely impact is to reduce staffing by up to 300 FTEs	Release of office space	Critical functions and services for vulnerable people will be protected. This will be linked to the Council's transformation programme, investment in digital, smarter working and the development of partnership arrangements and integration with the CCG, WECA, and some additional shared services with neighbouring Councils. A Council-wide programme will enable these savings with phased implementation starting with senior management structures and quickly beyond this to individual services. The aim will also be to improve cross Council working and to protect morale and performance as far as possible.
Sub Total - Efficiency Savings		6,421	2,662	9,083				

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Income Generating Opportunities								
Property development company	<ul style="list-style-type: none"> To generate Revenue Income for the Council To hold, manage and operate market housing for private short-term lettings. To sell market housing for investment Provision of other market housing related activity Deliver and manage other commercial and property developments. To deliver long term capital appreciation 	150	200	350	M	0	Release of Council land and assets for development opportunities	This Council owned company ADL is now redeveloping the former Riverside offices in Keynsham and creating a pipeline of other development sites. Dividends are expected in addition to these projected returns from 2019/20.
Commercial Estate	Active commercial property investment approach targeted at acquisitions in line with the Council's commercial estate strategy - which has been refreshed to include properties beyond B&NES boundaries and mainly in the WoE devolution area - and non retail investments	925	25	950	H	0 (use of external partner)	Increase in the Councils commercial holdings	An annual investment strategy will be developed to support the approach in line with emerging government guidance. Improved diversification of types of property holdings of the estate will be a benefit. This is the continuation of a new approach already proving successful and enables key services such as social care to be protected from the income generated.
City Deal Tier 3 Income	Recognition of projected Tier 3 income stream achieved from Business Rate growth in the Enterprise Area as part of the City Deal agreement.	80	60	140	L	0	None	This is extra revenue income derived from City Deal and linked to projected business rates growth - it is protected by the Devolution Deal.
Office Accommodation	As staffing levels reduce due to current financial pressures, rent out vacated office accommodation esp. Lewis House.	0	600	600	H	Staff will possibly need to relocate. No staffing reductions as a direct impact of this project	Bringing current corporate office accommodation into commercial use	Enables corporate estate to continue to be used as now with 3:2 desk ratios and (flexible) smarter working but also new income from space that becomes surplus.
Thermae Spa profit share	To reflect projected future increases in the Spa Profit Share agreement	100		100	L	0	None	Simplified profit share arrangement to be established beneficial to both parties and designed to encourage better returns and investment.

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Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Parish Councils to contribute to By-Elections	Parish Councils will be asked to contribute to the cost of running their by-elections - 50% for the first by-election and then 100% for future ones with discretion to waive the charge in specified circumstances.	10		10	M	0	None	More effective use of resources. The number of Parish Council by-elections and their cost has been increasing over several years.
Sub Total - Income Generating Opportunities		1,265	885	2,150				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
Service Redesign								
Establishment of Internal Audit Trading Company	As part of the natural evolution of the Audit West Partnership with North Somerset Council to establish the organisation as a local authority controlled trading (Ltd) company. Also possibly extend the partnership.	20	20	40	M	0	None	Possible TUPE implications - transfer of staff into B&NES owned company. Business plan at draft stage and new ways of working being established with partners inc. Devon and North Somerset
Parish Grants - Local Council Tax Support Scheme	Phased withdrawal / reduction in the Local Council Tax Support grant the Council currently makes to Parish & Town Councils and the Charter Trustees.	41	41	82	L	0	None	Parishes will need to allow for the impact on their budgets, precepts and associated Council Tax increase. This phased change is already in progress having previously been notified.
Finance - Changes to Service Provision Page 185	This will require more automation of reporting and a higher level of self-serve by Managers to be successful. There will also be a review of activities that can cease such as non-statutory returns	0	100	100	M	2.5	None	Will require some standard reports and training to be successful
Financial Systems & Development	(Agresso) – greater reliance on third party provider to respond to queries within the financial system. Alternative option to consolidate this function with other local authorities Assumed could reduce headcount by 1 FTE.	28	0	28	L	1	None	This has already been enabled
Sub Total - Service Redesign		89	161	250				
Refinancing								
Minimum Revenue Provision	A change in the Council's Minimum Revenue Provision (MRP) policy to move to a straight line basis over a period up to 50 years or the equivalent asset life.	-140	-160	-300	L	0	None	None
Sub Total - Refinancing		-140	-160	-300				
Finance & Efficiency Total		7,635	3,548	11,183				

Annex 2 - 2018/19 to 2019/20 Budget Savings & Income Generation Proposals

Savings Title	How to be achieved	18/19 Saving £000	19/20 Saving £000	2 year Savings Total	Risk to delivery of saving (H/M/L)	Impacts on staff - (incl no of posts deleted)	Impacts on property / assets etc	Impacts to service delivery
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Portfolio: Leader

Service Redesign

Legal Service review of external legal spend and use of business partnering	Review use of external legal advice corporately and use of business partnering	0	50	50	H	0	None	Improved value for money
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Sub Total - Service Redesign

0	50	50
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Leader Total

0	50	50
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OVERALL SAVINGS

16,997	9,828	26,825
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Annex 3

Equality impacts of B&NES Budget Savings & Income Generation Proposals 2018/19 to 2019/2020

1. Introduction and legal background

This Appendix outlines the impacts of the Council's budget proposals from an equalities perspective. The Equality Act 2010 makes it unlawful to discriminate against an individual because of certain personal characteristics ('protected characteristics'). The law also requires that equality issues are considered by public bodies as part of decision making, especially where services are reduced or redesigned.

2. Actions so far

As part of the Council's equality analysis process, a small working group has undertaken a review of the savings and income generation items set out in the draft budget report and which were also reported as part of the draft Council Operational Plan at each of the January/February PDS Panels.

This relevant budget Appendix shows previously reported savings and income generation proposals, approved by Council in February 2017, along with new proposals for consideration as part of this year's 2018/19 budget process.

This review has highlighted those proposals with the potential to have the most significant impacts upon service users, and what actions, if any, should be considered to mitigate any unexpected or unintentional impacts. The findings of this initial review, highlighting those proposals that could have the most significant impacts upon vulnerable groups, are set out in the table below.

Where appropriate, reference is also made to the operational plan which sets out additional information on the key changes being put forward and how they will be managed.

3. Cumulative impacts

Some people with protected characteristics may be impacted upon by several proposals. It will be important to ensure that the impacts from the proposals are considered alongside each other as further details are developed (and within any consultation), in order to identify the cumulative impacts upon our communities. These impacts will be assessed and managed through the Council's relevant programme and project management processes and other governance processes.

4. Next steps

This document is designed to assist in the further development of implementation plans for the budget recommendations in the light of equalities analysis. This document will therefore be presented to the Resources PDS Panel on 5th February 2018 and will be appended to budget reports prepared for Cabinet and Council. For each budget proposal that is adopted it is proposed that the following actions will be taken:-

- **Equality Impact Assessments/Equality Analysis** will be undertaken for all proposals where initial reviews have revealed likely significant impacts upon particular groups of people due to their protected characteristics.
- **Inclusive consultation:** where consultation is arranged as part of taking any of these proposals forward, a diverse range of people will be encouraged to take part. This will help highlight any additional equality impacts that may need to be addressed and mitigated where possible. A variety of methods will be used to access consultees. The Equalities Team will advise on this.
- **Clear communication:** wherever it is planned to introduce changes, communication will be clear so that relevant information is accessible to disabled people (for example, people with visual impairment or learning disability) and those for whom English is an additional language. The Council has commissioned Oncall Interpreting services to assist with [Interpreting and Translation](#) where necessary.
- **Incorporate equalities issues within commissioning specifications.** Where proposals include commissioning or recommissioning external providers, detailed equality requirements will be built into contract specifications. This will ensure that best practice relating to equality in delivery of services is continued and improved upon when delivered by external partners.
- **Use workforce training and development to promote equalities.** A number of the budget proposals contain opportunities to advance equality (for example, by targeting services towards those who are most vulnerable); or to find ways of mitigating any potential barriers people might face (for example, helping people access alternative local support). Council staff will receive additional training to be aware of, and sensitive to, the particular needs of different groups of people. Equalities training is available as part of the Corporate Training Programme, and bespoke training will be arranged by the Council's Equalities Team.

- **Monitor delivery and outcomes.** Where services are subject to redesign, equality monitoring will be carried out to help identify if the service is operating as intended, if it is reaching and meeting the needs of our most vulnerable communities; and if there are any unforeseen impacts that need to be addressed. The Council has adopted equality monitoring guidelines on the categories that should be included, and the wording of questions. Officers will also refer to existing data sources in the design and planning of services, for example the [Joint Strategic Needs Assessment](#) which contains detailed information on our communities, much of which is broken down by protected characteristics.

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
Transport - Moving People from A to B	Transport & Environment	<ul style="list-style-type: none"> • There may be issues moving some users from dedicated buses or taxis onto community transport which may impact on some vulnerable users. • Support may be withdrawn on bus routes where there are low numbers of users, or where routes are almost commercially viable. There may be small numbers of bus users affected. 	<ul style="list-style-type: none"> • There may be alternative options available such as community transport • To help us make decisions on the future of a number of supported bus services under contracts which are due to end during 2018, the Council is currently seeking the views of residents and users of the services on the best and most appropriate way to proceed. The responses will help us develop the detail of specifications for any contracts that are re-tendered 	Martin Shields	Community, Transport and Environment (CTE)
Parking Services Review	Transport & Environment	<ul style="list-style-type: none"> • There a range of potential impacts and 'Balancing your needs: a parking strategy for B&NES' has been discussed at the Independent Equalities Advisory Group. 	<ul style="list-style-type: none"> • The proposals within the review aim to prioritise the needs of residents and disabled people. • Parking services have worked to ensure that 	Martin Shields	Community, Transport and Environment (CTE)

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
			the consultation was widely publicised in a variety of different ways to ensure a wide range of groups took part. A timetable for this and for decision-making is set out in the Operational Plan		
Waste strategy	Development & Neighbourhoods	<ul style="list-style-type: none"> The greater reliance on online material with a reduction in hard copies could mean that it may be more difficult for those who do not have access to IT to be kept informed of changes 	<ul style="list-style-type: none"> It will still be possible for residents to address queries in person via our One Stop Shops and over the telephone via Council Connect. 	Martin Shields	Community, Transport and Environment (CTE)
Community support services	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> There is potentially reduced access to the existing model of service for some people with a learning disability and dementia as the service model is redesigned with a shift away from the current, traditional day-centre model 	<ul style="list-style-type: none"> The aim is to maximise independence, realigning transport provision and reducing longer term dependency on funded care for people with a learning disability. 	Jane Shayler	Health and Wellbeing Select Committee.

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
Adult Social Care proposals (Assistive technologies; Day care; Provider relationships; Reablement).	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> • Whilst the overall aim might be to increase independence, these proposals could be experienced by older people, disabled people and their carers, as a removal of support that they are accustomed to. • There will also need to be consideration of any impacts upon carers, particularly women, who are over-represented as carers. 	<ul style="list-style-type: none"> • Emphasis will be on supporting service users to maximise independence. • Transition to new ways of working and a new model will require a significant shift in culture and practice and staff will be supported to achieve this shift and in how to engage service users and carers with any specific changes 	Jane Shayler	Health and Wellbeing Select Committee.
The Adult Social Care 'Front Door Review'	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> • This will place a greater emphasis on providing health advice and guidance, and on preventative and self-care issues, along with further links with voluntary sector providers. • This will help to ensure that statutory services are made more easily available for those in 	<ul style="list-style-type: none"> • Service users will be supported to maximise their independence and packages will not build unnecessary dependency on funded services, resulting in improved outcomes 	Jane Shayler	Health and Wellbeing Select Committee

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		<p>need.</p> <ul style="list-style-type: none"> Implementing this change will be challenging, as it will involve changing a culture that has been established for a long time. The changes could be experienced by disabled people and older people as a withdrawal of support that they are accustomed to. There will also need to be consideration of any impacts upon carers, particularly women, who are over-represented as carers. 			
Public Health Further savings	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> This will involve a reduction in campaigns and initiatives that are often trying to reach the most vulnerable people in our community to promote healthy lifestyles (e.g. smoking cessation; increasing physical activity; 	<ul style="list-style-type: none"> In mitigation, we will continue to undertake more cost effective health campaigns (e.g. via social media) to try to engage people. 	Bruce Lawrence	Health and Wellbeing Select Committee.

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		reducing alcohol misuse; tackling diet and obesity).			
MCA DOLS (Safeguarding, Mental Capacity Act and Deprivation of Liberty)	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> • There is a risk in lower level need service users being made to wait longer to be assessed 	<ul style="list-style-type: none"> • High risk service users will be assessed for DoLS as a priority using the ADASS priority rating tool 	Lesley Hutchinson	Health and Wellbeing Select Committee
DPH Award	Adult Care, Health and Wellbeing	<ul style="list-style-type: none"> • Reduced emphasis on preventative activities may hinder efforts to help young people live healthier lifestyles and could lead to knock on costs and increased demand in the future. 	<ul style="list-style-type: none"> • Schools will be encouraged to carry on with Healthy Schools work independently of Council support in order to minimise any impacts upon young people's engagement across a range of issues including healthy eating; anti-bullying and mental health promotion. 	Bruce Lawrence	Children and Young People (CYP).
Short breaks for disabled children	Children & Young People	<ul style="list-style-type: none"> • There could potentially be some reduction in access to short-break provision for children and young people with disabilities and their families. • This could result in 	<ul style="list-style-type: none"> • The aim is to achieve efficiency savings without impacting upon the availability of short break provision. 	Jane Shayler	Children and Young People (CYP)

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		some increase in waiting time for short breaks.			
Children's Centre buildings management	Children & Young People	<ul style="list-style-type: none"> The transferring of some Children's Centre buildings to community ownership could benefit local organisations and local communities through more effective use of the Children's Centre buildings. 	<ul style="list-style-type: none"> The current services will continue to run, so there should be no negative impact. 	Richard Baldwin	Children and Young People (CYP)
Review savings available from Youth Connect Service	Children & Young People	<ul style="list-style-type: none"> This proposal seeks to maintain the Council's commitment to delivering its statutory requirements whilst minimising any negative impact on outcomes for young people. Any further targeting or reduction in accessibility of services could impact on young people's engagement in beneficial services, education, employment 	<ul style="list-style-type: none"> Enabling local community groups to develop additional capacity in key areas that will offer supplementary services for young people. Exploring the potential to develop a staff mutual which could enhance the local service offer by being able to access alternative sources of funding. 	Richard Baldwin	Children and Young People (CYP)

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		or training.			
Early Years nursery provision	Children & Young People	<ul style="list-style-type: none"> • This will see the closure of existing Council owned and run nurseries. • Providing that the private provision remains strong there should be minimal impact as we believe there will continue to be sufficient nursery provision in the area. 	<ul style="list-style-type: none"> • Ongoing work to ensure that there is sufficient private provision for nursery places in the affected localities. 	Richard Baldwin	Children and Young People (CYP)
Remodel Education Support and School services	Children & Young People	<ul style="list-style-type: none"> • Scaling back the support to schools may limit the scope of preventative work with schools that are vulnerable and in need of support. • This is especially relevant to equality issues, as the school improvement team work with schools on initiatives that tackle bullying (e.g. the Stonewall Education Index). 	<ul style="list-style-type: none"> • The overall budget for schools in Bath and North East Somerset is rising by £3.68 million a year, representing a 3.9% boost to the total schools budget • We will ensure that our remaining statutory functions are covered as efficiently as possible and that we continue to engage with schools and Academy Trusts on improving outcomes for 	Margaret Simmons-Bird	Children and Young People (CYP)

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		<ul style="list-style-type: none"> This could lead to a reduction in improving outcomes and narrowing the gap for disadvantaged pupils from low income families. 	disadvantaged pupils <ul style="list-style-type: none"> We will continue to target vulnerable schools and ensure that as we do withdraw from some service areas, schools are signposted to alternative services. 		
Education welfare Services	Children & Young People	<ul style="list-style-type: none"> This will involve reducing service delivery by focusing on statutory work and prosecutions only. There are potential risks of impacts on vulnerable young people if less preventative support is available to encourage attendance. 	<ul style="list-style-type: none"> Pupil attendance is a shared responsibility of parents, schools and the local authority. The Council will provide a statutory minimum service The overall budget for schools in Bath and North East Somerset is rising by £3.68 million a year, representing a 3.9% boost to the total schools budget. 	Richard Baldwin	Children and Young People (CYP)
The Modern Libraries programme <i>(developing a joint Library/One Stop Shop in Bath and Midsomer Norton and</i>	Transformation & Customer Services	<ul style="list-style-type: none"> As new approaches are developed, account needs to be taken of the needs of a wide range of people including older people, disabled people, young 	<ul style="list-style-type: none"> Detailed equality impact assessments have been carried out Local people and groups are being invited to focus groups to help shape the 	Ian Savigar	Community, Transport and Environment (CTE)

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
<i>finding ways of enabling local community groups to deliver local library services)</i>		<p>people etc.</p> <ul style="list-style-type: none"> • There may be gaps in provision for people in more rural locations whilst new delivery options are set up. 	<p>design of the new combined Library/One Stop Shop in Bath.</p> <ul style="list-style-type: none"> • Additional home and community-based options will also be further strengthened including the Home Library Service. • The Operational Plan identifies that the review is being phased to enable proper consultation, local engagement and decision making at each stage 		
Office accommodation	Finance & Efficiency	<ul style="list-style-type: none"> • Bringing current corporate office accommodation into commercial use with possibility of staff relocation 	<ul style="list-style-type: none"> • Accessibility will be considered for any disabled members of staff who are relocated. 	Derek Quilter	Resources
Management arrangements and staffing	Finance & Efficiency	<ul style="list-style-type: none"> • Management and departmental structures will be reviewed and streamlined with staff reductions equivalent to approximately 300 FTE 	<ul style="list-style-type: none"> • The Council will ensure equalities considerations are built fully into this process in line with Council policies and 	David Trethewey	Resources

Savings proposal name	Cabinet Portfolio	Potential equality impacts	Potential mitigations	Divisional Director	PDS panel
		posts to achieve necessary savings.	procedures, and through the consultation process		

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1. Flexible Use of Capital Receipts

Central Government outlined in December 2015 that local authorities will be able under certain circumstances to utilise capital receipts for revenue expenditure for certain purposes. These include for example:-

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Sharing Chief-Executives, management teams or staffing structures;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or regional procurement hubs;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, selling services to others).
- Integrating public facing services across two or more public sector bodies to generate savings or to transform service delivery;
- Improving systems and processes to tackle fraud and corruption;

Further guidance was released in March 2016 which outlined a simpler approach to allow authorities to utilise receipts if the spend resulted in an ongoing saving. The guidance is clear however that expenditure should be once-off and the flexibility cannot be utilised for ongoing expenditure.

The requirement the strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of

the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming and subsequent years.

The strategy in future years will monitor the performance of projects approved in previous years. The Strategy must be approved by Full Council. A revised strategy may be replaced by another during the year.

2. Savings Projects Which Meet the Criteria

Full Council agreed in November 2017 to utilise the flexibility to fund the once-off revenue costs such as redundancy and legal costs allowable under the criteria to achieve the Directorate Savings Plans agreed as part of the 2017/18 budget. The following link shows the 2017/18 budget savings that apply:-

<https://democracy.bathnes.gov.uk/documents/s45572/Budget%20Appx%203%20-%20Savings%20Details.pdf>

Approval of further flexibility is required where applicable to the 2018/19 and 2019/20 Budget Savings and Income Generation Proposals attached at Annex 2 of this report.

3. The Capital Receipts to be Used this Purpose

Capital receipts from the disposal of property, plant, and equipment received in the years in which the flexibility is offered can be used for this purpose. Right to Buy Receipts are excluded. The Government announced as part of the 2018/19 Finance Settlement that the flexibility would extend to 2021/22 (a further three years).

Individual receipts have not been listed but the target for financial planning purposes is for £14m of receipts to be available for use. This will impact on the amount of borrowing required and has been factored into the budget proposals as well as a target for new receipts.

It remains unchanged that the decision for the use of each receipt is delegated to the S151 Officer unless it results in an unplanned impact on the overall budget for 2018/19.

4. Impact on B&NES' Prudential Indicators

If the Council utilises this flexibility it impacts on the level of capital receipts that can be utilised to fund the capital programme. If it is assumed that B&NES utilises £9.5m receipts already factored in to finance the capital programme plus a further £4.5m of new receipts. The impact is included in the Council's Prudential Indicators detailed in the Budget Report and shown below:-

Prudential Indicator	2016/17 Actual	2017/18 Forecast Outturn	2018/19	2019/20	2020/21
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	53,910	127,749	217,305	60,581	28,402
Net Increase in Council Tax (band D per annum) Figures in £'s (not £'000's) Note 1					
The implied estimate of incremental impact of the new capital investment decisions on the council tax			£13.85	£3.98	£3.19
Cumulative totals:			£13.85	£17.83	£21.02
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			12.99%	19.21%	21.23%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.52%	6.68%	7.35%
Borrowing Limits (£m)					
Operational boundary – borrowing			£403m	£442m	£451m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
Operational boundary – total			£405m	£444m	£453m
Authorised limit - borrowing			£434m	£473m	£481m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
Authorised limit - total			£436m	£475m	£483m
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	200,147	282,125	434,016	472,616	481,383

1. This is an indicator of affordability that shows the implied impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the proposed capital programme.
2. The figures show borrowing limits but it is important to note that the Council is utilising cash flow efficiency wherever possible.
3. £120m of borrowing is linked to investments that provide an ongoing income stream to the Council

Project Title	PY Spend pre 2017/2018	Forecast Outturn 2017/2018	Actual / Projected Spend pre 2018/2019	Projected Re-phasing from 2017/2018 to 2018/2019 and Future Years	Budget Required 2018/2019	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Budget 2021/2022	Total Budget 2022/2023	Total Cost 5 Years	Overall Project Total	Total 5 Year Funding	
													Borrowing/ Capital Receipts	Grants/ External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DEVELOPMENT & NEIGHBOURHOODS														
Full Approval														
Environmental Services														
Beechen Cliff Woodland & Other Open Spaces Improvements	397	73	470	9	50	59	0	0	0	0	59	529	59	0
Waste Re-provision feasibility work	166	54	220	250	0	250	0	0	0	0	250	470	250	0
Parade Gardens Infrastructure for Business Development	18	10	28	4	0	4	0	0	0	0	4	32	4	0
Parks Service Schemes	87	121	209	169	0	169	0	0	0	0	169	378	0	169
Waste Project	23	11,118	11,141	514	0	514	0	0	0	0	514	11,655	514	0
Environmental Neighbourhood Services Vehicle Replacement Programme	0	117	117	702	0	702	0	0	0	0	702	819	702	0
Parks S106 Projects	0	274	274	15	0	15	0	0	0	0	15	289	0	15
Parks Equipment	0	41	41	0	41	41	41	0	0	0	82	123	82	0
Parks Action Response Work	0	100	100	136	0	136	0	0	0	0	136	236	0	136
Bath Leisure Centre Refurbishment	2,630	4,005	6,635	1,000	0	1,000	0	0	0	0	1,000	7,635	1,000	0
Leisure - Council Client / Contingency	606	644	1,250	750	0	750	0	0	0	0	750	2,000	750	0
Bath Recreation Ground Trust - Leisure	490	510	1,000	0	1,000	1,000	0	0	0	0	1,000	2,000	1,000	0
Keynsham Leisure Centre - Land Assembly	2,273	0	2,273	74	0	74	0	0	0	0	74	2,347	74	0
Leisure facility modernisation - Keynsham Sports Centre	0	600	600	0	4,417	4,417	5,000	0	0	0	9,417	10,017	9,417	0
Subtotal Full Approval - Development & Neighbourhoods	6,690	17,668	24,358	3,623	5,508	9,131	5,041	0	0	0	14,172	38,530	13,852	320
Provisional Approval														
Environmental Services														
Waste Project	0	0	0	10,411	3,999	14,410	130	266	0	0	14,806	14,806	14,806	0
Keynsham Leisure Centre Refurbishment	0	0	0	0	3,100	3,100	750	0	0	0	3,850	3,850	3,600	250
Parks Play Equipment	0	0	0	0	187	187	253	0	0	0	440	440	440	0
Sydney Gardens: a 21st Century Pleasure Gardens	0	0	0	0	3,001	3,001	0	0	0	0	3,001	3,001	0	3,001
Air Quality Monitors	0	0	0	0	33	33	26	20	33	0	112	112	112	0
Relocation of Bath Recycling Centre Facility	0	0	0	0	200	200	0	350	0	0	550	550	0	550
Neighbourhood Services - Vehicle Replacement Programme	0	0	0	0	1,161	1,161	945	1,224	416	722	4,468	4,468	4,468	0
Litter Bins	0	0	0	0	75	75	50	0	0	0	125	125	125	0
Midsomer Norton Town Park	0	0	0	0	175	175	125	0	0	0	300	300	0	300
Whitchurch Parks (CIL)	0	0	0	0	50	50	0	0	0	0	50	50	0	50
Parks S106 Projects	0	0	0	0	342	342	272	237	0	0	851	851	0	851
River Avon Park	0	0	0	0	332	332	100	100	100	100	732	732	0	732
Parks Automated Gates	0	0	0	0	17	17	9	0	0	0	26	26	26	0
Parks and Bereavement Infrastructure	0	0	0	0	144	144	0	0	0	0	144	144	144	0
Parks Equipment Replacement	0	0	0	0	41	41	41	42	43	45	212	212	212	0
RVP Nursery Improvements	0	0	0	0	38	38	0	0	0	0	38	38	38	0
Cherry Grove Garden (Haycombe)	0	0	0	0	125	125	0	0	0	0	125	125	125	0
Neighbourhoods CCTV	0	0	0	0	44	44	0	0	0	0	44	44	44	0
Planning & Development														
Bathscape	0	0	0	0	58	58	610	357	358	826	2,209	2,209	0	2,209
Subtotal Provisional Approval - Development & Neighbourhoods	0	0	0	10,411	13,122	23,533	3,311	2,596	950	1,693	32,083	32,083	24,140	7,943
TOTAL DEVELOPMENT & NEIGHBOURHOODS	6,690	17,668	24,358	14,034	18,630	32,664	8,352	2,596	950	1,693	46,255	70,613	37,992	8,263

Project Title	PY Spend pre 2017/2018	Forecast Outturn 2017/2018	Actual / Projected Spend pre 2018/2019	Projected Re-phasing from 2017/2018 to 2018/2019 and Future Years	Budget Required 2018/2019	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Budget 2021/2022	Total Budget 2022/2023	Total Cost 5 Years	Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ECONOMIC & COMMUNITY REGENERATION														
Full Approval														
Community Regeneration														
BWR - Infrastructure	5,949	596	6,545	955	0	955	0	0	0	0	955	7,500	955	0
Innovation Quay - Strategic Flooding Solution	5,114	310	5,424	1,797	0	1,797	0	0	0	0	1,797	7,221	0	1,797
River Corridor & RoSPA safety works	605	70	674	204	0	204	0	0	0	0	204	879	204	0
Somer Valley Business Centres	77	29	105	20	0	20	0	0	0	0	20	125	20	0
Bath Quays South	452	1,747	2,199	6,811	12,300	19,111	0	0	0	0	19,111	21,310	19,111	0
Bath Quays North	1,040	2,035	3,075	4,524	0	4,524	0	0	0	0	4,524	7,599	4,524	0
Bath Quays Delivery	3,591	0	3,591	0	0	0	0	0	0	0	0	3,591	0	0
Bath Quays Bridge & Linking Infrastructure	347	995	1,342	3,270	0	3,270	0	0	0	0	3,270	4,612	154	3,116
Radstock and Westfield Implementation Plan	34	26	60	40	0	40	0	0	0	0	40	100	40	0
South Road Car Park	12	0	12	143	0	143	0	0	0	0	143	155	143	0
Saw Close Works	337	1,227	1,564	336	250	586	0	0	0	0	586	2,150	336	250
Visitor & Till Management System	86	0	86	100	0	100	0	0	0	0	100	186	100	0
Roman Baths Archway Centre	47	264	311	3,421	1,585	5,006	0	0	0	0	5,006	5,317	953	4,053
Heritage: Victoria Art Gallery Air Conditioning	9	0	9	141	0	141	0	0	0	0	141	150	141	0
Disabled Facility Grant	3,084	1,156	4,240	0	1,150	1,150	0	0	0	0	1,150	5,390	0	1,150
Affordable Housing	2,354	1,901	4,255	0	300	300	0	0	0	0	300	4,555	300	0
Subtotal Full Approval - Economic & Community Regeneration	23,138	10,354	33,492	21,762	15,585	37,347	0	0	0	0	37,347	70,839	26,981	10,366
Provisional Approval														
Community Regeneration														
Radstock and Westfield Implementation Plan	0	0	0	50	0	50	0	0	0	0	50	50	50	0
Radstock Pedestrian Bridge	0	0	0	174	0	174	0	0	0	0	174	174	0	174
Bath Quays Delivery	0	0	0	7,445	2,100	9,545	0	5,250	6,285	0	21,080	21,080	21,080	0
Innovation Quay - Economic Development Funding Enabling Infrastructure	0	0	0	3,366	2,807	6,173	11,513	5,768	6,295	0	29,749	29,749	29,749	0
Wayfinding and Public Realm Improvements	0	0	0	100	0	100	0	0	0	0	100	100	100	0
New Enterprise Zone – Infrastructure Plan	0	110	110	0	110	110	0	0	0	0	110	220	50	60
Keynsham High Street	0	0	0	120	2,400	2,520	0	0	0	0	2,520	2,520	120	2,400
Pioneer Office Investment Block	0	0	0	10,000	0	10,000	0	0	0	0	10,000	10,000	0	10,000
Somer Valley Business Centres	0	0	0	1,000	0	1,000	0	0	0	0	1,000	1,000	550	450
Whitchurch Public Realm (CIL)	0	0	0	0	50	50	0	0	0	0	50	50	0	50
Cattlemarket	0	0	0	150	0	150	0	0	0	0	150	150	150	0
River Corridor Fund	0	0	0	70	0	70	0	0	0	0	70	70	70	0
City Centre Streetscape	0	0	0	0	300	300	0	0	0	0	300	300	250	50
Midsomer Norton Public Realm	0	0	0	0	200	200	0	0	0	0	200	200	120	80
York Street and Swallow Street Public Realm	0	0	0	0	325	325	264	0	0	0	589	589	489	100
Union Street Public Realm	0	0	0	0	150	150	0	0	0	0	150	150	0	150
5G Technologies	0	0	0	0	67	67	0	0	0	0	67	67	0	67
Keynsham High Street - Public Realm	0	0	0	0	100	100	0	0	0	0	100	100	0	100
Heritage Infrastructure Development	0	0	0	0	250	250	275	300	325	350	1,500	1,500	1,500	0
Museums Acquisitions	0	0	0	0	5	5	0	0	0	0	5	5	5	0
Refurb of Roman Baths Shop	0	0	0	0	0	0	0	0	150	0	150	150	150	0
Victoria Art Gallery Air Con	0	0	0	0	50	50	0	0	0	0	50	50	50	0
Digital B&NES	0	0	0	1,250	0	1,250	0	0	0	0	1,250	1,250	1,250	0
West Baths Environment	0	0	0	0	0	0	200	0	0	0	200	200	200	0
Roman Baths Energy Reclaim	0	0	0	0	100	100	0	0	0	0	100	100	100	0
Disabled Facility Grant	0	0	0	0	0	0	1,150	1,150	1,150	1,150	4,600	4,600	0	4,600
Affordable Housing	0	0	0	0	290	290	590	635	635	635	2,785	2,785	2,785	0
Borrowing Match Grant Programmes	0	0	0	0	450	450	150	150	150	0	900	900	900	0
Subtotal Provisional Approval - Economic & Community Regeneration	0	110	110	23,725	9,754	33,479	14,142	13,253	14,990	2,135	77,999	78,109	59,718	18,281
TOTAL ECONOMIC & COMMUNITY REGENERATION	23,138	10,464	33,602	45,487	25,339	70,826	14,142	13,253	14,990	2,135	115,346	148,948	86,699	28,647

Project Title	PY Spend pre 2017/2018	Forecast Outturn 2017/2018	Actual / Projected Spend pre 2018/2019	Projected Re-phasing from 2017/2018 to 2018/2019 and Future Years	Budget Required 2018/2019	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Budget 2021/2022	Total Budget 2022/2023	Total Cost 5 Years	Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TRANSPORT & ENVIRONMENT														
Full Approval														
Environmental Services														
Bath Transport Package - Main Scheme	16,164	800	16,964	2,000	0	2,000	0	0	0	0	2,000	18,964	2,000	0
Transport Improvement Programme	5,092	2,831	7,924	0	2,982	2,982	0	0	0	0	2,982	10,906	360	2,622
Highways Maintenance Programme	17,320	3,807	21,128	528	6,746	7,274	0	0	0	0	7,274	28,402	808	6,466
Parking - Vehicle Replacement Programme	0	15	15	85	0	85	0	0	0	0	85	100	85	0
Saltford Station - reopening feasibility work	0	0	0	250	0	250	0	0	0	0	250	250	250	0
Kingsmead Square Improvements	0	2	2	8	0	8	0	0	0	0	8	10	8	0
Dorchester Street, Traffic Review	0	72	72	28	0	28	0	0	0	0	28	100	28	0
Somerdale Bridge, Keynsham – Initial Options Study	0	64	64	6	0	6	0	0	0	0	6	70	0	6
Subtotal Full Approval - Transport & Environment	38,577	7,592	46,169	2,905	9,728	12,633	0	0	0	0	12,633	58,802	3,539	9,094
Provisional														
Environmental Services														
Kingsmead Square Improvements	0	0	0	0	100	100	0	0	0	0	100	100	100	0
Body Worn Video Cameras for Civil Enforcement Officers	0	25	25	0	0	0	0	25	0	0	25	50	25	0
Radio System Replacement	0	0	0	0	0	0	0	0	45	0	45	45	45	0
Parking enforcement Hand Held Computer Terminal replacement	0	0	0	0	0	0	0	0	80	0	80	80	80	0
A36 Lower Bristol Road Bus Lane	0	1,500	1,500	0	1,500	1,500	0	0	0	0	1,500	3,000	1,500	0
Existing Park & Ride Traffic Control Equipment	0	0	0	0	30	30	0	0	0	0	30	30	30	0
Replacement Mopeds for Outer Area Parking Enforcement	0	0	0	0	0	0	0	35	0	0	35	35	35	0
Highways Maintenance Programme	0	0	0	0	0	0	3,666	3,666	3,645	0	10,977	10,977	0	10,977
Transport Improvement Programme	0	0	0	0	0	0	2,163	1,610	1,163	1,163	6,099	6,099	0	6,099
Passenger Transport - Vehicle Replacement Programme	0	0	0	0	485	485	405	305	0	0	1,195	1,195	1,195	0
Office for Low Emission Vehicles (OLEV) Bid	0	482	482	0	609	609	210	148	0	0	967	1,449	0	967
Strategic Transportation	0	0	0	0	4,215	4,215	5,000	0	0	0	9,215	9,215	9,215	0
Terrace Walk	0	0	0	0	100	100	0	0	0	0	100	100	100	0
Transport Strategic Review Items	0	0	0	350	200	550	0	0	0	0	550	550	175	375
York Street Vaults Phase 2	0	0	0	0	950	950	0	0	0	0	950	950	950	0
Highways Schemes (CIL)	0	0	0	0	180	180	0	0	0	0	180	180	0	180
Pay and Display Replacement	0	0	0	0	100	100	100	100	0	0	300	300	300	0
Parking Vehicles	0	0	0	0	25	25	52	0	0	85	162	162	162	0
P&R Alligator Teeth	0	0	0	0	25	25	0	0	0	50	75	75	75	0
Manvers St Car Park Security	0	0	0	0	20	20	0	0	0	0	20	20	20	0
Lansdown P&R Extension	0	0	0	0	0	0	0	120	0	0	120	120	120	0
Subtotal Provisional Approval - Transport & Environment	0	2,007	2,007	350	8,539	8,889	11,596	6,009	4,933	1,298	32,725	34,732	14,127	18,598
TOTAL TRANSPORT & ENVIRONMENT	38,577	9,599	48,176	3,255	18,267	21,522	11,596	6,009	4,933	1,298	45,358	93,534	17,666	27,692
CHILDREN & YOUNG PEOPLE														
Full Approval														
Children & Young People														
Youth Projects	10	0	10	19	0	19	0	0	0	0	19	29	0	19
Riverside Youth Hub Development	105	36	141	59	0	59	0	0	0	0	59	200	59	0
Building adaptations to provide short breaks for Disabled Children	125	0	125	20	0	20	0	0	0	0	20	145	0	20
Schools Capital Maintenance	0	0	0	0	500	500	0	0	0	0	500	500	0	500
Basic Needs Feasibility / Option Appraisal	13	268	281	9	0	9	0	0	0	0	9	290	0	9
Oldfield Park Junior School - Basic Need	88	96	184	16	0	16	0	0	0	0	16	200	0	16

Project Title	PY Spend pre 2017/2018	Forecast Outturn 2017/2018	Actual / Projected Spend pre 2018/2019	Projected Re-phasing from 2017/2018 to 2018/2019 and Future Years	Budget Required 2018/2019	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Budget 2021/2022	Total Budget 2022/2023	Total Cost 5 Years	Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Whitchurch Primary expansion	0	63	63	1,253	0	1,253	0	0	0	0	1,253	1,316	0	1,253
Castle Primary expansion (Phase 4)	0	1,207	1,207	1,384	0	1,384	0	0	0	0	1,384	2,591	0	1,384
Swainswick Primary School	0	58	58	672	0	672	0	0	0	0	672	730	0	672
Client Data System for Children's Social Services	698	0	698	2	0	2	0	0	0	0	2	700	2	0
Ensleigh - New Primary School	2,637	1,130	3,767	0	258	258	0	0	0	0	258	4,025	0	258
St Nicholas' Primary expansion	0	95	95	2,378	290	2,668	0	0	0	0	2,668	2,763	0	2,668
Children's Education Management System	0	473	473	347	0	347	0	0	0	0	347	820	347	0
Subtotal Full Approval - Children & Young People	3,677	3,425	7,102	6,159	1,048	7,207	0	0	0	0	7,207	14,309	408	6,799
Provisional Approval														
Children & Young People														
Peasedown St John School	0	0	0	0	200	200	0	0	0	0	200	200	0	200
Schools Basic Need Grant Unallocated	0	-50	-50	4,112	5,188	9,300	2,148	0	0	0	11,448	11,398	90	11,358
Basic Need Feasibility Works	0	0	0	0	150	150	0	0	0	0	150	150	0	150
Healthy Pupils Capital Fund	0	0	0	0	75	75	0	0	0	0	75	75	0	75
Alternative Education - Refurbishment & Equipment	0	0	0	0	170	170	0	0	0	0	170	170	170	0
SEND Provision	0	0	0	0	577	577	0	0	0	0	577	577	0	577
Midsomer Norton area bulge class	0	70	70	230	0	230	0	0	0	0	230	300	0	230
Clutton Primary – reinstate classroom space	0	0	0	0	100	100	0	0	0	0	100	100	0	100
Subtotal Provisional Approval - Children & Young People	0	20	20	4,342	6,460	10,802	2,148	0	0	0	12,950	12,970	260	12,690
TOTAL CHILDREN & YOUNG PEOPLE	3,677	3,445	7,122	10,501	7,508	18,009	2,148	0	0	0	20,157	27,279	668	19,489
ADULT CARE, HEALTH & WELLBEING														
Full Approval														
Adult Care, Health and Wellbeing														
Community Resource Centre Capital investment	0	490	490	210	0	210	0	0	0	0	210	700	0	210
Subtotal Full Approval - Adult Care, Health and Wellbeing	0	490	490	210	0	210	0	0	0	0	210	700	0	210
Provisional Approval														
Adult Care, Health and Wellbeing														
PSS Grant Unallocated	0	0	0	98	0	98	0	0	0	0	98	98	0	98
Subtotal Provisional Approval - Adult Care, Health and Wellbeing	0	0	0	98	0	98	0	0	0	0	98	98	0	98
TOTAL ADULT CARE, HEALTH & WELLBEING	0	490	490	308	0	308	0	0	0	0	308	798	0	308
FINANCE & EFFICIENCY														
Full Approval														
Property & Project Delivery														
Cleveland Pools	100	0	100	100	0	100	0	0	0	0	100	200	100	0
Corporate Estate Planned Maintenance	3,034	2,368	5,402	0	1,357	1,357	0	0	0	0	1,357	6,759	1,357	0
Roseberry Place	34	15	49	16	0	16	0	0	0	0	16	65	16	0
Property Company Investment	1,350	7,500	8,850	6,283	7,200	13,483	10,867	0	0	0	24,350	33,200	24,350	0
Business Support and IT														
Agresso System Development & 5.6 Upgrade	41	33	74	70	0	70	0	0	0	0	70	144	70	0
IT Asset Refresh (Servers and Network)	471	109	580	80	0	80	0	0	0	0	80	660	80	0
Desktop As a Service - VDI Technology	800	1	801	152	135	287	0	0	0	0	287	1,087	287	0
Flexible Use of Capital Receipts	0	0	0	0	1,140	1,140	8,360	4,000	0	0	13,500	13,500	13,500	0
Subtotal Full Approval - Finance & Efficiency	5,830	10,025	15,855	6,701	9,832	16,533	19,227	4,000	0	0	39,760	55,615	39,760	0

Project Title	PY Spend pre 2017/2018	Forecast Outturn 2017/2018	Actual / Projected Spend pre 2018/2019	Projected Re-phasing from 2017/2018 to 2018/2019 and Future Years	Budget Required 2018/2019	Total Budget 2018/2019	Total Budget 2019/2020	Total Budget 2020/2021	Total Budget 2021/2022	Total Budget 2022/2023	Total Cost 5 Years	Overall Project Total	Borrowing/ Capital Receipts	Grants/ External Funding
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Provisional Approval														
Property & Project Delivery														
Equality Act Works	0	0	0	0	100	100	100	0	0	0	200	200	200	0
Measurement Surveying	0	0	0	0	75	75	0	0	0	0	75	75	75	0
Project Inception Fund	0	0	0	0	200	200	200	200	200	200	1,000	1,000	1,000	0
Commercial Estate Acquisitions	0	12,253	12,253	0	47,508	47,508	0	0	0	0	47,508	59,761	47,508	0
Property Disposals	0	0	0	0	400	400	400	300	300	300	1,700	1,700	1,700	0
Commercial Estate Investment Fund	0	0	0	0	300	300	300	300	300	300	1,500	1,500	1,500	0
Lewis House Refurbishment	0	0	0	0	500	500	1,000	0	0	0	1,500	1,500	1,500	0
Corporate Estate Planned Maintenance	0	0	0	0	0	0	1,357	1,400	1,400	1,400	5,557	5,557	5,557	0
City Centre Security	0	0	0	0	300	300	0	0	0	0	300	300	300	0
Strategy & Performance														
Bath Area Forum - CIL funded schemes	0	0	0	140	523	663	0	0	0	0	663	663	0	663
Business Support and IT														
Digital Programme	0	500	500	1,350	2,020	3,370	1,130	0	0	0	4,500	5,000	4,500	0
IT Asset Refresh	0	0	0	271	502	773	629	344	239	0	1,985	1,985	1,985	0
Civica Income Management System Developments	0	0	0	60	0	60	0	0	0	0	60	60	60	0
Subtotal Provisional Approval - Finance & Efficiency	0	12,753	12,753	1,821	52,428	54,249	5,116	2,544	2,439	2,200	66,548	79,300	65,885	663
TOTAL FINANCE & EFFICIENCY	5,830	22,778	28,608	8,522	62,260	70,781	24,343	6,544	2,439	2,200	106,307	134,916	105,644	663
TRANSFORMATION & CUSTOMER SERVICES														
Provisional Approval														
Business Support and IT														
Revenues & Benefits System: end of life replacement	0	0	0	0	750	750	0	0	0	0	750	750	750	0
Customer Services														
Modern Libraries & Workplaces	0	605	605	2,395	0	2,395	0	0	0	0	2,395	3,000	2,037	358
Subtotal Provisional Approval - Transformation & Customer Services	0	605	605	2,395	750	3,145	0	0	0	0	3,145	3,750	2,787	358
TOTAL TRANSFORMATION & CUSTOMER SERVICES	0	605	605	2,395	750	3,145	0	0	0	0	3,145	3,750	2,787	358
Capital Contingency	0	1,950	1,950	0	50	50	0	0	0	0	50	2,000	50	0
GRAND TOTAL	77,911	67,000	144,911	84,502	132,804	217,305	60,581	28,402	23,312	7,326	336,926	481,837	251,507	85,420

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NEW SCHEMES WITHIN THE CAPITAL PROGRAMME

1. TRANSPORT & ENVIRONMENT

1.1. Environmental Services

1.1.1. Highways Maintenance Programme for Full Approval of £6.746m in 2018/19 and Additional Funding for Provisional Approval of £1.285m from 2019/20

Including: Existing programme entry for Highways Maintenance Block £3.034m, Highways Maintenance Block – Additional Funding £1.44m, A4 Keynsham Bypass / DfT Challenge £2m, Fund and Pothole Funding £272k.

This is predominantly funded by a combination of Government Grant amounting to £5,938m. This funding is provided from the WECA, from DfT allocations. The remaining £808k is additional programme allocation funded through Corporate Supported Borrowing.

This programme is a key component in achieving and maintaining the corporate objective of creating neighbourhoods where people are proud to live. By improving the overall condition of the highway network it serves to minimise road works with associated traffic disruption and addresses poor & visually unattractive surfaces and end of life assets. Improved street lighting leads to people in communities feeling more safe and happy with where they live. The transport network is crucial in maintaining a strong local economy and is a fundamental part of the local environment allowing local communities to thrive and flourish.

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

A detailed list of schemes, attached at Annex 5 (ii), will be subject to consultation with cabinet and ward members. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

1.1.2. Transport Improvement Programme for Full Approval of £2.982m in 2018/19 and Additional Funding for Provisional Approval of £4.057m from 2019/20

The Transport Improvement Programme budget is included at £2.982m for Full Approval funded from £1.163m of Integrated Transport Block Government Grant, £700k of Local Growth Fund to be confirmed, £614k of s106 funds, £145K of CIL funds and £360k of Corporate Supported Borrowing to enable early programme delivery.

The programme delivers highway improvement works under the general headings of road safety, safer routes to school, pedestrians, congestion and traffic management schemes.

2017/18 proposals continue a focus on supporting the five objectives identified in the West of England Joint Local Transport Plan:

- Reducing Carbon Emissions
- Supporting Economic Growth
- Promoting Accessibility
- Contributing to better safety, security and health
- Improving quality of life & a healthy natural environment.

A detailed list of schemes, attached at Annex 5 (iii), will be subject to consultation with cabinet and ward members and the general public where appropriate. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

1.1.3. Terrace Walk for Provisional Approval of £100k – funded by Corporate Supported Borrowing.

Bath & North East Somerset has responsibility for maintenance of the undercroft structure. This funding is to enable a feasibility study to identify the costs of repairs and budget planning but also to enable political decisions to be taken on the long term use of this space.

1.1.4. York Street Vaults – Phase 2 for Provisional Approval of £950k – funded by Corporate Supported Borrowing.

Bath & North East Somerset has responsibility for maintenance of this structure which has funding in place to carry out the underground repairs. However, once the archway project and Bath Abbey scheme have been completed there is a need to replace the waterproofing above the vault and reconstruct the road to provide a long term solution and reduce the associated risks. This follows emergency works undertaken during 2017/18. This work will be complemented by York Street Public Realm improvements listed below in section 3.

1.1.5. Highways Schemes (CIL) for Provisional Approval of £180k

CIL funding allocation for additional highways schemes in the region. The specific schemes have yet to be identified, but once identified this funding will support works in either the Highways Maintenance Block Programme, or the Transport Improvement Programme.

1.1.6. Strategic Transportation Programme for Provisional Approval of £9.215m – funded by Corporate Supported Borrowing.

This incorporates the East of Bath P&R funding to enable progression of alternative strategic transport solutions including;

- Liaising with neighbouring Authorities on viable schemes to reduce traffic in to the city from the east of bath;
- Potential to investigate Light Rapid Transit solutions within the region;
- Exploring the opportunity to provide out of city parking linked to existing bus services; and
- Linkages to works in the existing and emerging programme:
 - around the proposed Freezing Hill improvements to road junctions
 - supporting access to and from existing park and rides with appropriate signage; and
 - linking to the proposed Lansdown site expansion.

Business cases with full option appraisals to be developed for each stage as the programme progresses, prior to approval.

1.1.7. Lansdown Park & Ride Extension for Provisional Approval of £120k – funded by Service Supported Borrowing.

Low cost, quickly available extension to the Park & Ride of up to 10,000 square meters accommodating approximately 800 additional spaces. This requires a business case to show the revenue impact, including management of borrowing costs.

1.1.8. Park & Ride Alligator Teeth for Provisional Approval of £75k – funded by Service Supported Borrowing.

Replacement of Alligator Teeth, which prevent unauthorised access to the Park & Ride sites by restricting vehicular access at exits when the entry is locked. Due to the high level of traffic the mechanisms wear out in approximately 4-5 years.

1.1.9. Pay & Display Replacement for Provisional Approval of £300k – funded by Service Supported Borrowing.

To replace the on street Pay & Display machines at end of life to ensure members of the public are able to continue to make payment for parking.

1.1.10. Parking Vehicles for Provisional Approval of £162k – funded by Service Supported Borrowing.

This is a rolling replacement programme for parking vehicles. Where possible this programme will link in with the existing electric vehicle programme.

- 1.1.11. Manvers St Car Park Security for Provisional Approval** of £20k – funded by Service Supported Borrowing.

To secure the lower level of Manvers Street car park.

2. DEVELOPMENT & NEIGHBOURHOODS

2.1. Development Management

2.1.1. Bathscape for Provisional Approval of £2.209m

Bathscape is a partnership project led by the Council that aims to reconnect people and communities with Bath's landscape setting. This is supported predominantly through HLF funding, for which a second stage bid is in progress.

2.2. Environmental Services

2.2.1. Leisure: Keynsham Refurbishment – Additional Funding for Provisional Approval of £250k

Uplift to existing programme to cover the additional costs that have occurred as a result of the scope of the refurbishment being expanded as the floor space is now considerably bigger than originally intended. This is funded by CIL.

2.2.2. Neighbourhoods Vehicle Replacements for Provisional Approval of £2.990m – funded by Service Supported Borrowing.

Funding for the rolling replacement programme for fleet vehicles; including Waste, Recycling, Cleansing, Parks and Public Protection teams. Business Cases to be brought forward.

2.2.3. River Avon Park for Provisional Approval of £732k

The WaterSpace Study has defined a River Avon Park area (through the Enterprise Area in Bath) and has undertaken initial costings for five pocket park designs. S106 funding has been secured, supplemented with an allocation of CIL, which will support maintenance of the green spaces and towpath and in the 5 small park spaces; the implementation will be informed by the Maintenance and Management Plan due for completion by March 2018. The next stage of the project is to implement the capital improvements and maintenance plan.

2.2.4. Midsomer Norton Town Park for Provisional Approval of £300k

Funded through £250k of s106 this programme will support the delivery of phase 1 capital works and maintenance to the town park. A further £50k of CIL has been allocated towards a second phase of works.

2.2.5. Automated Gates for Provisional Approval of £26k – funded by Corporate Supported Borrowing.

As part of efficiency savings, the Parks' services have identified scope to make savings through ceasing to manually lock and unlock its parks and burial grounds. This proposal includes the addition of an automated barrier to the entrance of Alexandra Park; this will help reduce vehicle access after dark and help improve the safety of the park.

2.2.6. RVP Nursery Improvements for Provisional Approval of £38k – funded by Service Supported Borrowing.

Nursery infrastructure improvements are required to address health and safety concerns and maintain the facility and to grow a broader range of plants. These recommendations will help to make the business more competitive, will make more efficient use of the space, and will enable the business to capitalise on new markets for plant sales.

2.2.7. Play Equipment for Provisional Approval of £125k – funded by Corporate Supported Borrowing.

To provide for the replacement of play equipment across the Council's play areas as equipment reaches its end of life.

This programme is required to avoid play areas either becoming dilapidated and needing removal with possible site closure, or needing very significant investment to meet community demands.

2.2.8. Parks Equipment Replacements for Provisional Approval of £212k – funded by Corporate Supported Borrowing.

Rolling replacement programme for Parks equipment, such as; mowers, trimmers, chainsaws, and wood chippers funded from Corporate Supported Borrowing. This programme ensures that the equipment is efficient and in good condition by making replacements of Parks' equipment as it reaches its end of life to enable continuation of operations. Asset lives are extended where possible.

2.2.9. Parks s106 Projects for Provisional Approval of £422k

This programme will deliver capital improvements at a number of sites and will discharge B&NES responsibilities for delivering S106 agreements associated with these sites. Projects will be developed and delivered in consultation with ward councillors and other partners. Total request is for £422k fully funded through S106 to supplement the existing programme of works.

- Improvements to Keynsham Memorial Park: £85,047, including enhancements to play and other facilities.
- Improvements to Kelston Road Open Space: £29,811.

- Improvements to slow worm habitats at Manor Road open space: £12,000.
- Currently unallocated greenspace enhancement projects in Keynsham: £30,300, projects to be confirmed.
- New allotment provision in Keynsham: £26,000. B&NES Parks' service is working with Keynsham Town Council to identify a location for a new allotment in the town.
- Improvements to Abbots Wood: £169,000 for the enhancement of natural green space in the area of Abbots Wood.

2.2.10. Neighbourhoods CCTV for Provisional Approval of £44k – funded by Service Supported Borrowing.

New CCTV equipment is needed to ensure full compliance with legislation and regulations. This will require a business case to show revenue impact.

2.2.11. Cherry Grove Garden (Haycombe) for Provisional Approval of £125k – funded by Service Supported Borrowing.

This will provide new landscaped garden area, including paths, cherry trees and bases for the 'Sanctums' (memorial containers for ashes), to expand the available space for the interment of ashes at Haycombe Cemetery. This will require a business case to show revenue impact.

2.2.12. Parks & Bereavement Infrastructure for Provisional Approval of £144k – funded by Corporate Supported Borrowing.

This is for maintenance and improvements to Parks & Bereavement Infrastructure to ensure good and safe condition and to protect site security.

Each element requires business case to be prepared, but this funding will focus on:

- Improvements to access at allotment sites to facilitate more efficient larger machinery;
- Facilitation of green waste composting, to help reduce the costs to the service of disposing of green waste.
- Improvements to electricity supplies at Parade Gardens to enhance capacity to hold events
- Progression of repairs at Royal Victoria Park (security measures); and
- Other small repairs and maintenance at allotment sites.

2.2.13. Whitchurch Parks (CIL) for Provisional Approval of £50k

CIL Funding allocation to support the development of a new park to meet needs of increased population resulting from the implementation of the Core Strategy.

2.2.14. Air Quality Monitors for Provisional Approval of £54k – funded by Service Supported Borrowing.

Rolling replacement of 'end of life' air quality analysers funded through service supported borrowing. A network of monitors help inform where the Air Quality Management Areas are required, this replacement programme enables end of life asset replacement to enable continued operations in line with statutory requirements.

2.2.15. Litter Bins for Provisional Approval of £75k – funded by Service Supported Borrowing.

This project will continue improvements to the street scene within Bath & North East Somerset Council by upgrading and replacing old litter bin stock. The new litter bins are of a uniform style and standard and bring a consistent approach to the street furniture.

2.2.16. Relocation of Bath Recycling Centre Facility (CIL) for Provisional Approval of £550k

This allocation of CIL supports the feasibility study to determine longer term plans for the Midland Road site. The Depot review has considered the relocation of the Bath Household Recycling Centre, as part of a wider review of depots held by the Council, due to its poor condition and the inability to improve the centre for the public. The relocation also fits with the longer term plans for the site to be vacated once the waste transfer station relocates from the site to Pixash Lane, Keynsham.

3. ECONOMIC & COMMUNITY REGENERATION

3.1. Community Regeneration

3.1.1. Museums Acquisitions for Provisional Approval of £5k

This item enables application of the Heritage Acquisition Reserve to the purchase of Arts Assets, ensuring continuing refreshment of the Arts offered as part of the Heritage Services portfolio. This can drive substantial match funding from external organisations or through fundraising.

3.1.2. West Baths Environment for Provisional Approval of £200k – funded by Service Supported Borrowing through the Heritage Business Plan.

Introduce environmental control to the West Baths area of the Roman Baths to minimise the degradation of in-situ Roman remains due to fluctuating temperature and relative humidity. This is to stabilise the ancient monument and fulfil the Council's statutory obligation to care for a scheduled ancient monument.

3.1.3. Energy Reclaim for Provisional Approval of £100k – funded by Service Supported Borrowing through the Heritage Business Plan.

This investment will allow reclaiming of energy from the thermal water to heat the Pump Room and Roman Baths complex using the latest heat-exchange technology. The project replaces equipment installed in the 1990s that is now inefficient and out-dated.

3.1.4. Roman Baths Development for Provisional Approval of £1m – funded by Service Supported Borrowing through the Heritage Business Plan.

Managed through Heritage Business Plan this continues the rolling 5-year programme of projects to invest in the Roman Baths and Pump Room buildings, facilities and ‘visitor experience’ is reviewed by Cabinet each year as part of the integrated Heritage Services 5-year business and investment plan.

This programme reflects the highly successful strategy of continual investment in the site to remain competitive with other leading UK visitor attractions, which has resulted in increased visitor numbers, greater profit returned to the Council and a string of awards.

These projects are initially included within the provisional capital programme as a “block” of works for that year. Inclusion of each block of projects in the approved capital programme is subject to the normal capital approval process.

This is to extend the programme for the length of the capital programme.

3.1.5. Victoria Art Gallery Air-Con for Provisional Approval of £50k – funded by Service Supported Borrowing through the Heritage Business Plan.

The display and storage of works of art requires a reliable, stable level of humidity. However, the air conditioning system in the lower gallery of the Victoria Art Gallery has been unreliable for some time and the Property Services technical specialists have advised that the system is old and needs to be replaced. This item extends the existing programme begun during 2017/18.

3.1.6. Refurbishment of the Roman Baths Shop for Provisional Approval of £150k – funded by Service Supported Borrowing through the Heritage Business Plan.

Major refurbishment of the main shop at the Roman Baths - this shop was last refitted in 2010 so will be 10 years old by 2021. To maintain our position as a highly successful shop in a top UK visitor attraction and our fortunate frontage siting in Bath it is good practice to refurbish the shop at least every 10 years. The refit will include a major improvement to the West Baths visitor entrance to aid circulation, the opening up of the York St windows, the repositioning of the cash desk and associated cabling and communication as well as the replacement of the flooring, all shop display fixtures and a review of the lighting scheme.

3.1.7. Disabled Facilities Grant for Full Approval of £1.15m in 2018/19 and **Additional Funding for Provisional Approval** of £1.3m over 2019/20 – 2022/23

The Housing Grants, Construction & Regeneration Act 1996 places a duty on Local Housing Authorities to fund certain types of adaptations for disabled householders, subject to a financial means test. Eligible adaptations are those designed to enable freedom of movement into and around the applicant's home. They encourage, promote and enable well-being within the home and reduce down-stream costs of acute service provision. This funding will support a demand led programme of around 200-250 p.a. Disabled Facilities Grants in accordance with above legislation, statutory guidance and best practice.

This is for full approval of the 2018/19 allocations and provisional approval to align the future years programme with funding expectations.

3.1.8. Affordable Housing – Additional Funding for Provisional Approval of £917k

Funded by Right to Buy receipts, this capital supports the Council's strategic aim of delivering Affordable Housing and where required the recovery of Empty Properties.

- Key projects include:
- Extracare housing at Ensleigh;
- Shared housing initiative for young people;
- Specialist LD scheme;
- A sheltered scheme redevelopment; and
- Rural affordable housing schemes.

However, important to note that opportunities to develop bespoke affordable housing solutions or secure delivery where there are viability issues can arise at any time. The ability to react quickly through capital intervention is key to being a responsive Housing Enabling Service.

As schemes come forward they will be subject to business case and approved, along with the application of funding, by the Divisional Director Community Regeneration in consultation with Portfolio Holder for Economic & Community Regeneration.

3.1.9. Match Borrowing to Enable Large WECA/HIF Grant Bids for Provisional Approval of £900k – funded by Corporate Supported Borrowing.

This is borrowing to match large WECA/HIF grant bids currently underway for team costs and business case development. Particular bids include BWR phase 2, Keynsham & Whitchurch Infrastructure and Somer Valley Enterprise Zone: Site Access detailed in the grants application **Error! Reference source not found.****Error! Reference source not found.****Error! Reference source not found.**section below.

3.1.10. Midsomer Norton Public Realm for Provisional Approval of £200k – funded by Corporate Supported Borrowing & CIL.

This capital programme entry seeks provisional approval of funding for the Public Realm element of the programme around transformation of Midsomer Norton (MSN) Town Hall. The community building is used by 42 community groups and the project seeks to expand and develop facilities for the benefit of MSN & the Somer Valley (including housing a heritage collection). Grant funding helped achieve planning permission (in 2013) & initial feasibility investigations plus cost estimates.

3.1.11. York Street & Swallow Street Public Realm for Provisional Approval of £589k – funded by Corporate Supported Borrowing, CIL and Service Supported Borrowing through the Heritage Business Plan.

The project applies the public realm 'pattern book' to Swallow Street and York Street in Bath. The purpose is to make safe the public highway in the vicinity of the Archway Project and, in particular, in the approaches to the Roman Baths Learning Centre whose main entrance will be in Swallow Street.

The works compliment further highways improvements identified in section 1 above. This proposal reinstates the funding previously identified for this project but which was transferred to Highways to contribute to the unforeseen and unrelated project to strengthen the western end of York Street.

3.1.12. City Centre Streetscape for Provisional Approval of £300k

SouthGate Shopping Centre has committed £250k capital to support City Centre Public Realm Improvements in the SouthGate area on Council owned land, as part of their programme of public realm enhancements. In particular they are keen to support pedestrianisation and further restrictions on vehicle accessibility in the town centre. This is complimented by a £50k allocation of CIL funding.

3.1.13. Union Street Public Realm for Provisional Approval of £150k

A CIL allocation to support the improvement of the public realm on and around Union Street. Programme scheme and business case required.

3.1.14. 5G Technologies for Provisional Approval of £67k

Grant funding bid focused around building a Testbed for 5G technologies, including project management. The testing is to connect leading tourist destinations across Bristol and Bath, in order to support a larger nation-wide trialling the new technology. This is the Bath element of a wider area of trial works proposed across the West of England.

3.1.15. Keynsham High Street Public Realm for Provisional Approval of £100k

A CIL allocation to support the improvement of the public realm on and around Keynsham High Street. Programme scheme and business case required.

3.1.16. Whitchurch Public Realm (CIL) for Provisional Approval of £50k

A CIL allocation to support the improvement of the public realm at Whitchurch. Programme scheme and business case required.

4. CHILDREN & YOUNG PEOPLE**4.1. Children & Young People****4.1.1. Schools Programme - Overview**

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

Schools capital grant funding of £5.758m in 2018/19 and £2.148m in 2019/20 has been confirmed by the Education and Skills Funding Agency (ESFA) for Basic Need to support the provision of additional pupil places where there is population growth, of which £6.466m remains unallocated and is included in the approvals sought below. An allocation for Capital Maintenance funding has yet to be announced, but an indicative figure of £500k is assumed.

4.1.2. Basic Need Feasibility Works for Full Approval of £150k – funded through the basic need grant.

The Council has a statutory duty to ensure there is sufficient provision of school places in the right areas to meet need. Development work is required to inform detailed project plans for future capital schemes. It is proposed that delegated authority for approval of individual feasibility study budgets within the totals above is given to the Strategic Director, People & Communities.

4.1.3. St Nicholas School for Full Approval of £290k

Expansion of the school from 280 places to 420 places for September 2019, to meet demand from housing development.

Basic Need (BN) has already been allocated and fully approved for this scheme, including; 2017/18 for £1.473m from 2017/18 (BN & CIL) and £1m BN in 2018/19.

An additional allocation of CIL funding is proposed within this budget of £290k, which it is proposed to fully approve and align with the existing programme.

4.1.4. Schools Capital Maintenance Programme 2018/19 for Full Approval of £500k

In recent years allocations from the Department for Education (DfE) for Capital Maintenance funding have been made on the basis of one year allocations. This funding is non ring-fenced grant funding to address the worst building condition issues at schools. To date the funding allocations have not been announced for 2018/19 but are expected to be made by the DfE sometime between April and July 2018. In 2018/19 it is proposed to allocate funding to the following items:-

- A budget for minor works and Disability Discrimination Act (DDA) works of £250k to address smaller condition issues such as replacement heating controls and obsolete distribution boards. This funding will be used to address ad hoc condition and health and safety issues as they arise throughout the year. Additionally, this budget can be accessed to address small future DDA adaptations at schools sites.
- It is recommended that a £250k emergency works budget is allocated to meet unforeseen issues as they occur throughout the year. This may include items such as emergency roof or boiler repairs to ensure schools remain open.
- It is proposed that delegated authority for approval of individual Minor Works/DDA and Emergency Works schemes within the totals above is given to the Strategic Director, People & Communities.

4.1.5. Basic Need Funding for Provisional Approval of £7.336m of which £6.466m relates to Basic Need Grant with the addition of £870k CIL.

The School Organisation Plan and annual School Places Return (SCAP) identify there is still an ongoing need to provide additional places in a number of areas across the Council. The funding is to provide the projected number of places that will be needed by September 2020. The allocation is non ring-fenced to enable the Council to fulfil its statutory duties in ensuring sufficient school places. There are no revenue implications for the Council arising from the expansion of schools as these will be met by the Dedicated Schools Grant (DSG).

The Council has a statutory duty to provide sufficient school places for every child resident in the Local Authority who requires a place with projects identified in line with these responsibilities. The key priority for investment is the need to provide additional primary pupil places driven both by underlying population growth and new housing. Funding has been provided for places required within the next two years and a number of schools have been identified where capacity will be required.

This list is not exhaustive as factors such as the need to revise projections as a result of updated information on births and resident population particularly when most primary schools are full or filling, may mean even a small number of additional pupils can trigger the need for additional classrooms. Other factors such as changes to the timescales of new housing delivery or a free school being approved can increase or reduce the need to add capacity.

4.1.6. Peasedown St John Primary School is included for **Provisional Approval** of £200k CIL funding.

In addition to £2.75m of Basic Need Grant a £200k allocation of CIL has been identified to support the expansion of the school from 525 places to 630 places as a result of housing development and basic need pressures in the area. As further S106 contributions become available they would be incorporated.

4.1.7. Healthy Pupils Capital Fund for **Provisional Approval** of £75k

The Healthy Pupils Capital Fund was recently announced by the EFSA. At this time the only details available are that £100m of funding will be available across all organisations (including local authorities and academies) for the promotion of sports and healthy eating. No detail has been provided on how much each organisation will receive or when it will be allocated. It is therefore proposed that no projects are identified until such time as the amount of grant has been confirmed. The total allocation is likely to be less than £75k and would be used for a number of small-scale projects. For that reason it is requested that delegated authority is given to the Strategic Director People & Communities for approval against this grant once the funding is confirmed.

4.1.8. Alternative Education – Refurbishment & Equipment for **Provisional Approval** of £170k – funded through application of Direct Schools Grant as a contribution from Revenue.

Local authorities are responsible for arranging suitable education for permanently excluded pupils, and for other pupils who – because of illness or other reasons – would not receive suitable education without such arrangements being made (Section 19 of the Education Act 1996).

The Council discharges this duty by commissioning education providers to deliver alternative education provision and is in the process of commissioning a new contract to deliver secondary provision from September 2018.

New premises are currently being sourced, as the premises used by the current contract holder will no longer be available. One-off capital funding will be required to furnish and equip any premises and potentially to refurbish and modify premises once identified, including an outside play area.

In addition the Hospital Education Service, currently delivered by the Council, is also being externally commissioned at the same time and one off-funding will be required to purchase furniture and equipment.

4.1.9. SEND Provision for **Provisional Approval** of £577k

To support the establishment of further school places for pupils with Special Educational Needs within the Bath & North East Somerset area through delivery of an additional 107 special school and post 16 places in B&NES.

This is funded through borrowing in advance of receipt of DfE Capital Grant, receivable in 3 instalments from 2018/19 to 2020/21.

5. FINANCE & EFFICIENCY

5.1. Business Support

5.1.1. Flexible Use of Capital Receipts for Full Approval of £13.5m

The proposals for the flexible use of capital receipts are included within the Efficiency Strategy attached at Annex 4.

5.2. Property

5.2.1. Capital Estate Planned Maintenance for Full Approval of £1.357m – funded by Capital Receipts and Additional Funding to Extend the Programme for Provisional Approval of £4.2m over 2020/21 – 2022/23 – funded by Corporate Supported Borrowing.

Capital Planned maintenance works will be undertaken on the Council Corporate Estate. Annex 5 (iv) provides the detailed plan of priority works for 2018/2019. Any amendments to the programme will be approved by the Strategic Director for Resources in consultation with the Cabinet member for Resources.

5.2.2. Council Property Company Development: ADL Loan Finance for Full Approval of £13.2m (for income generation) – funded by Service Supported Borrowing.

Financing arrangements to the Council owned local housing delivery vehicle to: deliver the development of market housing / to hold, manage and operate market housing / to sell market housing / to provide other market housing related activity / to deliver and manage other property development. Allocation of this funding will be in accordance with the specific process and delegations included within the report to Cabinet dated 3 December 2015.

5.2.3. Lewis House Refurbishment for Provisional Approval of £1.5m – funded by Service Supported Borrowing.

Internal re-configuration and refurbishment as required to externally let space in Lewis House as the workforce decreases. Business case is required to show revenue impact, including meeting anticipated incomes and management of borrowing costs.

5.2.4. Commercial Estate Investment Fund for Provisional Approval of £1.5m – funded by Service Supported Borrowing.

To ensure that key properties within the commercial estate reach their maximum income potential and to reduce voids.

Each scheme requires a sound business case. Funding could be through the potential of increased revenue streams or shorter rent free periods, which will be borrowed over a minimal time period.

5.2.5. Commercial Estate Acquisitions for Provisional Approval of £47.508m – funded by Service Supported Borrowing.

Acquisition of appropriate commercial property to increase the financial return of the Council's property portfolio and enable revenue savings to be achieved.

All projects will be brought forward on an individual business case basis demonstrating either a very short payback period or long term income stream generation. This level of investment is estimated to reach a debt to asset value of around 30% (gearing ratio) for the commercial estate portfolio.

Each investment will require appropriate due diligence work plus will need to reflect the property investment strategy published as a background document to this budget.

5.2.6. Disposals for Provisional Approval of £1.5m

Properties may be brought forward for disposal during the course of the financial year which were not previously identified for disposal through the Council's asset management process.

This allocation uplifts the existing budget for the 5 year period of the capital programme, enabling the Council to cover the in-house and external costs of bringing each property to market. As disposals progress, some asset enhancement costs may also be incurred. These costs are funded through the Capital Receipts generated.

5.2.7. City Centre Security for Provisional Approval of £300k – funded by Corporate Supported Borrowing.

To extend the existing programme of works implementing proportionate safety measures to keep members of the public safe. Like many other authorities across the UK, the Council routinely works with partner organisations, such as the Police, to assess safety precautions. There is no indication of any imminent threat to Bath in particular and no specific intelligence to suggest that Bath is at any more risk than any other busy urban area in the UK.

5.3. IT

5.3.1. IT Asset Refresh Programme for Provisional Approval of £473k – funded by Corporate Supported Borrowing.

The Asset Refresh programme is a rolling programme which covers all aspects of the Council's IT Infrastructure assets including virtual Servers hosting systems as well as multiple in-depth firewalls and security hardware to protect the Council's data, network routers enabling approximately 100 Council offices to inter connect, and backup systems.

Depending on the hardware, each kit requires replacing every 5 to 7 years subject to the associated out of warranty revenue costs, where practicable this programme incorporates a rebased 7 year life for most items.

5.4. Project Delivery

5.4.1. Measurement Surveying for Provisional Approval of £75 – funded by Service Supported Borrowing.

Purchase of equipment to enable in-sourcing topographic and measurement surveying functions for project delivery.

5.4.2. Project Inception Fund for Provisional Approval of £1m – funded by Corporate Supported Borrowing.

Capital Project inception fund to enable improvement to the inception stage evaluation of capital projects and the resultant budget setting process.

This will be used to fund the preparation of a considered feasibility reports on projects including surveys, legal review and feasibility design and resultant cost plans and programmes.

6. TRANSFORMATION & CUSTOMER SERVICES

6.1. Strategy & Performance

6.1.1. Bath Area Forum – CIL Funded Schemes for Provisional Approval of £523k

The Council is required to pass 15% of CIL funds to the relevant Parish or Town Council. If there is no Parish or Town Council, the charging authority will retain the levy receipts but should engage with the communities where development has taken place, and agree with them how best to spend the local funding. The Bath City Forum has established a process for working with local elected members and communities to agree recommendations on using the local portion of CIL in Bath. As the Forum has no delegated powers or budgets, any Forum recommendations would need to be determined through an appropriate Executive Council decision.

6.1.2. **Corporate Capital Contingency Addition for Provisional Approval** of £50k – funded by Corporate Supported Borrowing.

To replenish contingency funds to the £2m required following draw-down during the financial year 2017/18.

7. **EMERGING CAPITAL SCHEMES**

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

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

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

7.1. **Additional WECA / Government Schemes**

Further schemes may be taken forward for consideration as a result of new government initiatives with available funding sources, emerging schemes that have been successful in securing external funding will be incorporated into the Capital programme in line with the Councils Budget Management Scheme.

This could include, but is not limited to, any potential projects that may emerge as part of the key route network and the following grant bids either pending submission or awaiting confirmations:

- Digital BNES: Open Programmable City Region – Expansion of Bristol Scheme to areas of BANES
Funding Stage: Provisionally programmed, confirmation will require final full business case submission;
- Digital BNES: Connecting Devon & Somerset – Expansion of existing scheme
Funding Stage: Pipeline only, bid progression will require business case submission;
- Digital BNES: Local Full Fibre Networks – Encouraging commercial investment, including expansion of the existing voucher scheme
Funding Stage: Pipeline only, bid progression anticipated March 2018;
- Foxhill Equity Loan Scheme – Enabling housing regeneration
Funding Stage: Bid submitted, feedback anticipated before end 2017/18;
- BWR Phase 2 – Enabling Infrastructure for Housing Viability
Funding Stage: Bid submitted, feedback anticipated spring / summer 2018;

- Keynsham & Whitchurch Infrastructure – Enabling infrastructure for housing viability
Funding Stage: Expression of Interest submitted, business case and formal bid to follow;
- Somer Valley Business Centre – Office Space Development
Funding Stage: Bid in progress with outline business case submitted and full business case to follow;
- Somer Valley Enterprise Zone: Site Access – Deliver Access and Related Improvements
Funding Stage: Pipeline only, bid progression will require business case submission;
- A37 to Somer Valley Enterprise Zone – Deliver Route Improvements to Facilitate Enterprise Zone Development
Funding Stage: Business case development funding confirmed, delivery bid to follow;
- Freezing Hill - Junction Improvements
Funding Stage: Feasibility and business case development funding confirmed, delivery bid to follow;
- Hicks Gate Roundabout - Improvement Works
Funding Stage: Business case development funding confirmed, delivery bid to follow.

7.2. Metro West

The Metrowest Programme is a key component of the West of England Transport Strategy and will build upon the Metrobus Programme to continue to drive modal shift in the WoE, ameliorate existing highway congestion, facilitate housing growth and expand the local economy.

MetroWest Phase 1 and 2 are jointly promoted schemes between the four Councils in the West of England. The aim of the MetroWest Programme is to deliver a 'Metro' local rail network, similar to comparable sized city regions, through targeted investments, making use of strategic rail corridors, including freight only lines and dis-used lines.

Officers have started to look at what the next phase or local rail improvements (Metrowest Phase 3) could incorporate and in a wider context have been discussing with Network Rail their progress and proposals for rail investment in the West of England to understand interdependencies opportunities for efficiencies and co-investment.

Design and preparation fees are covered by LGF funding through capitalisation of fees through the existing LGF budget of £56m of which £10m has been spent to date. Remaining fees (estimated at £4m) are already allocated through the existing LGF budget. Revenue reversion will be avoided by implementation of elements of the programme.

Revenue Operating Costs – Current total exposure is £5m per annum to the West of England Authorities. It is proposed to potentially mitigate this risk through the new franchise and a programme approach being adopted for all existing and future rail schemes

7.3. Schools Emerging Capital Schemes

Initial conversations have taken place with Cameley Primary School regarding potential future expansion. Timescales for delivery of additional accommodation suggest possible expansion may be required for 2021 but for now this will continue to be monitored.

In 2017/18 provisional approval was given for £300k to provide bulge class accommodation in the Midsomer Norton Area. Phase 1 of these works has completed at Longvernal Primary School and £230k remains within the budget for Phase 2. The feasibility study is ongoing and it is anticipated that these works will be in excess of the original budget and will require further funding. To date the Council has received approximately £1.2m of S106 contributions for the expansion or enhancement of school facilities in the area. It is proposed that any additional costs are met from this funding, or future CIL allocations.

Beyond 2020, it may be necessary to provide funding for additional secondary school places in the Bath & Midsomer Norton areas.

The following table provides information on development sites where agreement has been reached or discussions are ongoing to deliver new schools or expand existing schools.

Development Name	Developer	Provision to be Delivered	Anticipated Opening/ Completion Date	Approximate Funding Shortfall
Keynsham East & South	To be confirmed	A new 420 place free school has been approved	Sept 2019	Nil – Funded by the ESFA
Odd Down/Sulis Down	To be confirmed	Expansion of St Martin's Garden Primary	Not yet determined	Unknown
Bath Western Riverside - Crest	Crest	A new one form entry primary school to be delivered on site	Not yet determined	To be delivered by the developer

7.4. SEND Further Investment

The considerable capacity and financial pressures on the local education system, in respect of delivering appropriate support for children and young people with Special Educational Needs and Disabilities, require a whole system response that includes:

- the promotion and support for inclusion in mainstream settings wherever appropriate;
- addressing local specialist school capacity to tackle gaps in our provision to meet particular needs; and
- a partnership approach to look more widely at staff training and skills as well as support for young people to develop independent living skills.

We believe there is scope to develop a business case for further capital investment on an 'invest to save' basis for specialist provision as part of this wider strategy. (Potentially at least a further £1m on top of a similar sum already identified in 2017-19). This could deliver service improvements and financial savings to the local system by ensuring that children can be suitably placed in more local settings.

Highways Maintenance Block Programme 2018/19

Description	Measurement	Funding
	No. of units	
Street Lighting Programme		
Cleveland Walk, Bathwick	15	£15,000
Daniel Street, Bathwick	4	£4,000
Footpath Spring Garden Road, Bathwick	16	£20,000
Sutton Street, Bathwick	3	£3,000
Corston View, Bloomfield	14	£14,000
Rivers Street, Bath	4	£4,000
Batstone Close, Fairfield Park	5	£5,000
Brunswick Street, Lambridge	2	£2,000
Summerhill Road, Lansdown	10	£10,000
Charlcombe Lane, Larkhall	11	£11,000
Cocley Drive, Larkhall	11	£11,000
Eastville, Larkhall	3	£3,000
Spring Lane, Larkhall	4	£4,000
St Saviours Road, Larkhall	11	£11,000
Uphill Drive, Larkhall	10	£10,000
Ferndale Road, Lower Swainswick	8	£8,000
Empress Menen Gardens, Lower Weston	5	£5,000
Partis Way, Lower Weston	9	£9,000
Penn Lea Road, Lower Weston	17	£17,000
Calton Gardens, Lyncombe	15	£15,000
Poplar Close, Moorlands	12	£12,000
Bloomfield Avenue, Oldfield Park	15	£15,000
Maple Grove, Oldfield Park	6	£6,000
Oldfield Lane, Oldfield Park	3	£3,000
Ivy Avenue, Southdown	11	£11,000
Mount View, Southdown	4	£4,000
Somerdale View, Southdown	4	£4,000
Wedmore Park, Southdown	4	£4,000
Albany Road, Twerton	6	£6,000
Highland Road, Twerton	5	£5,000
King George's Road, Twerton	6	£6,000
Weston Park East, Upper Weston	16	£16,000
Belgrave Crescent, Walcot	8	£8,000
Thomas Street, Walcot	4	£4,000
Holloway, Widcombe	16	£16,000
Eden Park Close, Batheaston	4	£4,000
Eden Park Drive, Batheaston	10	£10,000
Footpath rear of Lays Drive, Keynsham	30	£29,000
Keynsham Bypass, Keynsham	9	£12,000
Fox and Hounds Lane, Keynsham	4	£4,000
Lippiatt Lane, Timsbury	3	£3,000
Blackbird Close, Westfield	2	£2,000
Hazel Grove, Westfield	9	£9,000
Kingfisher Drive, Westfield	2	£2,000
Linnet Way, Westfield	3	£3,000
Swallow Close, Westfield	2	£2,000
West Hill Road / Rowan Court, Westfield	5	£5,000
Woodpecker Avenue, Westfield	8	£8,000
Steam Mills, Midsomer Norton	2	£2,000
Lincott View, Peasedown St John	4	£4,000
Highway Street Lighting 18/19 Sub Total	394	£400,000
Highway Structures Programme		
Claverton Street Subway, Bath - Improvement Works		£134,000
Windsor Pipe Bridge, Bath - Major Maintenance Works		£40,000
Camden Crescent, Bath - Arch Repair Construction Phase		£271,000
Vineyards/Lansdown Road Retaining Wall & Railing Repairs - Construction Phase		£160,000
Structures Inspection Remedial Works Programme		£70,000
Structures Assessment Programme		£75,000
Highway Structures 18/19 Sub Total		£750,000

Description	Measurement	Funding
Highway Drainage Programme		
Station Road, Clutton		£20,000
Mill Hill, Wellow		£25,000
A4 Globe Roundabout, Corston		£50,000
A368 Bath Road/Wick Road, Bishop Sutton (New Manor Farm)		£20,000
A368 Wick Road, Bishop Sutton		£15,000
Lower Road, Hinton Blewett		£20,000
Highway Drainage 18/19 Sub Total		£150,000
Carriageway Resurfacing & Major Re-Construction		
	SQM	
A4 Keynsham Bypass Improvements, Keynsham (Phase 2 DfT Challenge Funding)	46,000	£2,000,000
A367 Green Park Road, Bath	1,731	£45,000
James Street West, Bath	3,475	£90,000
Little Stanhope Street & Stanhope Place, Bath	564	£16,000
Norfolk Buildings, Bath	1,174	£32,000
Great Stanhope Street, Bath	472	£13,000
Charles Street, Bath	1,913	£52,000
Solsbury Way, Fairfield Park	3,248	£90,000
Marshfield Way, Fairfield Park	2,924	£82,000
C481 Lansdown Lane, Upper Weston (Part of)	1,114	£30,000
C15 Lansdown Road, Lansdown (Part of)	1,883	£55,000
Shaftesbury Avenue, Lower Weston	533	£30,000
B3111 Brougham Hayes/A36 Lower Bristol Road, Bath (Transport Improvement Contribution)	5,400	£120,000
C464 Red Hill Phase 2 (C464), Camerton	2,644	£80,000
B3130 The Chalks, Chew Magna	169	£18,000
Church Lane, East Harptree	3,533	£100,000
Park Road, Keynsham	3,321	£100,000
B3110 Midford Road, Midford (Part)	2,740	£75,000
Redfield Road, Midsomer Norton	4,230	£132,000
A367 Wells Road, Westfield (Phase 2)	2,475	£77,000
Claverton Road, Saltford	3,694	£100,000
Mill Lane, Timsbury	1,800	£49,000
B3115 North Road, Timsbury	4,939	£135,000
C466 Wellow Road, Wellow (Phase 3)	4,050	£112,000
A37 Rush Hill, Farrington Gurney	5,988	£160,000
Carriageway Resurfacing 18/19 Sub Total 106,539	110,014	£3,793,000
Carriageway Surface Dressing		
	SQM	
C450 Norton Lane, Whitchurch	6,696	£51,000
B3130 Winford Road, Chew Magna	6,359	£48,000
B3114 Bristol Road, Compton Martin	7,698	£58,000
C495 Hinton Blewett Road, Stowey	6,345	£48,000
A39 Bath Road, Farmborough	14,519	£105,000
C462 Bungays Hill, High Littleton	7,899	£60,000
B3110 Midford Road, South Stoke	2,486	£25,000
B3110 Bath Road, Hinton Charterhouse	8,007	£60,000
C466 Branch Road, Hinton Charterhouse	7,172	£55,000
A362 Somervale Road, Radstock	11,233	£80,000
A37 Bristol Road, Whitchurch	14,391	£105,000
Carriageway Surface Dressing 18/19 Sub Total 92,805	92,805	£695,000
Carriageway Micro Asphalt Surfacing		
	SQM	
Englishcombe Way, Bloomfield	1,274	£10,000
Tunbridge Close, Chew Magna	1,640	£12,000
Duchy Road including Prince's Street, Clandown	1,023	£9,000
Tilley Close, Farmborough	2,576	£18,000
Manor Gardens, Farmborough	1,992	£15,000
The Mead, Farmborough	1,944	£14,000
Bellifants Farm Including Bridge Gardens, Farmborough	1,445	£10,000
The Street, Farmborough	3,327	£23,000
Rotcombe Lane, High Littleton (Rotcombe Vale, Kingwell View, Parklands & Sixpence)	4,381	£31,000
Elm Grove, Lower Swainswick	1,510	£11,000
Woodborough Road, Radstock	2,476	£17,000
Mells Lane, Radstock	3,542	£25,000
Longfellow Road, Westfield	4,509	£32,000
Kipling Road, Westfield	450	£6,000
Shelley Road, Westfield	794	£7,000
May Tree Road, Westfield	1,356	£10,000
Cherry Tree Close, Westfield	333	£4,000
Tiledown, Temple Cloud (Tiledown Close, Field Gardens Rd, Ham Close & Goldney Close)	6,627	£46,000
Carriageway Micro Asphalt Surfacing 18/19 Sub Total 41,199	41,199	£300,000

Description	Measurement	Funding
Footway Programme		
Paving Programme		£75,000
Asphalt Concrete Programme		£100,000
Slurry Sealing Programme		£75,000
Footway 18/19 Sub Total		£250,000
Other Programmes		
Planned Patching Programme & Pothole Action Fund		£358,000
Planned Road Marking Improvement Programme		£50,000
Other 18/19 Sub Total		£408,000
PROGRAMME 18/19 OVERALL TOTAL		£6,746,000

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2018/19 Transport Improvement Programme	
Description	Funding
Local Safety Schemes	
Accident investigation and prevention (AIP) & Minor Safety schemes design & Implementation	£25,000
13/00127/OUT – Parcel 5400 Fosseyway South, Westfield, MSN Toucan, Gateway + speed limit	£120,000
Park Road Keynsham - Traffic calming feasibility study	£5,000
A36 Route Review	£20,000
A367 Route Review delivery	£100,000
Oakley junction improvements Land & Feasibility	£25,000
Station Road Clutton - speed management investigation/works	£15,000
Local Safety Schemes Total	£310,000
Public Transport	
Improvements to bus stops	£30,000
12/04590/OUT - Parcel 0025 Monger Lane (Withies Park, Bus Stop contribution)	£24,000
12/04238/OUT Stitching Shord Lane - bus stop contribution	£15,000
Public Transport Total	£69,000
Managing Congestion	
Signal upgrades feasibility (Upper Bristol Rd/Windsor Bridge)	£15,000
Residents Parking Zones	£65,000
A37 Staunton Lane junction improvements feasibility design CIL	£45,000
Parking Schemes TRO	£45,000
Managing Congestion Total	£170,000
Safer Routes to Schools	
Strategic Review Safe Routes to school	£140,000
Safer Routes to School Total	£140,000
Cycle Schemes	
Cycle parking	£5,000
River avon Link between Cycle Paths, via former railway bridge feasibility	£10,000
Keynsham strategy - Broadlands phase 2 CIL	£100,000
Sydney Gardens cycle route detailed design	£20,000
Cycle Schemes Total	£135,000
Pedestrian Schemes	
Aids to mobility	£20,000
Public Rights of Way	£70,000
13/03562/OUT Temple Inn Lane, Temple Cloud Footway works see agreement	£25,000
07/02424/EOUT – Polestar, Hallatrow Road, Paulton PROW	£17,823
12/04238/OUT Stitching Shord Lane - Feasibility design - Ped crossing improvements	£5,000
James Street West zebra upgrade feasibility	£5,000
Wellsway/Kippling Avenue crossing feasibility	£5,000
Radstock Road M-S-N Zebra/Pufin crossing construction *TC8696*	£75,000
Pedestrian Schemes Total	£222,823
Traffic Management Schemes	
Wellsway Keynsham speed limit review	£5,000
Traffic restriction TROs (weight limit/speed limit)	£35,000
Forefield Rise & Rosemount Lane Widcombe - Traffic Study	£15,000
Batheaston Fiveways junction Improvements - detailed design & consultation	£25,000
14/04354/EOUT Mulberry Park - crossing & cycle routes	£200,000
Getting About Bath detailed design of modelled Pedestrian Improvements (TC4623)	£35,000
Access restrictions to the Circus - study & Trial scheme delivery	£25,000
Kingsmead Square access restriction trial implementation	£30,000
14/04728/FUL Brougham Hayes junction Improvements, Bath	£225,000
Traffic Management Schemes Total	£595,000
Miscellaneous	
JLTP Monitoring, Equipment and NHT survey	£15,000
Programme Management	£50,000
Legacy/Remedial works - previous years schemes	£25,000
CSB approved Feasibility Study progression to delivery	£360,000
Miscellaneous Total	£450,000
Local Growth Fund Schemes	
A368/A39 Marksbury Junction (Bences Garage) Improvements	£890,000
Local Growth Fund Schemes Total	£890,000
PROGRAMME 18/19 OVERALL TOTAL	£2,981,823

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2018/19 Corporate Estate Planned Maintenance Programme

Description	Funding
Station Road Car Park Wellow	£20,200
The Guildhall - Roof access improvements	£46,300
Southside Youth Centre - Conversion of internal water supply & works to cladding	£20,700
Welton Transfer station - New drain	£11,500
RVP Offices & Nurseries - Replacement boiler (provisional)	£139,000
RVP Offices & Nurseries - New security fence	£9,500
RVP Pavilion - Replacement boiler	£110,200
Keynsham Childrens Centre - Replacement Fire Alarm	£19,500
Radstock Road Deport - Replacement intruder and fire alarm	£4,000
Radstock Road Deport - Surface drainage works	£17,400
Haycombe Crematorium - Lower plant room, new open sided covering to air handling unit	£13,900
Haycombe Crematorium - Replacement roof in upper roof section	£40,600
Haycombe Crematorium - Replacement storm drain	£17,400
St Laurence's Closed burial Ground East Harptree - Rebuilding wall	£6,000
St Thomas a Becket, Pensford - Rebuilding wall	£11,500
Paulton Hub - Air con installation	£14,500
Beecham Cliff - Works to Cliff	£58,000
Bloomfield Road Play Area - re-surfacing of paths and new handrail	£5,500
Brass Mill, Saltford - Sluice repairs	£29,000
Lewis House - replacement soil stack	£5,700
Various Properties - BMS works to the heating system	£92,400
Various Properties - Capital items from new surveys	£150,000
Various Properties - Capital items from statutory compliance testing	£350,000
Manor Road - Access Road, Bathford	£10,000
Contingency (including reserved funds for Midland Transfer Station)	£154,200
Total	£1,357,000

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Annex 5 (v): Community Infrastructure Levy (CIL) Allocations

It is forecast that the Council will receive a record CIL income in 2017/18 of over £3.86m which will be available for spend in 2018/19 on infrastructure. This will make a substantial contribution to fulfilling the Core Strategy requirement that new development must be properly aligned with infrastructure. In doing so, it also makes a significant contribution to the Council's Capital programme.

In addition, it is anticipated that local communities will receive an additional £0.75m of income for local spend.

Principles

The principles underpinning the decisions on how CIL income should be spent are;

- Decisions are made annually but based on a longer term programme of spend to ensure a co-ordinated approach to support delivery of the Core Strategy;
- Priority is given to infrastructure in the Infrastructure Delivery Plan (IDP) which is critical to supporting planned growth;
- Spend should be aligned with the Council's capital programme;
- Spend should take account of where CIL is generated;
- Strategic and Local CIL spend should be aligned where it is beneficial.

Proposals

The proposed spend of CIL for 2018/19 is summarised in the table below;

CIL Spend Category	Proposed Spend for 2018/19 £m
Flood Risk Management	0.740
Education	1.360
Green Infrastructure, Recreation & Leisure	0.530
Waste	0.400
Strategic Transport Infrastructure	0.725
Carry Forward for Use in Future Years	0.118
Total Proposed Spend for 2018/19	3.873

The detailed list of allocations for 2018/19 is listed in the table below;

CATEGORY AND ITEM	Income 2017/18 for spend 2018/19 £m
Flood Risk Management	
Bath Quays (RIF Project)	0.740
	0.740
Education	
Expansion of Secondary school(s), Bath	0.500
Bath Primary schools	0.370
St Nicholas School, Radstock expansion	0.290
Peasedown St John School expansion	0.200
	1.360
Green Infrastructure, Recreation & Leisure	
Waterspace study (Bath River Avon Park)	0.200
Keynsham Memorial Park (Riverside)	0.100
Midsomer Norton Town Park, Phase 2	0.050
Whitchurch Village Park	0.050
Midsomer Norton Town Centre Public Realm	0.080
Whitchurch public realm	0.050
	0.530
Waste	
Relocation of waste and recycling operations	0.200
Relocation of Bath Recycling Centre Facility	0.200
	0.400
Strategic Transport Infrastructure	
York Street / Swallow Street Public Realm	0.100
Union Street Public Realm	0.150
Bath Streetscape	0.050
Keynsham Transport	0.200
Highways schemes in North East Somerset	0.180
Transport Whitchurch	0.045
	0.725
Carry Forward for Use in Future Years	
Future Year Allocations	0.118
	0.118
	3.873

The Capital Programme has been updated to include CIL funding.

In some cases the relevant Capital Programme items are for multiple years, which include funding through CIL allocations. It is therefore proposed that allocations for future year CIL are confirmed in line with the Capital Programme for 2019/20 onwards as follows;

CATEGORY AND ITEM	Income 2018/19 for spend 2019/20 £m	Income 2019/20 for spend 2020/21 £m
Future Year Allocations within Capital Programme		
Keynsham Leisure Refurb	0.250	-
Relocation of waste and recycling operations	0.500	-
Relocation of Bath Recycling Centre Facility	-	0.350
	0.750	0.350

Local CIL for Bath

Recommendations for the spending of the neighbourhood element of CIL for Bath are considered at meeting of the Bath City Forum Working Group. Meetings take place every two months and the recommendations are taken to the full meeting of Bath City Forum where each project is voted upon. The successful recommendations then need to be approved by cabinet before the funds can be committed.

Bath City Forum has recently met and made its first recommendation, which will be brought forward for Cabinet consideration in due course.

The process for the submission of applications and the full criteria are available on the [B&NES Council website](#) along with a status report for project ideas that have been received.

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Council MRP Policy – (2018/19 Policy)

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 1st April 2008 MRP will be determined as the principal repayment on a 50 year annuity with an annual interest rate equal to 2% which will fully finance this element of the CFR within 50 years, incorporating an "Adjustment A" of £38.8m. This is a change from original 2016/17 MRP Policy where the CFR was being financed on a 4% reducing balance methodology and whilst the change will generate savings it is also considered to be more prudent as it finances the CFR over a shorter period.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For assets acquired by finance leases or the Private Finance Initiative [and for the transferred debt from Avon County Council], MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP

policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

Capital expenditure incurred during each financial year will not be subject to a MRP charge until the following financial year or until the year after the asset becomes operational.

BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

PROCESS

1. It is important to be clear on the process to be followed in setting the 2018/19 Budget. This paper sets out the guidance provided by the Council's Monitoring Officer.
2. The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.
3. The Cabinet can, in its absolute discretion, receive from any political group that so wishes, an alternative budget proposal to that published in the Cabinet agenda papers. It can only consider such proposals if it is satisfied that they have been discussed with the Council's statutory officers and relevant Directors and that an impact statement from Officers about such proposals is available.
4. All proposals that the Cabinet meeting is prepared to consider will therefore be cleared with the Section 151 Officer, the Monitoring Officer, and relevant Strategic / Divisional Directors beforehand.
5. The Cabinet will formulate a budget proposal and Council Tax recommendation for the Council meeting on 13th February 2018. Such budget proposal may either take the form of a composite proposal or may include agreed core proposals and options for allocating parts of the budget.
6. The Council has available to it at the budget setting meeting two options. It can object to specific parts of the proposals and if it does so, must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet the reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively it is, of course, open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.
7. Council may then determine the budget on the basis of the Cabinet's recommendations as set out in paragraph 5 above, plus any insignificant changes adopted as amendments at the Council meeting. The Constitution provides that the meeting itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget so as to require reconsideration by the Cabinet.
8. If a significant proposal is accepted on a vote at Council (from those proposals notified at the Cabinet meeting) this stands as a formal objection within the terms of the law and will be referred to the Leader for him to secure consideration by the Cabinet and report back to the Council meeting on 22nd February 2018.

9. When the Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the Council Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed, that has been the subject of consideration under the process outlined in paragraphs 6 to 8.
10. In setting the budget the Council is required to approve a full budget resolution including the police, fire and parish precepts and the proposed Council revenue and capital budgets for 2018/19. That budget will include within it the overall proposed Council cash limits for 2018/19 including the provision for inflation, the proposed use of balances in the 2018/19 budget (if any) and the resulting budget requirement and Council Tax for Bath and North East Somerset including any recommendations for special expenses. The Council will also approve the borrowing limits for 2018/19 and prudential indicators.
11. Legally, the Council must set a balanced budget for the forthcoming year and determine the level of Council Tax. If a budget is not set by the date of the reserve budget-setting meeting (22nd February 2018), this will lead to a delay in billing and a loss in council tax cash flow. It is highly likely that this will also translate into a higher level of uncollectable debt and debt collection costs and in addition this will significantly impact on council tax performance indicators. A delay until 22nd February 2018 may also compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will also be delayed with negative cash flow impacts.
12. The final Council Tax set will encompass all parish and police and fire precepts (that is the money we collect on behalf of the parishes, fire and police and pay to them).

Maria Lucas

Head of Legal & Democratic Services (Monitoring Officer)

Pay Policy Statement 2018 -19

Purpose and scope

- 1.1 The purpose of the statement is to provide a clear and transparent policy to the public, which demonstrates accountability and value for money.
- 1.2 The policy statement meets the Council's obligations under the Localism Act 2011 [Section 38 (1)] and the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013) together with the Local Government Transparency Code 2015 (February 2015)) from the Department for Communities and Local Government.
- 1.3 It articulates the Council's policies towards a range of issues relating to the pay (including severance pay) of its direct workforce, in particular its Chief Officers, as defined by the Local Government and Housing Act 1989 and lowest paid employees. Details of 'Chief Officers' employed by the Council can be found on the Council's public website. The policy will be reviewed, to reflect any statutory changes (particularly in relation to public sector severance payments), anticipated in the coming the year.
- 1.4 The Council's pay arrangements reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability on the public purse. The policy recognises flexibility which is essential in delivering a diverse range of services and is underpinned by principles of fairness and equality.
- 1.5 The pay policy statement applies to both the lowest and the highest paid. In accordance with provisions of the Localism Act, it does not extend to schools and this statement does not, therefore, include school based employees.
- 1.6 The statement is approved by Full Council, i.e. not delegated as an executive or committee function, in advance of the financial year to which it relates and must be reviewed at least annually. Any amendments will be approved by Full Council.
- 1.7 The statement is published on the Council's public website.

Definitions

For the purposes of this Pay Policy Statement the following definitions apply:

- 2.1 **'Pay'** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancement to pension entitlements and termination payments where applicable.
- 2.2 **'Chief Officers'** refers to the following roles in the Council:

Statutory Chief Officers (see also annex 1) are:

- Chief Executive, as 'Head of Paid Service'
- Strategic Director – People & Communities, as 'Director of Children's Services' and 'Director of Adult Social Services'
- Director of Public Health
- Head of Legal & Democratic Services as 'Monitoring Officer'
- Strategic Director - Resources, as Section 151 Officer ('Chief Financial Officer')

Non- Statutory Chief Officers are:

- Strategic Director – Place
- Other Directors/Heads of Service are:
senior managers who report direct to/or are accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.

‘Lowest paid employee’ refers to those employees in substantive full time employment at the lowest scale point of the Council’s published pay scale. See paragraph 8.1 below

General principles & practice

- 3.1 All policy matters relating to the Council’s role as an employer including pay under section 112 of the Local Government Act, 1972 are delegated to the Employment Committee. The Restructuring Implementation Committee determine appointments to the posts of Strategic Director and other JNC Officers reporting to the Chief Executive, or Head of Paid Service, subject to there being no objection to the appointment being lodged by the Leader of the Council. The Council operates in accordance with The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 in respect of disciplinary action in respect of the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

Principles:

- 3.2 Bath & North East Somerset Council values all its employees and aims to apply a consistent and fair approach to pay and benefits in line with the following principles:
- ❖ To work within financial constraints and use those limited funds in the most effective way to support the Council in the provision of quality cost effective services and its workforce needs
 - ❖ To aim for consistency and fairness in the processes used to manage pay and benefits, as appropriate to service delivery and in line with its commitment to remaining within the framework of the relevant national pay and conditions agreements
 - ❖ To promote an equal pay agenda by ensuring that pay and job evaluation systems and processes meet legislative requirements and to actively work towards reducing any unjustified gender pay gaps
 - ❖ To ensure that pay and benefits processes and policies are transparent and accessible to all employees
 - ❖ To be mindful of the market in making decisions about pay and benefits
 - ❖ To take account of affordability in the introduction and maintenance of any changes to pay structure
 - ❖ To be clear about the recognition and reward of performance, whether at whole organisation, service, team or individual level
 - ❖ To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts.
 - ❖ To enable the Council to attract and retain its employees and in order to do so, respond to situations where market forces dictate the necessity to apply supplements to established salaries.
 - ❖ To aim to retain a core set of benefits for all employees.

Practice:**3.3 Basic pay is determined through**

- The job role and it's accountability in the overall context of the Council's services and responsibilities using the HAY job evaluation process which is based on objective criteria and free from discriminatory bias.
- Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments including Chief Officers and their Deputies.
- The terms of the relevant national agreements on pay and conditions of service.
- The amount available for the pay review process is also impacted by what the Councils which are party to the national agreements can collectively afford.
- A comprehensive pay and grading structure has been adopted that positions the Council against median salary benchmarking compared to a national data base maintained by the Hay Group, is affordable and offers recruitment and retention incentive. This is kept under review and is benchmarked against similar posts in other authorities.
- The outcome of reviews into the local pay and grading structures are determined within the terms of this policy and the Council's constitutional arrangements.

Note: This excludes apprentices, interns and trainees, whose pay rates reflect the degree of training and development required in the roles.

3.4 Pay on appointment

- Staff are normally appointed at the bottom scale point of the grade at which the post has been evaluated.
- Managers have discretion to appoint at a higher scale point within the grade band if the appointee can demonstrate that they are currently earning more than the minimum salary for the grade or there are other extenuating circumstances such as difficulties in attracting suitable applicants.

3.5 Pay review dates

- Grade progression (i.e. movement from a lower to a higher salary scale point (scp) within a grade where applicable) takes place on 1st April of each year until the highest scp in the grade is reached. Grade progression is subject to satisfactory performance (and may be withheld if performance is unsatisfactory) and a minimum of 6 months service in the grade. Where 6 months service cannot be achieved by 1 April, progression is considered on the anniversary of six months service.
- Where an increase in pay has been negotiated through the national pay bargaining framework, it will be implemented with effect from 1st April of the appropriate year (unless alternative implementation arrangements are specified in the agreement). Where the negotiations have not been concluded by 1st April, the increase will be paid at the earliest opportunity together with back pay from 1st April.

3.6 Honoraria & other allowances

- Work outside the scope of the post can be recognised by the award of an honorarium. The conditions and framework are set out in the 'Recognition for work outside the scope of the post' policy. Assessment and payment will be based on non - discriminatory, objective criteria.
- Allowances, for example standby, may be made to employees below senior manager level in connection with their role or pattern of hours they work in accordance with national or local collective agreements.
- The Council does not normally pay market supplements (i.e. a salary greater than the evaluated rate for the post to match salaries paid by other organisations). This arrangement is, however, kept under review in light of the prevailing market and issues of staff attraction and retention.

3.7 **Re-employment of former local government employees**

- The Council retains sufficient flexibility in its response to the re-employment of former local government employees to enable it to respond appropriately to the particular circumstances. It ensures that an open and fair selection process takes place before any appointment is confirmed. 'Merit' is the sole criteria for engagement.
- If the Council were to re-employ a previous local government employee who had received a redundancy or severance package on leaving, or who was in receipt of a pension covered by the Redundancy Payments (Continuity of Employment in Local Government Modification) Order 1999, known as the Modification Order) (with the same or another authority), then the Council's policy is to ensure that the rules of the Modification Order are applied. The Council will keep these provisions of its policy under review to ensure compliance with any legislative changes which come into force during the course of the year.

3.8 **Use of consultants, contractors and temporary 'agency' staff.**

- Ordinarily staff will be engaged directly by the Council as employees but on an exceptional basis, where particular circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency basis'. When this situation arises, the Council will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements must be in accordance with the Council's code of practice and HMRC rules.

Equal pay

4.1 The Council is committed to the principle of equal pay for all posts of the same size and value and has implemented the national 'single status' agreement. In order to put its commitment to equal pay into practice, the Council:

- regularly reviews its pay grade and rates for all current staff and starting pay for new staff in line with Equality and Human Rights Commission guidance and the Council's Equality policy.
- informs employees of how these practices work and how their own pay is arrived at.
- provides training and guidance for managers and supervisory staff involved in decisions about pay and benefits.
- regularly monitors pay and grading data and statistics
- will publish pay equality data as statutorily required, including Gender Pay Gap reporting from 30 March 2018.

Ensuring consistency

5.1 The Council seeks to ensure consistency through the following processes:

- All departments are provided with the same quality of internal support in the job evaluation process. The Human Resources Service (in conjunction with senior managers, as appropriate) has an on-going responsibility to review pay levels across the Council and highlight any potential anomalies.

5.2 If there is an exceptional need to review pay outside of the normal pay review timetable, proposals will be considered and approved by the relevant Director and the Head of Human Resources.

Pensions

- 6.1 Subject to the provisions of the relevant scheme, all directly employed staff who are the subject of this policy and are otherwise eligible are enrolled into a contributory statutory pension scheme. They may choose to opt out of membership. The Council has determined its policy in respect of discretionary provisions available within the relevant scheme in accordance with statutory requirements.
- 6.2 The Council has in place a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working fewer hours. The Council considers all proposals on their individual merits but would not take any action beyond that authorised by existing policy without reference to the appropriate Council decision making body.

Senior pay

- 7.1 The remuneration of the Chief Executive and other senior management appointments in the Council (see Annex 1) is undertaken by external analysts using the Hay Job Evaluation process. Levels of pay have been market-related by being compared to a national data base maintained by the Korn Ferry Hay Group of similar posts in a wide range of public and not for profit sector organisations. The pay structure for Chief Officers takes account of the clearly defined additional 'statutory responsibilities' (see section 2 above). Five pay bands will be available for the most senior officers as set out in the Annex 1.
- 7.2 Any increases in pay rates will normally be in line with those negotiated nationally by Joint Negotiating Committees (JNC's) for Chief Executives and Chief Officers respectively. The pay policy, whilst agreed in advance of the financial year to which it relates, can be amended during the course of the year to incorporate a pay award negotiated nationally or for other reasons.
- 7.3 Where there is a pay range for a job the Council's adopted aim is to offer an appointment to the minimum point of the appropriate salary band. In order to secure the services of the best candidate it may be necessary to offer a higher amount. In these circumstances approval by the employing Director or members of the appointing Member committee as appropriate, in consultation with the Head of Human Resources, is required.
- 7.4 Where a pay band consists of a number of different salary points, any progression to the next incremental point is subject to satisfactorily meeting performance criteria agreed in advance with the Chief Executive or Strategic Director, as appropriate (in consultation with the Group Leader. Any increase is paid from 1 April subject to 12 months service in that pay band and the maximum not being exceeded.
- 7.5 This is no provision for the Council to pay any bonuses, charges, fees or allowances, benefits in kind to senior employees or any other employees other than relocation allowances and expenses necessarily incurred in the performance of their duties. This provision is kept under review.
- 7.6 Other conditions of service are those determined nationally by the JNC's specifically for these appointments or, as locally determined for all other Council staff.

- 7.7 Senior staff are not differentiated from other members of staff in terms of remuneration on resignation or termination. The Council's general arrangements for severance and scheme for discretionary payments apply to this staff group as to all employees.
- 7.8 Proposed severance packages in excess of £100,000 (this threshold includes [but is not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) are referred to the Restructuring Implementation Committee for consideration. This provision will be reviewed to comply with any legislative changes made during the coming year.
- 7.9 The Council's threshold level for disclosure of senior staff salaries will be at the minimum point of the senior civil service pay scale and above as at 31 March.

Relationship between senior pay and the 'lowest paid council employee'

- 8.1 The grading structure and pay line determine the salaries of the highest and lowest paid Council employees. The Council's highest paid employee is its Chief Executive (see Annex 1). The lowest salary offered for substantive, full time employment in 2018-2019 will be £15,807 as determined by national negotiations within the National Joint Council for Local Government Services.
- 8.2 The ratio between the highest paid salary and the median salary for the whole of the Council workforce (£22,658) is 1:7. The Council does not currently have a policy of maintaining or reaching a specific ratio of pay multiple between the Chief Executive and that of the median earner.

Publication

- 9.1 The Council's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its public website as part of its requirements within the Accounts and Audit (England) Regulations 2011 and in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency. A copy of the Pay Policy Statement is published on the Council's website: www.bathnes.gov.uk/services/jobs/

Further information

For further information on the Council's pay policy please contact the Council's Human Resource Service email: human_resources@bathnes.gov.uk. Tel: 01225 477203

SENIOR MANAGEMENT PAY & GRADING

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions
CHIEF EXECUTIVE & HEAD OF PAID SERVICE		
Band 1	Fixed/Spot	<ul style="list-style-type: none"> - A fixed salary within the range £147,000 to £157,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy - No variable element within the remuneration package. - All other conditions in accordance with overall Council pay policy.
STRATEGIC DIRECTORS		
Band 3	Fixed/Spot	<ul style="list-style-type: none"> • People & Communities [statutory roles for Adult & Children's Services] (PC) • Place (P) • Resources [S151 Officer] (R) - A fixed salary within the range £117,000 to £132,000 pa taking account of current public sector market median data provided by the independent analysts and the Council's general starting salary policy - No variable element within the remuneration package. - All other conditions in accordance with overall Council pay policy.

BAND	MIN/MID/MAX POINTS	Composition, Terms & Conditions	
DIVISIONAL DIRECTORS/Heads of Service			
Band 4	Minimum	£95,587	<ul style="list-style-type: none"> • Adult Care and Health Strategy Commissioning (PC) • CYP Specialist Services (PC) • Business Support (R) • Property & Project Delivery (R) • Environmental Services (P)
	Middle	£98,399	
	Maximum	£101,211	
NHS	Fixed	£90,263	<ul style="list-style-type: none"> - Director of Public Health (PC) Part of the transfer of Public Health Services to Local Government & paid in accordance with NHS senior consultant rates with other statutory related protections
Band 5	Minimum	£84,343	<ul style="list-style-type: none"> • Strategy and Performance (R) • Business Support (R) • Legal & Democratic [Monitoring Officer] • Development (P) • Community Regeneration (P) • Customer Services (R)
	Middle	£87,152	
	Maximum	£89,967	
Band 6	Minimum	£73,096	<ul style="list-style-type: none"> • Business Support (R)
	Middle	£75,910	
	Maximum	£78,719	

Notes:

- 'Band 2' is not currently in use
- 'NHS' relates only to the Public Health statutory transfer provisions

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Annex 9 - Budget Aims and Ambitions

Bath and North East Somerset Council, in partnership with other local public sector agencies, has developed an ambitious **2020 vision** for the area. This was reported to Council last year at the start of the four-year Financial Plan and, together with the **Corporate Strategy**, remains the overarching strategic guide for future changes.

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

The Corporate Strategy has been shaped by and will deliver the **'Putting Residents First'** manifesto, which contains three core aims and six key priorities for the Council to focus on:

Core Aims

- ➔ Efficient and well run;
- ➔ Invests in the future of the area; and
- ➔ Puts the interests of residents first

Key Priorities

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

The Council is already making good progress in working towards this vision. This year's budget sets out the position for the next two years in more detail, along with the key operational changes outlined in the Council's new **Operational Plan**, which also focuses on what we need to do over the next two years to help achieve our overarching Corporate Strategy and vision for the future, and be aligned with the budget.

Our key priorities will continue to guide Council activity and budget planning over the next year, ensuring that resources are allocated in a robust and sustainable manner, and enable the Council to invest in the things that matter most to local people.

Below are some examples of how the budget will continue to deliver the Cabinet's commitments, including a selection of projects and schemes from the capital investment programme.

Tackling Waste and Increasing Efficiency

Corporate Estate Office Accommodation - Office accommodation will be further reduced in line with the reduction in the staffing establishment, with flexible working continuing to provide efficient use of space.

Commercial Estate Income - Investing in property acquisitions to continue to diversify the commercial estate and generate income in excess of financing costs. A prudent gearing threshold will be set as part of an investment strategy.

Digital by Choice - Digital services will be further developed to enable the Council to deliver quality services on a 24/7 basis, while ensuring choice about how to access services is available for those that need it.

Management Arrangements and Staffing - Management will be further streamlined and there will be staff reductions equivalent to approximately 300 FTE posts (from 2,000 FTE's) to achieve necessary savings. Critical functions and services for vulnerable people will be protected.

Service Redesign and Efficiencies:

- ➔ Opportunities for shared services will be developed including potentially with neighbouring Councils, the Clinical Commissioning Group (CCG) and West of England (WoE). This will in part be driven by service resilience and value for money requirements, health integration aspirations and WoE regeneration opportunities
- ➔ Implementing a range of efficiency measures and management savings across Adult Health, Care and Wellbeing service areas in line with budget pressures but ensuring that our Care Act and other statutory duties are fulfilled and demand pressures mitigated wherever possible.
- ➔ Review and restructure of staff conducting performance management, analysis, research and data reporting activity across all Council services
- ➔ Review and restructure of staff conducting marketing and communications activity across all Council services

Modern Libraries Review - Integrating library and customer advice services together with a community led approach to local branch libraries will ensure local library services remain self-sustainable and meet the changing way people are using libraries. The review is being phased to enable proper consultation, local engagement and decision making at each stage, with work ongoing in Bath, Midsomer Norton and Radstock.

Schools Support Services and Trading Services Review - Services for schools including payroll, ICT, finance, cleaning and catering have been reviewed in the light of schools becoming academies and often choosing to buy their support elsewhere. Schools will be supported to procure value for money services and the Council will reduce or withdraw its provider role accordingly.

Corporate Travel Plan - Implementing a further robust package of corporate travel plan measures (including smart working, pool cars and behaviour change) to reduce cross-council mileage costs.

Capital Investment Programme

Property

- ➔ **Lewis House Refurbishment** - re-configuring and refurbishing Lewis House to externally let space as the workforce decreases
- ➔ **Commercial Estate Investment Fund** - ensuring that key properties within the commercial estate reach their maximum income potential while reducing lengthily voids
- ➔ **Commercial Estate Acquisitions** - providing a fund for the acquisition of appropriate property to increase the financial return of the council's property portfolio and enable revenue savings to be achieved.

Improving Local Transport

Improvements in Transport Infrastructure - The Council is investing an additional £19.2 million in highway and transport improvements, including; £4.4 million for small transport improvement, walking & cycling and transport information schemes, and £5.6 million for highways maintenance projects, structural improvements and potholes. The Council is also applying a share of a £1 billion investment in transport infrastructure from the West of England Devolution agreement to support strategic transport projects, major roads, rail networks, cycling and walking routes.

'Getting from A- B' Strategic Review - Continuing delivery of the 'Getting from A- B' Strategic Review for Transport, which will include the delivery of identified savings, embedding new ways of working within services, and establishing new relationship with suppliers.

Air Quality - Developing a national Air Quality Action Plan for Bath, initially focusing on the delivery of a feasibility study and business case outlining measures to achieve compliance with the national air quality objective.

Capital Investment Programme

Highways & Transportation

- ➔ **Transport Improvement Programme** - Traffic improvements, road safety schemes, bus priority schemes, walking and cycling schemes and transport information schemes
- ➔ **A4 Keynsham Bypass** - maintenance of highway assets on the A4 Keynsham Bypass
- ➔ **Terrace Walk** - feasibility study to identify the costs of repairs on the undercroft structure and enable political decisions to be taken on the long term use of this space
- ➔ **York Street Vaults P2** - replace the waterproofing above the vault and reconstruct the road to provide a long term solution and reduce the risk of any premature failure of the vault in future

- ➔ **Strategic Transportation Programme** - to facilitate wider Strategic Transportation Works , in particular to support measures to reduce the impact of traffic on the east of Bath.
- ➔ **A39 Marksbury Junction** – Junction improvement to ease flow of traffic on a busy commuter route.

Parking

- ➔ **Pay & Display Replacement** - rolling programme to replace Pay & Display machines
- ➔ **Parking Vehicles** - rolling programme to replace parking vehicles
- ➔ **Manvers Street Car Park Security** - securing the lower level to prevent the ongoing and significant issues with encampments being constructed within the car park.
- ➔ **Lansdown P&R Extension** – low cost extension of up to 10,000 square metres.
- ➔ **P&R Alligator Teeth** - rolling replacement programme to replace alligator teeth.

West of England funding

- ➔ **A37 to Somer Valley Enterprise Zone** – Improving traffic flow and transport links between the A37 Farrington Gurney and the Somer Valley Enterprise Zone.
- ➔ **Freezing Hill Lane improvements** – Study looking at options to improve traffic flow at the junction of Freezing Hill Lane/Togg Hill and the A420.
- ➔ **Hicks Gate roundabout** – Study looking at improvements to the Hicks Gate roundabout to improve traffic and reduce congestion.
- ➔ **East of Bath link road** – Study looking at the feasibility, options and benefits of a road project linking the A36 and A4/A46 east of Bath.

Delivering New Homes and Jobs

Enterprise Zones - Investing up to £30 million to support the delivery of the Bath and Somer Valley Enterprise Zones, which will help to create up to 2,500 local jobs at Bath Quays and around 400 jobs in the Somer Valley.

New Broadband Fibre Network - Improving connectivity through continued support for rural broadband and the Digital B&NES project to enable the provision of Wi-Fi, ultrafast and superfast broadband.

Property Company (ADL) Housing Developments - New housing will be provided through the Council's property company to support the delivery of new local housing need and generate a return for the Council and taxpayer.

Planning Application Performance - Development Management will continue to meet targets for the determination of major and minor applications (13 weeks or otherwise agreed and 60% target, and 8 weeks or otherwise agreed and 70% target respectively).

Building Control Performance - Building Control will continue to achieve positive customer feedback and meet application turnaround times (maintain 95% customer satisfaction and 90% of application decisions made within 3 weeks).

Homelessness - Continue providing an effective homelessness prevention service, ensuring there are low numbers of households in temporary accommodation and / or rough sleeping.

Capital Investment Programme

Housing & Regeneration:

- ➔ **Affordable Housing** - facilitate provision of affordable housing (uplift budget for 2018/19 and 2019/20 to extend the length of the capital programme to facilitate delivery of around 165 units per year)
- ➔ **BWR Phase 2 Bid** - expanding Bath Western Riverside further to the West to continue successful housing delivery
- ➔ **HIF Keynsham & Whitchurch Infrastructure Bid** - enabling housing including constructing a North Keynsham Link Road and 25,000 sq. metres of employment space in North Keynsham
- ➔ **Somer Valley Enterprise Zone: Site Access Bid** - delivering site access and related improvements to the A362.

Economy - Digital B&NES:

- ➔ Expand existing Bristol scheme providing connectivity to the wider City region, including Bath
- ➔ Expand existing programme of broadband connectivity to 99% coverage
- ➔ Enable replacement of old IT infrastructure and expand 6 month voucher scheme pilot.

Supporting our Young People

Children's Social Care and SEND Improvement – Increasing the budget for Children's Services by £3.1 million, recognising the funding pressures in Children's placements including SEND / High Needs, and Implementing a programme of improvements to children's social care and SEND services in response to the Ofsted inspection and other drivers including demand pressures, working in collaboration with key partners, to ensure we deliver good or better services while mitigating financial pressure on the Council.

Improving school buildings – Investing an additional £8.7 million in new and improved school buildings and facilities, this includes increasing capacity to accommodate additional school places.

Remodelling of Education Services - Remodelling the Local Authority role in education services to reflect the changing legislative and educational landscape, with a growing majority of pupils taught in academy schools, ensuring that the remaining statutory functions are covered as efficiently as possible.

Youth Connect Re-design - Redesigning of Youth Connect services by enabling local community groups to develop the additional capacity in key areas that will offer supplementary services for young people and exploring the potential to develop a staff mutual.

Budget Increase for all B&NES Schools - Some of the lowest-funded schools will receive an increase of more than 10% as historically low funding levels are reversed, with every school receiving an increase in their budget. The overall budget for schools is rising by £3.68 million a year, representing a 3.9% boost to the total schools budget (and the third highest increase in the country).

Service Redesign and Efficiencies - Implementing a range of efficiency measures and management savings across service areas in line with budget pressures while ensuring statutory duties are fulfilled (including implementing changes from the Children and Social Work Act 2017) and demand pressures mitigated wherever possible.

Capital Investment Programme

Schools - Basic Need and / or Statutory Responsibility

- ➔ **Schools Capital Maintenance 2018/19** - to address the worst condition issues at schools
- ➔ **Additional Funding and Feasibility Work** – to deliver new and additional school places
- ➔ **Healthy Pupils Capital Fund** – to improve school facilities
- ➔ **Alternative Education - Refurb & Equipment** - property refurbishment and modifications plus furniture and equipment to complement commissioning of the contract for Alternative Education Provision
- ➔ **SEND Provision Additional Funding** - grant funding to deliver special school and post 16 places in BANES.

Enabling Cleaner, Greener and Healthier Communities

Develop, deliver and monitor Waste Strategy - Re-designing and implementing the new waste collection service to increase recycling and promote services through extensive waste awareness campaigning to improve the percentage of household waste reused and recycled, and energy recovered.

Protecting street cleaning – Protecting the Council's street cleansing budget and continuing to invest in measures to reduce the impact of urban gulls.

Improving leisure facilities – Investing £14 million in new and improved Leisure Centre facilities in Bath and Keynsham, and working with our leisure provider for effective leisure provision.

Investment in parks and recreation – Investing £2 million over two years in parks and children's play areas, including the Midsomer Norton Town Park project, whilst undertaking an operational review of our parks service to identify the potential for additional income generation.

Integrated Health and Care Arrangements

- ➔ Working with Virgin Care (Your Care Your Way' Prime Provider) to lead system-wide transformation and improvements to ensure that services are as integrated, effective and efficient as possible to meet the needs and priorities of the community.
- ➔ Further development to enhance the Council's existing integrated working arrangements with the CCG in order to maximise our joint impact on the health and wellbeing of the local population, whilst benefiting from organisational efficiencies.

Public Health Prioritisation - Identifying further efficiencies and opportunities for prioritisation of resources in the context of reducing government grant funding, while maintaining as much preventative, health improvement and health protection work as possible to contribute to positive health and wellbeing outcomes for the population, and to help to mitigate pressures on care services.

Capital Programme Investment

Planning & Development

Bathscape - partnership project to reconnect people and communities with Bath's landscape setting benefitting people, communities and heritage.

Parks

- ➔ **Play Equipment** - replacement of play equipment across the Council's play areas as equipment reaches its end of life to avoid play areas becoming dilapidated and needing removal with possible site closure, or needing very significant investment to meet community demands
- ➔ **River Avon Park** - improvements and maintenance plan for the River Avon area including initial designs for five parks
- ➔ **Midsomer Norton Town Park and Whitchurch Parks** - improvement works to the parks
- ➔ **Automated Gates** - install automated barrier to prevent cars from accessing Alexandra Park after dark
- ➔ **Royal Victoria Park Nursery Improvements** - repairs and infrastructure improvements to maintain the facility and to grow a broader range of plants
- ➔ **Parks Equipment** - rolling programme of equipment replacement for end of life
- ➔ **Parks s106 Projects** - expand existing programme for s106 requirements
- ➔ **Parks & Bereavement Infrastructure** - projects to ensure that the Council's estate remains in a good and safe condition and to protect site security.

Waste

- ➔ **Litter bins** - extend the existing programme to enable purchase of the Big Belly leases
- ➔ **Relocation of Bath Recycling Centre Facility** - facilitate works around Public Recycling.

Promoting Greater Choice and Independence for Older People

Adult Care Transformation – Increasing the budget for Adult Social Care by £3.94 million to recognise and meet the increased pressures arising from demographic changes and an ageing population. Further containing growth pressures within the adult social care service through the ongoing redesign and transformation of services to maximise independence, prevent escalating care needs and promote reablement after an episode of care. This includes through the use of assistive technology, more efficient purchasing arrangements, and making best use of the Better Care Fund as appropriate.

Redesigning Services - Maximising people's independence as part of implementing new tailored community health and care arrangements developed through the 'Your Care Your Way' project. This includes system-wide transformation and improvements to ensure that services are as integrated, effective and efficient as possible to meet the needs and priorities of the community.

Protecting Elderly and Vulnerable Residents - Additional investment to protect services to elderly and vulnerable residents will be achieved through a ring-fenced council tax precept for Adult Social Care.

Disabled Facilities Grant – Investing an additional £1.3 million over the 5 year programme, for home access improvement for disabled and qualifying elderly residents, to support residents to live more independently in their own homes .

Further details on the context and strategic drivers of the budget are set out in the Council's Corporate Strategy 2016-2020. This strategy sets the Council's direction of travel over the next four years enabling it to shape its business so that it is able to deliver the Cabinet's manifesto commitments. Further details on context to the budget can also be found in the Council's press release and budget video:

- ➔ B&NES Council Corporate Strategy 2016-2020:
http://www.bathnes.gov.uk/sites/default/files/bnes_corporate_strategy_2016-2020.pdf
- ➔ Press release: <http://www.bathnes.gov.uk/latestnews/living-within-our-means-%E2%80%93-council-sets-out-budget-savings-proposals>
- ➔ Budget video: <https://www.youtube.com/watch?v=e1i-y34PVn4>

Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	7 February 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3024
TITLE:	Heritage Services <u>Business Plan 2018-2023</u> update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Annexe 1 – Heritage Services Business Plan 2018-2023		
Annexe 2 – Business Plan financial summary		

1 THE ISSUE

- 1.1 This is the third update of the Heritage Services five-year Business Plan 2015-2020 that was approved by Cabinet in February 2015. It covers the five financial years from 2018/19 to 2022/23 and has been prepared following the annual in-depth review of business activity. The revised Plan includes an analysis of the risk involved.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Approve the Heritage Services Business Plan 2018-2023 (“The Plan”);
- 2.2 Confirm that it wishes Heritage Services to continue to work to the business principles agreed by the Council Executive in 2004, as amended.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 **Finance:** The Plan proposes a budget for 2018/19 that consists of £23.39m of income, £15.60m of expenditure, resulting in a profit of £7.79m returned to the Council.
- 3.2 **Investment:** The Plan proposes £1.46m of revenue investment in 2018/19, a reduction of £29k from level forecast in the 2017/18 business plan update. Potential “exit costs” from the Assembly Rooms have been built into the Investment Plan in 2020/21 and 2021/22.

- 3.3 **Property:** the first two years of The Plan will see the completion of the £5m HLF-supported Archway Project in York Street and Swallow Street.
- 3.4 **People:** Within the Service each team's structure, both front-of-house and back-of-house, has been reviewed to ensure the most efficient and resilient staff arrangements are in the plan for 2018/19. Some structural changes have been made and their financial consequences built into the plan, saving a total of £82k p.a. in staff costs and a further £50k p.a. of contractor costs.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 **Equalities:** an Equalities Impact Assessment of the Heritage Service Business Plan was undertaken as part of the wider Service equalities impact action plan that looked at all business and non-business activities across the Service.
- 4.2 **Heritage legislation:** all investment proposals for maintenance and conservation of historic fabric will be subject to consent via a Listed Building application or a Scheduled Ancient Monument application.

5 THE REPORT

- 5.1 In September 2004 the then Council Executive decided that Heritage Services should be retained as an in-house service and should operate as a business unit with substantially improved operating arrangements focused upon:
- Sustaining and improving the annual profit generated for the Council;
 - Improving the visitor experience; and
 - Conserving the historic assets for present and future generations to enjoy.
- 5.2 Following this approach, annual profit to the Council has grown by **214%** in the years from 2005/06 to 2017/18.
- 5.3 The approved operating arrangements included the introduction of rolling 5-year profit targets for the Service, to be set by Council and included in the Corporate Financial Plan, with financial performance presented in fully inclusive accounts outside normal local authority conventions. This operating model ensures that a holistic approach is taken to decision-making and that all resources required to sustain and generate income flows are fully aligned. As a business unit working to business principles already approved by the Council, Heritage Services absorbs all costs, including those cost increases that are funded corporately for all other Council services.
- 5.4 The approved operating model allowed the Service to embark upon a long-term programme of development work on the site to conserve the ancient fabric, enhance the visitor experience and protect and develop income streams and the profit returned to the Council from them. All such investment is subject to a detailed annual business case including prudent provision for the costs of borrowing and VAT implications. The Executive also approved the convening of an informal Advisory Board to validate the business case for the investment proposals.

- 5.5 Annual profit is calculated net of all costs, including capital charges, all investment streams (including the maintenance and development of assets) and a full allocation of corporate overhead. In order to deliver the operating model, the Service carried out a restructure in January 2005 to ensure that front-of-house operational and back-of-house building-related activities are fully integrated so as to provide a high-quality experience to daytime and evening customers. This structure is periodically reassessed but remains appropriate to the Council's business requirements today.
- 5.6 The Council's Budget Management Scheme provides flexibility for business units to address profit targets on a medium term basis, rather than within individual financial years. The Heritage Services profit reserve that is hypothecated within General Reserves can therefore be used to carry forward surpluses or deficits from year to year in order to achieve the increases in profit required across the five financial years covered by this Plan.
- 5.7 The Plan summarises how the Service has performed when benchmarked against other leading visitor attractions. Detailed commercially-sensitive information is provided in the exempt appendices which will be available to Cabinet Members upon request. The Plan assesses the risk associated with assumptions on visitor volumes, including the threats posed by the development of competing visitor attractions, and sets out a business, pricing and marketing strategy to maximise income earned from the visitor market.
- 5.8 The Council's Senior Management Team (SMT) has recognised that Services operating commercially should be empowered to use systems and processes that are fit for purpose, rather than those designed purely for traditional municipal services. All systems and processes, including procurement processes, are reviewed and amended by SMT to ensure that they support and enable the effective delivery of business plans by business units across the Council. When required the Heritage Services Advisory Board will provide expert input to support this review.

Summary of The Plan:

- 5.9 **Business strategy:** the Plan will continue to seek sustainability in the Service's three key areas of activity: Conservation (sustaining our heritage for the future); Customers (sustaining the audiences who come to enjoy it); and Commercial (sustaining the income streams they bring).
- 5.10 **Pricing policy:** to achieve the level of profit required by the Council's Financial Plan, admission charges will continue to rise by above the rate of inflation, while Roman Baths' visitor numbers will remain at the historically high level of 1.2m. This strategy assumes no appreciable increase in customer resistance and no major security or economic events. Investment in staff 'engagement training' and the quality of the visitor experience will continue, to improve visitor satisfaction levels despite the congestion caused by record attendances.
- 5.11 **Marketing:** the marketing strategy will continue to promote shoulder months and summer evening opening to reduce high season daytime congestion. Digital marketing campaigns will encourage people to book on-line using the website. The Residents' Discovery Card has been rebranded and will be promoted both to encourage use by card-holders in Bath and North East Somerset and to grow the visiting friends and relatives (VFR) market.

Overseas marketing will focus on three areas:

- **Brexit:** the weak Pound continues to encourage inbound tourism and will retain the 'staycation' effect in 2018. However ease of travel between the Schengen Zone and Britain after 2019 is uncertain.
- **US Market:** the weak Pound continues to offer opportunities to US travellers market, possibly assisted by the election of a controversial president.
- **China:** 2017 was the first year that independent Chinese travellers outnumbered those travelling in groups. The Roman Baths has attained a high profile in Chinese outbound tourism. Chinese visitors now represent 11% of total visitors to the Roman Baths.

5.12 Group business: from January 2018 the Service is starting a long-term strategy to reduce its dependence on the coach-borne group travel business, which currently accounts for 32% of visitors to the Roman Baths. Phased over three years, the discount given to groups will reduce from 38% to 30% to bring it in line with industry practice. Although this sector brings over £3.5m p.a. of admission income to the Service, spend-per-head is significantly lower as group travellers have less time to spend in the shop and no time to use the restaurant. With visitor numbers at record levels, groups can significantly contribute to congestion within the confined spaces of the Roman Baths site. This strategy also reflects the reduction in coach parking in Bath and ongoing concerns about traffic congestion and diesel emissions. The strategy aims to reduce the proportion of group visitors from 32% of the total to 25% by 2023.

5.13 Investment: revenue investment will continue in the areas of Standards & Conservation; Visitor Experience; Commercial Development; and the Future Offer. From 2018 the Service will aim to move from capital to revenue investment to minimise the amount of Service-supported debt charge taken on. Key investment projects over the lifetime of The Plan will include:

- 2018/19: York Street public realm improvements; completion of Victoria Art Gallery air-conditioning unit; spa water energy capture scheme;
- 2018/19 + 2019/20: continuation and conclusion of the Archway Project;
- 2019/20 + 2020/21: Roman Baths monument conservation works;
- 2020/21: Assembly Rooms air-handling plant;
- 2022/23: Visitor Management System, next phase.

5.14 Cost base: the Service will continue to zero-base its budgets on an annual basis.

5.15 Contingency: from 2018/19 The Plan will include a £350k (2%) contingency to help mitigate the impact of unforeseen, external or internal events.

6 RATIONALE

6.1 Heritage Services operates as a business unit, with annual profit targets and investment levels agreed corporately on a rolling basis. The business strategy to achieve these targets is detailed in a Business Plan reviewed and revised each year. The Plan provides a fully integrated approach to income generation and the investment necessary to achieve it, and is aligned with the Council's corporate aims and objectives.

- 6.2 In 2010 the Audit Commission commended Heritage Services for its achievements in value-for-money and for the business systems that enable these to be made as part of their assessment of the Council's 'Use of Resources'. A review of governance by the Council's internal audit service in 2013/14 rated the current arrangements as 'excellent'.

7 OTHER OPTIONS CONSIDERED

- 7.1 The process of revising and updating the Business Plan has involved consideration of a number of different pricing, marketing and investment options. The financial and business effects of these options were modelled and evaluated. The business strategy attached recommends a coherent and integrated series of decisions that are most likely to enable the Service to meet the targets required of it by the Financial Plan and sustain this level of performance in future years.
- 7.2 Another option would be for Heritage Services to cease functioning along the business lines of the past twelve years and return to being a conventional local authority museum service. The absence of investment would lead to a loss of focus and competitiveness and result in falling revenues to the Council. This course of action is not recommended.

8 CONSULTATION

- 8.1 Cabinet members; Heritage Services Advisory Board; Staff; Service Users; Local Residents; Section 151 Finance Officer; Monitoring Officer.
- 8.2 Work on the Business Plan has involved consultation with a number of people and agencies:
- (1) The Strategic Director 'Place' and Divisional Director 'Community Regeneration' have been consulted; the Heritage Services Advisory Board was consulted.
 - (2) Ongoing sectoral liaison and benchmarking through the Association of Leading Visitor Attractions (ALVA) has ensured the best possible market intelligence;
 - (3) Colleagues in Finance were also fully consulted and involved;
 - (4) Visitor feedback is gathered and analysed during the year to inform the decision-making process.

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 Plan is underpinned by extensive and integrated modelling of all key visitor, income and cost assumptions and is sensitive to normal tolerance on the

business model and its assumptions. However there is a risk that the profit targets for 2018-2023 will not be achieved, both due to the sensitivity of planning assumptions and to national and international economic factors. The Robustness of Estimates statement for the Place Directorate will include provision for this risk in the financial year 2018/19.

- 9.3 Significant economic, environmental or geo-political events during 2018/19 could cause a drop in visitor numbers with an adverse impact on income and therefore profit returned to the Council.

Contact person	Stephen Bird, Head of Heritage Services: 01225 477750
Background papers	Report of the Council Executive, Thursday 14th October, 2004 E2745 February 2015 Report to Cabinet, Heritage Services Business Plan 2015-2020 E2944 April 2017 Report to Cabinet, Heritage Services revised Business Plan 2017-2022
Please contact the report author if you need to access this report in an alternative format	

Heritage Services Business Plan 2018–2023

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Attachments:

A Financial Summary is attached to this Plan

Further details are available for Cabinet Members in confidential appendices upon request.

1. Summary.

This is the third update and revision of the Heritage Services Business Plan 2015-2020 ('The Plan') adopted by Cabinet in February 2015. The first update was approved by Cabinet in February 2016 and the second in April 2017.

The Plan aims to grow annual profit by £2.9 Million (36%) over the next five financial years, so that by 2022/23 annual profit will be £10.6 Million p.a.

The Plan will contribute to the corporate finances by increasing income, reducing the revenue cost base and reducing the staff establishment;

In order to achieve these challenging business targets the Plan continues the strategy adopted in 2015 and reaffirmed in 2016 and 2017. This will mean:

- Keeping Roman Baths visitor numbers at unprecedentedly high levels;
- Raising admission charges by above-inflation rates for the 11th successive year and keeping them amongst the highest in the country per hour of visit;
- Sustaining staffing and investment to support large price increases and improve visitor satisfaction.

The Service will continue to invest to protect and conserve the Council's heritage assets, improve the visitor experience and develop commercial performance.

The Service will deliver the Archway Project and continue to investigate options for the long-term future of the Fashion Museum and Bath Record Office and for the development of the Victoria Art Gallery to improve its long-term financial sustainability.

2. The business unit.

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

Heritage Services is unique in the UK in operating at no cost to the local taxpayer. In 2018/19 the Service will return a net surplus of over £7.8 Million p.a. to the Council, measured on a full cost basis. Within the Council the Service is atypical in that it self-funds **all** cost increases, including increases in employer on-costs and other fixed costs.

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

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

3. Business philosophy.

The Service cannot maximise income to the exclusion of other considerations. Its business philosophy is to maintain the sustainability of three interdependent areas of activity:

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

This business philosophy is characterised as the 'tripod of sustainability' in Figure 1 below.

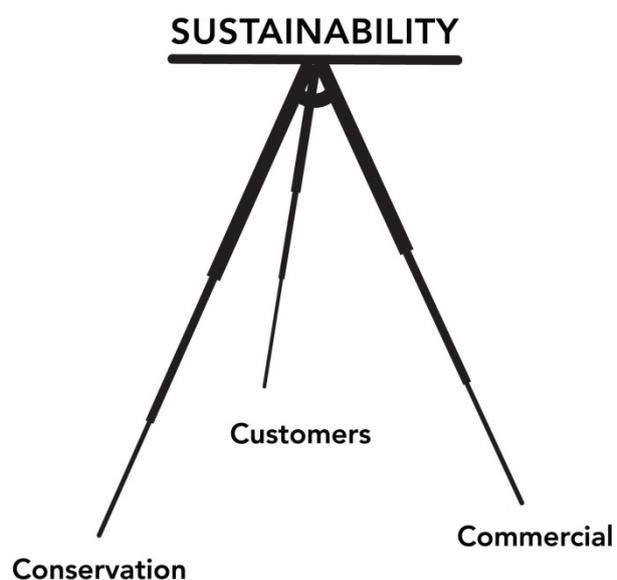


Figure 1. The Tripod of Sustainability; maintaining a balance across the three key areas of activity.

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

The three areas of activity are interdependent: the better the state of our heritage's Conservation, the better the experience for the Customer. Better Customer experience leads to enhanced reputation encouraging more visitors, which in turn increases the Commercial return. Healthy returns enable more resource to be reinvested into Conservation, Customer services and Commercial development.

4. Review of performance.

Long-term performance (2007-2017)

Significant and sustained investment in the quality of interpretation and standard of presentation has enhanced the quality of the Roman Baths visitor experience. The ongoing Roman Baths Development programme has delivered conservation which has improved the condition of the monument as well as mitigate the impact of the, continually growing, visitor numbers. This approach has resulted in excellent visitor feedback, commercial success and a string of awards.

Over the last decade Heritage Services has seen enviable growth in key areas, notably:

- Visitor numbers up by 366,000 (+44%);
- Income (turnover) of £9.4 Million (+80%);
- A return of 33% on annual turnover compared to 27% in 2008/09;
- Increased annual profit by over 130% to a forecast £7.4 Million p.a.

The business philosophy and operating arrangements within the wider Authority have allowed Heritage Services to operate very successfully in the national visitor attractions market. Through benchmarking within the ALVA network (Association of Leading Visitor Attractions) we can see that our operation is in the top quartile for Profitability, Income per visitor* and Employee Costs in relation to turnover. However benchmarking also shows that we perform below average in Retail Sales per Visitor and overall Value for Money.

[* it is worth noting that some ALVA comparators (National Museums and Galleries) operate on a free-entry basis and only with charges for specific exhibitions.]

Visitor numbers 2007 to 2017:

The graph in Figure 2 below shows that Roman Baths’ visitor numbers have grown by over 40% over the last ten years. In that time the headline (‘adult single’) admission price has risen by over 50% from £11.25 to £17.00. Despite this coinciding with recession and wage stagnation within the UK, visitor numbers have also grown significantly.

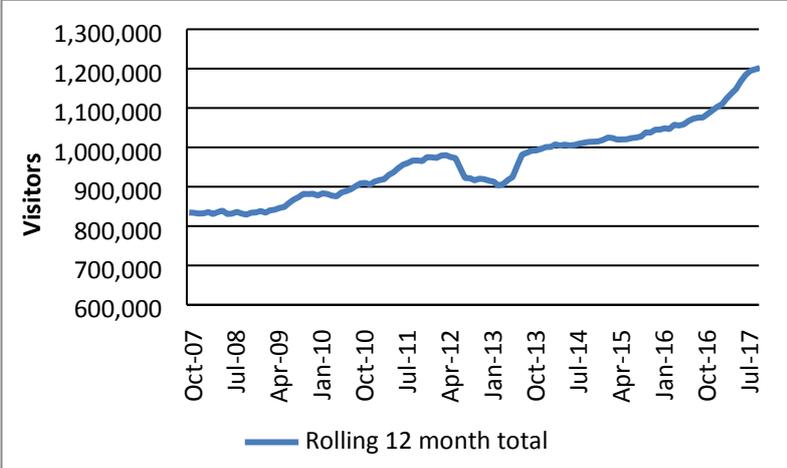


Figure 2. Roman Baths’ rolling 12-month visitor total. The dip in 2012 was due to the London Olympics and one of the wettest UK summers in recent times; with this exception growth has been constant over the last decade.

Performance in 2017/18:

2017/18 will be the fifth consecutive year that the Roman Baths has attracted over one million visitors. Our operating model and business plan going forward recognise this reality.

Visitor feedback through peak periods highlights the impact that high volumes have on experience, satisfaction and value-for-money scores. The summer marketing campaign and evening opening proved very successful although, rather than seeing visitors spread through the day, daytime visits remained at previous levels with additional visitors coming in the evenings.

Since May 2017 following terror attacks in Manchester and London, the Roman Baths has seen an uplift in visitors looking to avoid travel to “big” cities. Over the same period there has been a 17% year-on-year reduction in visitors to London Zone 1 attractions.

Active, direct marketing into China has seen continued double-digit growth in this market, with Chinese visitors now making up 11% of total visitors. Coupled with an affordable Pound, overseas tourism has continued to provide significant growth.

In March 2017 Heritage Services launched a web-sales platform; this was an area in which the Service lagged behind the industry and failed to meet visitor expectations. For some time this weakness had been addressed through allowing selected third parties to sell our tickets through their own websites for a commission, but these arrangements are now under review.

In the first six months of 2017/18 more than 18,000 customers bought over 41,000 tickets via the new website. As well as offering an opportunity to “skip the queue” it provides us with valuable data for marketing and an opportunity to upsell guidebooks. Moreover a digital transaction has a much lower cost to it than a face-to-face sale.

Roman Baths’ visitor numbers will reach another record high of 1.2 Million in 2017/18. The site was again close to capacity throughout the peak season. The corporately-set budget for 2017/18 assumed overall visitor numbers that were:

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

The Heritage Services stretch profit target for 2017/18 was set significantly beyond the corporate expectation. On current projections, it will exceed the corporate profit target for the year by £1.39m (6% of turnover).

The table at Figure 3 below shows the profit currently forecast for 2017/18.

	Corporately-set target			Heritage Services stretch target		
	Budget	Forecast	Increase	Budget	Forecast	Increase
	£000	£000	£000	£000	£000	£000

Net profit	6,075	7,470	1,395	6,735	7,470	735
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Figure 3: Heritage Services' financial performance in 2017/18.

Financial performance benchmarked through ALVA.

Profitability.

This has continued to be high and the Roman Baths remains significantly more profitable than most other top quartile visitor attractions. The average admission price is well above top 25% score and retail sales per m² are amongst the highest in the UK. Labour costs, as a percentage of turnover, are still amongst the lowest nationally.

Admissions.

The Roman Baths performed well above the ALVA top quartile and ALVA median scores for average admissions spend per hour of visit. Over the last five years the average Roman Baths admission price has grown by 23%, while the ALVA top quartile average admission price grew by 22% over the same period. In 2015/16 admissions increased by 8% year on year, whilst the ALVA top quartile score grew by 6%.

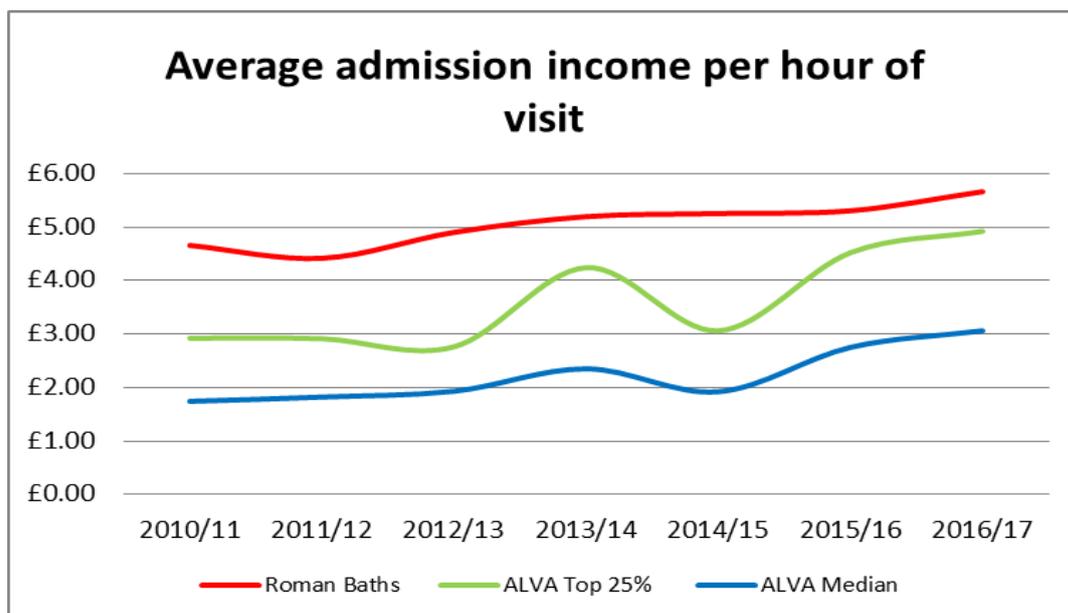


Figure 4: Roman Baths' average admission income per hour of visit.

Retail.

The contribution (profit) improved by 1% year-on-year and was marginally below the ALVA median score, which did not grow on the previous year. Retail sales per m² improved on 2015 by 2%, but transactions per visit (conversion rate) at the Roman Baths score again reduced year-on-year, due to the shops reaching saturation point during another year of record attendances. The Service has already expanded the Roman Baths shops to the maximum size that the building layout will allow.

Marketing.

The marketing cost-per-visit was marginally above the median ALVA score for all attractions but was in the lowest quartile per paying visitor. The variation between the two measures is driven by the number of "free to enter" attractions in ALVA, as referenced above. Despite the increased resource devoted to marketing, marketing spend is still less than half of the top quartile spend by all attractions.

Trend analysis.

The increase in income achieved from 2005/06 to 2013/14 was mainly due to increases in prices and average visitor spend.

The increases in income and profit since 2013/14 have been driven almost entirely by record increases in Roman Baths' visitor volumes. Budgets have been adjusted upwards to assume the continuance of these record visitor numbers

The budget proposed for 2018/19 and subsequent years assumes that these trends will be sustained and grow from these record levels over the next five years. Section 9 on Risk at p.25 below illustrates the financial impacts should these record short term trends not be sustained.

Quality of Visit performance benchmarked through ALVA.

The visitors' perception of the experience offered is crucial to sustaining excellent performance, as it will determine the future popularity of the sites. This section shows the results of 'quality of visit' benchmarking of the Roman Baths against other ALVA members. It summarises the findings of exit surveys conducted in Autumn 2016, Spring 2017 and Summer 2017.

Overall visitor experience:

	Enjoyment (mean out of 10)	Value-for-Money (mean out of 10)	Net promoter score (likelihood to recommend)
All Attractions	8.8	8.4	+ 62
Museums & Galleries	8.8	8.7	+ 62
Heritage Attractions	8.7	8.2	+ 62
Roman Baths	8.5	7.9	+ 56
Leisure Attractions	8.8	8.0	+ 64
Highest score	9.8	9.8	+ 100
Lowest score	8.3	7.4	+ 26

Figure 5: overall quality of the Roman Baths visitor experience, benchmarked with other ALVA attractions.

The Roman Baths is included in the Heritage Attractions grouping, whose results are compared here to those of Museums & Galleries and Leisure Attractions. The results show that the Enjoyment and Value-for-Money ratings for the Roman Baths are below the mean scores for All Attractions and Heritage Attractions.

In summer 2017 central London attractions received far fewer visitors than in 2016 due to fears over further terror attacks. By contrast the Roman Baths saw yet another increase, and visitor congestion, at peak times, in this much smaller site may have influenced visitors' 'Enjoyment' rating.

Visit compared with expectations:

The graph at Figure 6 below shows that, very unusually, the visit to the Roman Baths is better than people expected it to be. This is probably influenced by the fact that there is much more to see than envisaged, and also by the free inclusion of audioguides in the admission price, high quality and contemporary interpretation and a truly unique heritage site. This is in contrast to the experience at other benchmarked visitor attractions in the 'Museums & Galleries', 'Leisure' and 'Heritage' groups. The Roman Baths' score is included in the 'Heritage' group.

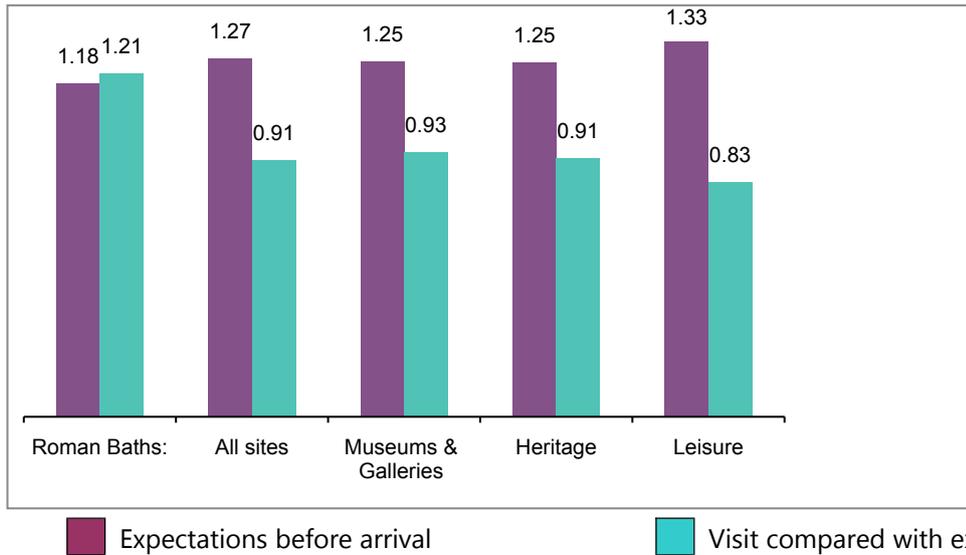


Figure 6: quality of the visit compared with prior expectations. The scoring formula is: 2 = much better; 1 = a little better; 0 = as expected; -1 = a little worse; and -2 = much worse than expected.

Communications – prompts to visit:

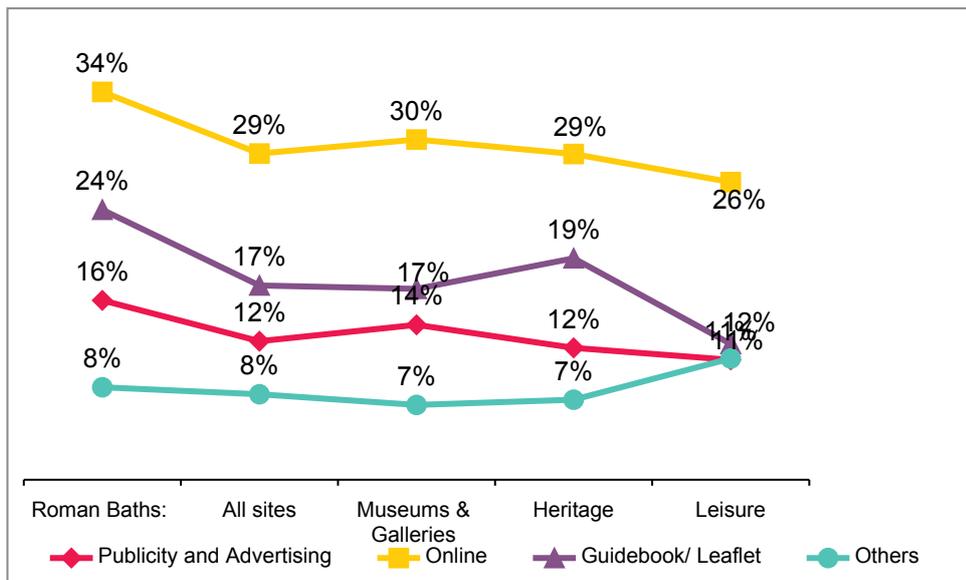


Figure 7: this graph shows the media that visitors used when planning their visit to the Roman Baths.

On-line marketing became dominant in 2011/12 during the mobile 'phone revolution, and the value of printed materials such as leaflets and guidebooks continues to decline. The marketing channels used by the Service continue to adapt each year. In 2017 our websites were adapted to favour a 'mobile first' approach as mobile and tablet overtook desktop as the most used devices to view our websites. Keeping ahead of this trend, the majority of the staff resource is now spent on online and social media marketing, especially to overseas markets.

Main motivation for visiting:

Heritage sites are the biggest “must see” attractions in the UK, but the Roman Baths is outstanding even in this category, reflecting worldwide awareness of the site and as demonstrated in Figure 8 below.

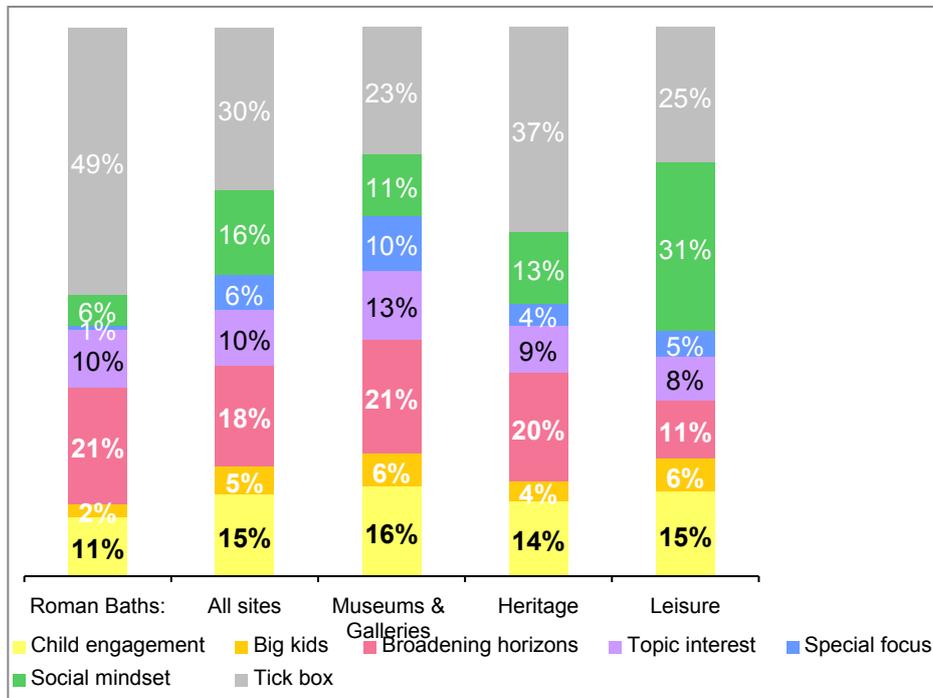


Figure 8: the very high ‘tick box’ response confirms the Roman Baths’ status as a ‘must see’ attraction.

Experience ratings: service delivery measures:

The experience ratings of all major visitor attractions is high and therefore this is a challenging benchmark. The Roman Baths’ scores across the majority of these benchmarks have dropped in 2017, which could indicate that congestion is having a negative impact on visitor experience. The particular strengths are in the site experience measures, namely the subject matter and how it is presented.

Site content measures	Roman Baths	Heritage Sites
Staff knowledge about the site / subject matter	9.10	9.09
Opportunities to actively participate in your visit	8.32	8.61
Opportunities to think or learn	8.70	8.75
Bringing the subject matter to life	8.76	8.77

What there is to do here	8.45	8.64
What there is to see	9.08	8.97
Information to explain features / exhibits	8.94	8.85

Figure 9a: Experience ratings – site content: the Roman Baths and its peer group of other Heritage sites.

Touching your emotions	Roman Baths	Heritage Sites
Touching your emotions	7.82	8.36
Opportunities to relax	7.73	8.43
Overall atmosphere here today	8.47	8.83
Making you feel this is a place where you belong	7.86	8.30
Offering something very different	8.60	8.64
Being lively and exciting	8.13	8.27
Helping you bond with those around you	7.65	8.37
Being family-friendly	8.79	8.84

Figure 9b: Experience ratings – touching your emotions: the Roman Baths and its Heritage peer group.

Retail usage:

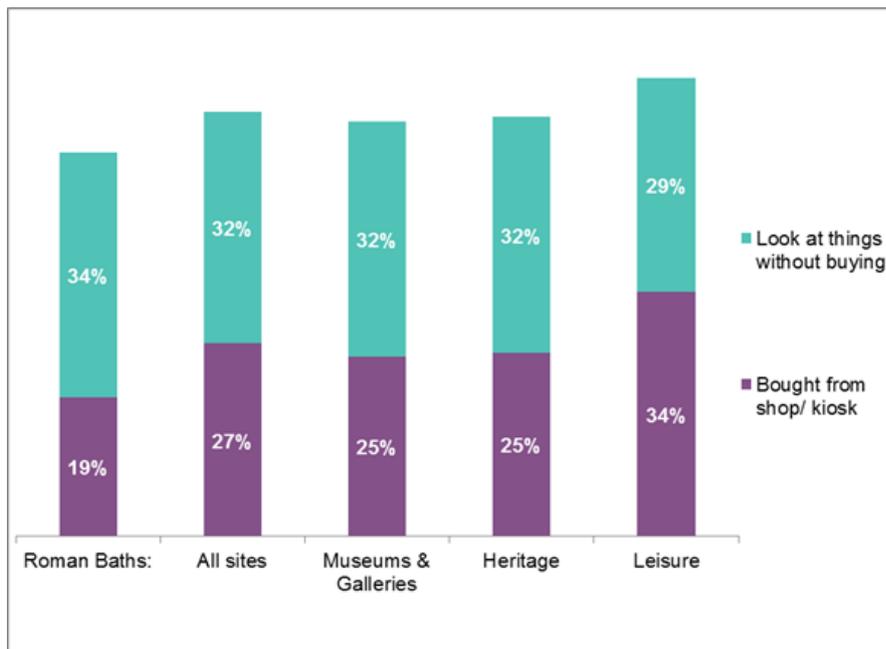


Figure10: use of the museum shops compared with that at other ALVA sites.

The performance of the Roman Baths' shops continues to be broadly similar to that of shops in other ALVA attractions, despite the constraints of the main Roman Baths shop at peak times in 2016. Future growth in retail sales is going to be targeted at converting more of the browsing customers into buying customers, rather than trying to fit more people into our retail space.

Visit history:

Figure 11 below shows that the Roman Baths has fewer repeat visits than most other attractions. The Plan must therefore attract c.900,000 *new* and *different* visitors each year. The Service also works hard to encourage repeat visitation by local and regional visitors, with new developments, stories and a special events programme. In 2017 as the Pound dropped, the Roman Baths became part of a once-in-a-lifetime trip for many long haul visitors to the UK which, in conjunction with being viewed by many as a “bucket-list” destination, explains the high level first time visitors.

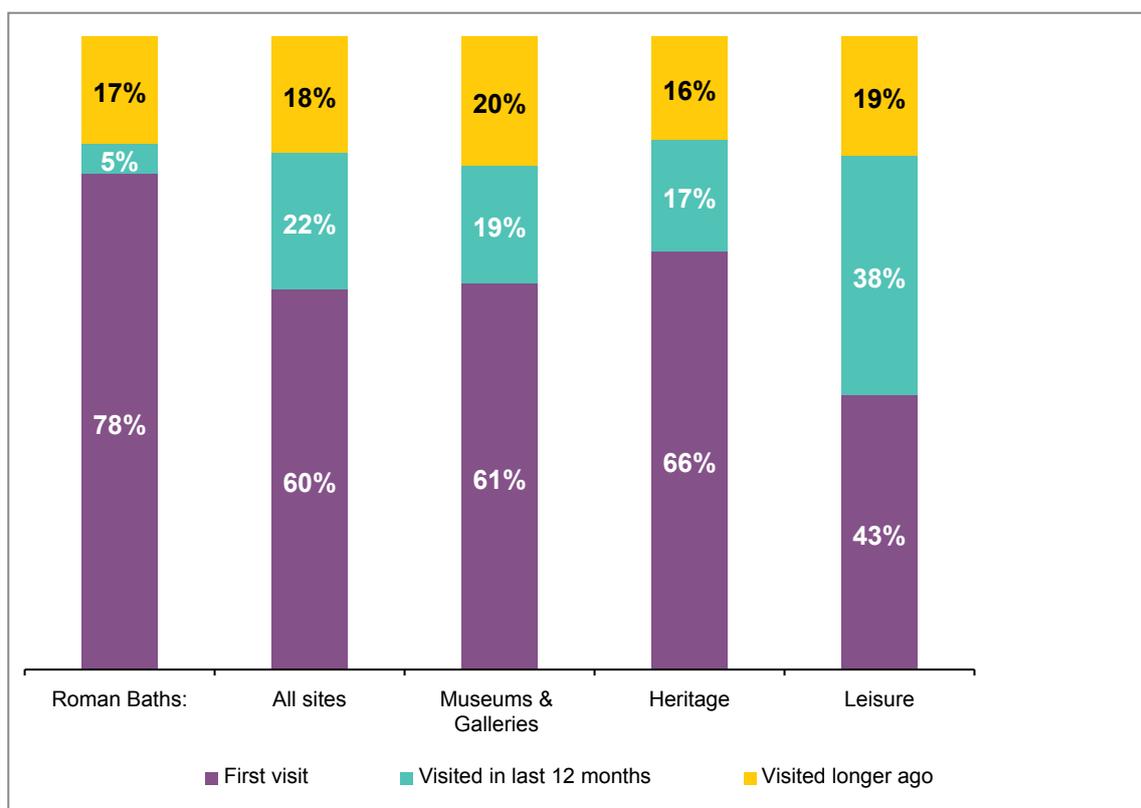


Figure 11: This graph shows that the Roman Baths has fewer repeat visitors than most other sites.

Dwell time:

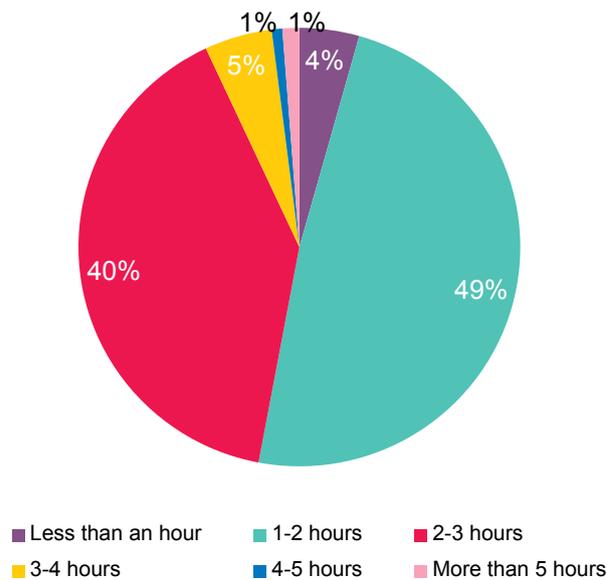


Figure 12: This graph shows that 89% of visitors spend between 1 and 3 hours in the Roman Baths.

The lower end of the dwell time spectrum is impacted by our group travel visitors; groups frequently have less than 90 minutes from arrival to departure from the city.

Age profile of visitors:

	Under 25 years	25-34 years	35-44 years	45-59 years	60+ years	Mean age
Roman Baths	14%	27%	19%	25%	15%	41
All Sites	11%	19%	21%	25%	24%	45
Museums & Galleries	13%	19%	21%	24%	23%	44
Heritage Sites	9%	19%	21%	27%	24%	46
Leisure Sites	12%	19%	23%	22%	24%	45

Figure 13: This table shows that the average age of Roman Baths' visitors is slightly lower than the mean across the attractions sector.

Typically in this sector there is a reliance on the over 45 market. A more even split helps to manage the risk of an event / market conditions which adversely impact on one age demographic. Although the Heritage sector scores lowest for visitors under the age of 25, the Roman Baths (whose score is subsumed within the 'Heritage' score) has a higher than average number of under-25s. This reflects the site's popularity with school / student groups and individual children, as well as the work with 'young social influencers' that the Marketing team has undertaken. The overall age range has increased since the Roman Baths became fully accessible in 2015.

5. Business targets 2018-2023.

The Plan aims to grow annual profit by £2.9 Million (36%) over the next five financial years, so that by 2022/23 annual profit will be £10.6 Million p.a.

The table at Figure 14 below demonstrates planned performance in each year based on the updated, detailed financial model that underpins the Plan. This shows that the targets should be achieved across the 5 years of the Plan. All assumptions will be fully monitored and reviewed as usual over the coming year and will be reflected in future revisions of this Plan.

	2016/17 (actual)	2017/18 (forecast)	2018/19 (proposed)	2019/20 (proposed)	2020/21 (proposed)	2021/22 (proposed)	2022/23 (proposed)
	£000	£000	£000	£000	£000	£000	£000
External turnover (income excluding internal charges)	18,279	19,425	20,388	21,391	22,502	23,418	24,309
Net Profit	6,586	£7,470	7,790	8,390	8,731	9,516	10,650
Profit target	5,785	6,075	7,695	8,198	8,698	9,198	9,698
Surplus against target	521	1,395	95	192	33	318	952
<i>Profit as a % of income</i>	31%	34%	33%	34%	34%	36%	39%
Roman Baths visitors (000s)	1,124	1,200	1,210	1,234	1,253	1,272	1,291
Fashion Museum visitors (000s)	94	94	95	97	98	100	101
Victoria Art Gallery visitors (000s)	154	147	147	142	143	144	145
Roman Baths average income per visitor (£)*	14.20	14.55	15.24	15.76	16.31	16.72	17.11
<i>Net profit per Council Tax household (£)</i>	81	92	96	103	107	117	131

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

Figure 14: Heritage Services: key financial and visitor targets.

6. Business Strategy 2018-2023.

To achieve the business targets above, it will be necessary to continue the strategy outlined three years ago in the Heritage Services Business Plan 2015-2020 and in the subsequent annual updates. This will mean:

- Growing the Roman Baths visitor numbers from their current unprecedentedly high levels;
- Keeping admission charges amongst the highest in the country;
- Sustaining staffing and investment to support large price increases and improve visitor satisfaction.

This may be summarised as 'the five highs':

High Volume → **High Price** → **High Yield** → **High Investment** → **High risk**

The detailed proposals in The Plan include the following measures:

Roman Baths:

- Significantly increase admission charges in 2018, with further increases in the other four years; these increases follow other significant price increases in 2016 and 2017;
- Reduce the level of discount offered to groups (see detail below)
- Sustain visitor numbers at the current record levels of over 1.2 million in each year of the Plan;
- All price increases will be monitored and reviewed in detail to assess possible impacts on price resistance and yield and inform future year pricing policy and Business Plan reviews.

Fashion Museum:

- Ticket prices held at 2017 levels to drive visitor volume.

- Increased, sustained visitor volumes achieved via the promotion of the expanded 'saver' ticket and improvements in the core visitor offer;
- A focus on improving levels of secondary spend;
- Work with our Caterer to improve the "offer" at the Assembly Rooms café.

Victoria Art Gallery:

- Sustained visitor numbers and admission income via the expanded 'saver' ticket introduced in 2016 and increased opening hours to be consistent with the Roman Baths and Fashion Museum.

Group travel business.

The Plan marks the start of a long-term strategy to become less dependent upon group business. Groups currently make up 32% of all Roman Baths visitor numbers, one of the highest proportions of any leading visitor attraction. Visitors in groups spend less than individual visitors in the shop and the restaurant; the majority of group visitors visit for a few hours only and this limited dwell time also makes less of a contribution to the wider local economy.

As Roman Baths visitor numbers continue to rise, groups entering up to fifty at a time add to on-site congestion in peak periods with the consequent risk of reducing the quality of the visitor experience for higher-spending individuals and families.

Income from groups is forecast to total £3.5 Million in 2017/18 and so no hasty or extreme action will be taken to jeopardise this income stream. However from 2018 the Service will embark upon three-year strategy to reduce the discount given to group travel customers from the current 38% of the 'adult single' charge to 30% by 2020. This will bring the level of discount into line with that given at other leading visitor attractions.

This change of emphasis takes place against a background of reduced coach-parking in Bath, limited drop-off opportunities, ongoing problems with traffic congestion and growing environmental concerns about diesel. The Service aims to reduce the proportion of visitors in groups from 32% in 2017 to 25% in 2021,

replacing these group visitor with independent visitors (and their increased propensity for secondary spend).

Accessibility.

The Roman Baths is a very high price, high yield, high profitability operation in comparison to other major UK heritage attractions. Admissions income is consistently amongst the very highest in the country. By continuing to set a premium price strategy we know that, if it is not already, entry price will become a barrier to some. Whilst this might help to mitigate overcrowding, putting a premium on access to heritage is not something we're seeking to do.

Consequently we will continue to offer a wide range of concessions and, in 2018, we have introduced a 'single adult family ticket' to appeal to non-traditional family groups. The Residents' Discovery Card has been rebranded and will be used with other methods to promote our museums to all B&NES residents from a broad socio-economic demographic.

'Child group' prices will not be subject to the same re-basing as 'Adult groups'.

Feasibilities for future developments.

Fashion Museum: the Service will continue the search for suitable new premises before the current Assembly Rooms lease expires in 2028, or the National Trust enforces the break clause in 2023. The Museum remains one of the world's top ten fashion museums but its ability to attract visitors is inhibited by its distance from the Roman Baths, where 50% of its tickets are sold, and its almost total lack of an on-street profile.

Victoria Art Gallery: the business case undertaken in 2017 for extending the Gallery into the adjacent void to improve its financial sustainability will be reviewed and developed in 2018.

7. Investment.

Staffing and **investment** costs continue to be relatively low when compared with other visitor attractions. To sustain high visitor numbers, satisfaction ratings and income levels, the increased level of investment in the quality of the visitor experience and associated marketing will be sustained. At the same time we have reviewed our cyclical maintenance and investment. Where possible without significantly impacting on the measures above, we have extended the period over which we invest, to play our part in meeting the current financial pressures that the wider Authority is facing.

Revenue investment.

Revenue investment plan is undertaken under the priorities shown here:

Standards	Visitor Experience	Commercial	Future Offer
Monument conservation	Staff engagement	Market development	Feasibility studies
Site maintenance	Improved interpretation	Shop upgrades	- Fashion Museum - Victoria Art Gallery
Toilet refurbishment	Toilet refurbishment	Retail product development	History Centre
Equipment renewal	Changing exhibitions	Venue hire facilities	<i>Assembly Rooms exit costs?</i>

Investment in exhibitions and displays at the Fashion Museum will be reviewed alongside planned dilapidation works at the Assembly Rooms site to ensure the efficient use of resources, whilst the National Trust complete their options appraisal and the long-term future of the site remains uncertain.

Capital investment.

The main projects during the life-time of the Plan will be:

The Archway Centre.

This £5m project includes a capital contribution by the Council of £1 Million, of which £750k will be corporately funded and £250k funded by the Service. The project, now fully-funded, will refurbish some run-down former spa buildings and give them a new lease of life by creating in them a World Heritage Centre and Roman Baths 'Clore Learning Centre'. While the Clore Learning Centre will protect existing income streams, its principal benefit will be as a long-term investment in inspiring the audiences of tomorrow. This project is on target for 2017/18 and 18/19.

For the first time there will be one city-centre base where residents and visitors will be able to learn why Bath is a World Heritage Site and then go out and explore it for themselves. The Clore Learning Centre will bring the site's educational offer up to the standard now expected of a major visitor attraction, with state-of-the-art facilities and four times the present capacity. It will be used not just by schools but by learning and community groups of all ages.

The construction process will offer skills development opportunities for apprentices and engagement opportunities for volunteers; and, once it is up and running, the Service will work with partner bodies to deliver programmes for a range of new audiences. The project will also open up to public view an area of the Roman Baths that has never before been seen by daytime visitors.

The World Heritage Centre and Clore Learning Centre are planned to open during 2019/20. The Plan provides for net operating costs of between £150k and £200k p.a. from this year onwards, representing an investment of c.1% of annual turnover to sustain future audiences and income streams.

Roman Baths development.

The earliest parts of the last development programme are now ten years old, and the site requires another cyclical programme of works phased over several years. This cycle will both allow the attraction to remain open and avoid the adverse VAT impacts that will be suffered if significant investment takes place in any one year. Work will begin in 2017/18 to prepare proposals for a new development programme from 2021/22 onwards.

Roman Baths infrastructure.

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

Visitor Management System (VMS).

Capital investment of £100k in the second phase of the VMS to develop the retail and Discovery Card modules has been postponed. This phase of the project will require at least one year to plan and implement, and will therefore be deferred to 2022/23.

Swallow Street / York Street Public Realm improvements.

The essential public realm improvements using the city centre pattern book will be needed during 2019/20 at the end of the Archway Project and prior to the opening of the World Heritage Centre and Clore Learning Centre. This will replace the capital item surrendered to assist with the unforeseen and unrelated structural works needed to York Street.

Victoria Art Gallery air conditioning.

This will complete the project to replace the largely defunct system installed when the Council refurbished the Gallery in 1991. Controlled environmental conditions will enable the Gallery to continue to put on high quality exhibitions that will contribute to the Gallery's ongoing healthy financial performance.

Spa water energy capture scheme.

This project has been scoped and designed in 2016/17 and 2017/18 and will be installed in the King's Bath during 2018/19. It will supplement the conventional energy usage at the Pump Room complex and will also serve the new World

Heritage Centre and Clore Learning Centre.

8. Marketing Plan.

The Roman Baths.

The marketing challenges for the Roman Baths remain the same; to improve the visitor experience by redistributing visitors away from the summer peak season to the shoulder months and encourage those who do visit during the summer to enjoy the late night opening. In order to do this the Roman Baths will extend its marketing over the next five years to include three new campaigns:

February Half Term: this campaign will target families using the creative developed for the Easter campaign. This campaign will consist of outdoor media placed in high footfall family areas (ie shopping malls) and radio advertising throughout the region. It will also include marketing through digital channels extending down into the South Coast (an area that has seen increased visits to our website).

Teachers: a campaign targeting teachers within a two hour drive time (London, East and West Midlands, South Wales and South Coast excluding Cornwall) one week before each term ends. We will use the Spas Ancient and Modern product to promote to teachers the relaxing nature of this product through digital creative. The product will be promoted through Google Pay Per Click and Display advertising, remarketing and social media advertising namely Facebook and Instagram. This campaign not only seeks to drive custom to the Roman Baths, Thermae Bath Spa and the Pump Room restaurant, it will also be used to encourage short breaks to Bath increasing the economic impact for the city.

Autumn / Winter: this campaign will target couples aged 50+ wanting to visit Bath off season. It will use our package products *Spas Ancient and Modern* and *Torchlit Visit and Dinner* to capitalise on the short break market and tie in with Visit Bath's *Great Bath Feast*.

In addition to these new campaigns we will continue to deliver the following highly successful campaigns for the Roman Baths:

Easter Campaign: building on the creative piloted in 2017 which was designed to appeal to both children and adults, we will continue to work with top local and regional design agencies to keep the message about the Roman Baths fresh and

engaging. We will use tag lines such as the accolade from the Daily Telegraph 'The most child-accessible site in the world' to motivate parents. We will promote the site through the following channels, Breeze and Heart Radio presenter read-outs, outdoor media on arterial routes out of the city and in high-footfall areas such as regional train stations and shopping areas. Each year we try to launch a new engagement product to coincide with Easter to give our messages a marketing 'hook'. In 2017 it was the launch of the East Baths and for 2018 it will be the launch of our online segmentation tool 'Which Roman God Are You' personality style quiz.

Summer Evening Campaign: for 2018 this campaign's reach will be downsized. Raising awareness of the Roman Baths during peak times contributes to the overcrowding of the site during July and August. In 2018 a more direct approach will be piloted using messages such as 'avoid the crowds' and 'beat the queues'. The campaign will be more digital-led with less spent on outdoor media. It will retain the geographical emphasis on London and the South East and the South Coast.

China: this remains an important market for the Roman Baths, Fashion Museum and Bath as a destination. The travel industry in China is changing through the rise of the FIT (Free Independent Traveller) market which in 2017 for the first time overtook the Group Travel market (COTRI research 2017). China is now one of the biggest growth areas for self-drive and as such will be a key market for products such as the Great West Way and Discover England Fund project. Chinese people are also more likely to travel in the quieter seasons to coincide with their holidays; Chinese New Year in February and Golden Week in October.

We will continue to actively market to Chinese people through our website behind the China firewall, through partnerships with the China Business Network, China Travel Outbound and Visit Britain, by working with Chinese social media channels and Chinese Visa Centres (VACs), and by advertising direct to Chinese people already in the UK.

The Northern US Market: this market has experienced significant growth in 2016 and 2017 following the decrease in value of the Pound against the Dollar. Visits to the UK are seen as once in a lifetime opportunity and many want to escape the present turbulent political environment. We will continue to actively encourage Americans to visit the Roman Baths, Fashion Museum and Victoria Art Gallery by coordinating an annual pay-per-click campaign in the top locations for visiting the UK (New York Tristate, California with a bias toward San Francisco and Texas), and

by advertising in US Lifestyle and Travel Magazines such as Wanderlust, AFAR and Conde Nast Traveller.

Victoria Art Gallery.

The Gallery has enjoyed growth in 2016 and 2017, driven by popular exhibitions such as *Grayson Perry* and *Here Be Dragons*. To build on this, we will promote each headline summer exhibition with a large marketing campaign targeting special interest groups and advertising through outdoor media in and around Bath to capture both residents and visitors. Each summer exhibition will be accompanied by a promotional video for use on social media and YouTube. The Gallery will also host a Visit Bath members' event to raise awareness of the exhibition amongst the hospitality industry.

Fashion Museum.

The Fashion Museum will have a dedicated marketing campaign annually in line with its temporary exhibition programme. Each exhibition will be marketed to a range of target audiences; for *Royal Women* in 2018 this will be women aged 35+ from London and South East, China, and the USA. An outdoor media campaign in January to March will target domestic audiences and we will also advertise through DAX radio streaming which will directly target audiences with a Royal interest. We will continue to promote the permanent exhibition *A History of Fashion in 100 Objects* using an 'always on' approach through social media marketing and Google Display advertising. To build advocacy for both exhibitions we will look to engage key social influencers through events at the Museum to encourage endorsements and social sharing.

Performance measurement.

All marketing is evaluated against Key Performance Indicators, including using tracking URLs, targets for increasing visitors, click-through rates and social media engagement statistics.

10. Risk.

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

This is reflected in the Council's General Reserves via the Robustness of Estimates calculation for the Place Directorate and the Heritage Services profit reserve. A risk of £1m is recognised, this is assessed as low risk; the Plan recommends that the total net risk provision should be reviewed again in future years.

Maintaining Roman Baths' visitor numbers in excess of 1.2 million p.a. continues to carry a significant risk. Overcrowding at peak times of year is starting to impact on the overall visitor experience, as illustrated in the table at Figure 5 on page 9 above. This shows visitors' ratings of Enjoyment and Value for Money performance when benchmarked against the ALVA mean. With a score of 8.5, the Roman Baths is slightly below the mean Enjoyment rating for Heritage sites of 8.7 and, at 7.9, significantly below the mean Value for Money rating of 8.2.

The budget proposed for 2018/19 and subsequent years assumes that the incremental trends of recent years will be sustained and grow from these record levels over the next five years. Figure 15 below illustrates the financial impacts should these record short term trends not be sustained.

The Roman Baths currently enjoys exceptionally high TripAdvisor ratings and this is likely to have played a major part in the attraction's growth in popularity. However there is a risk that the resultant congestion will reduce visitor satisfaction and provoke an adverse reaction on TripAdvisor and other forms of social media.

Visitor numbers in any year can also be influenced by common factors such as the weather, the timing of major sporting and political events, and transport issues. The table at Figure 15 gives a small number of scenarios and the impact on income and profit that could result from even very small variations.

Factor	Visitor numbers	Value of 10% variation in 2017/18

Easter weekend	c. 19,000	c.£33k
Busy summer Saturday and Sunday	c. 13,500	c.£25k
Busy summer weekday	c. 5,500	c.£10k

Figure 15: Roman Baths' visitor numbers: illustration of variations.

To enable the Service to deal with the impact of an unforeseen change in market conditions, unexpected expenditure requirement or unplanned opportunity for commercial investment, a contingency of £350k (2% of planned expenditure) has been provided within the plan. This is split as follows: £150k Revenue; £100k Maintenance and £100k Investment.

Threats to the business.

Every year since 2000 there have been geo-political, economic, public health, environmental and meteorological events that have caused uncertainty, deterred people from travelling or influenced their decisions about where, and whether, to take a holiday. The effects of these have been felt across the visitor attractions sector. Some of the key issues from the last decade are shown in Figure 16 below.

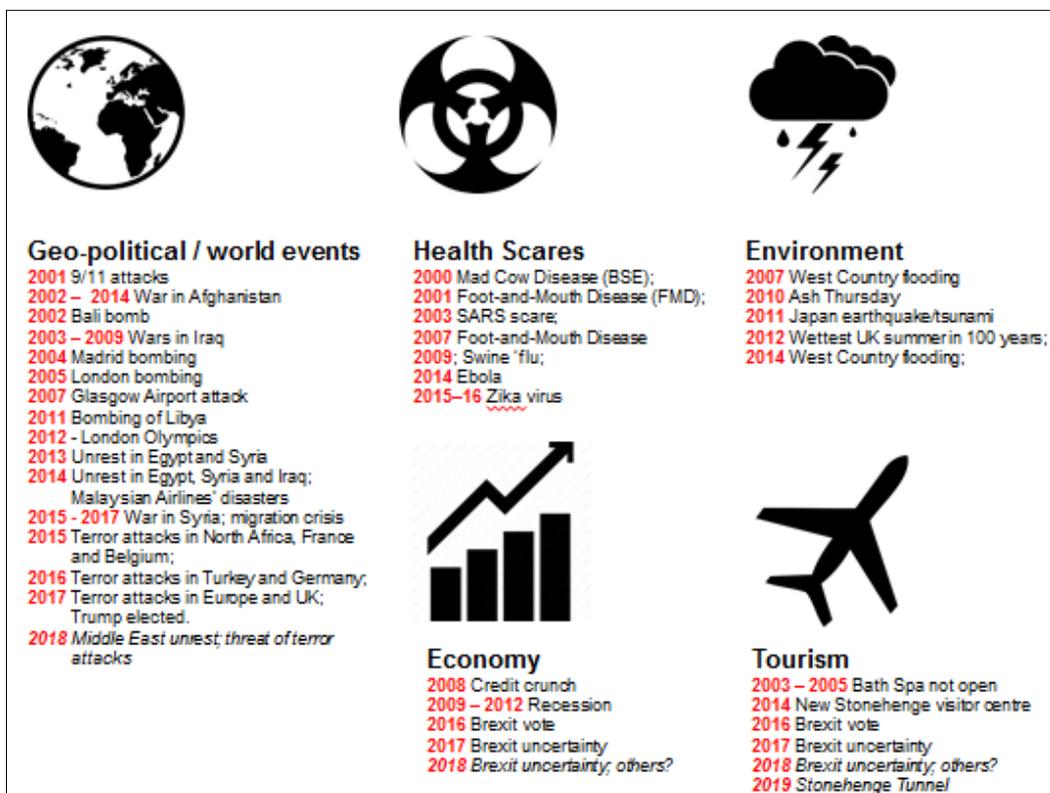


Figure 16: Issues which may have influenced people's travel-making decisions since 2000.

External events:

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

The potential disruption caused by major works to the A303 in the vicinity of Stonehenge may have a significant impact during the outer years of The Plan and in 2018 work will begin to investigate this in greater detail.

Customer resistance:

Continued above-inflation price rises increase the risk of customer resistance. Long queues at the entrance will increase the likelihood of walkaways by dis-satisfied or time-restricted tourists. Online ticketing time slots for individuals will be designed to help to manage this. These factors are estimated, but the effect can be somewhat different in practice.

Reputation loss:

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

Financial:

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

Systems and processes:

Financial pressures on the Council have led to increasing standardisation of process and systems. These changes focus on supporting shrinking local authority services

aimed at a local client base, but are often not appropriate for a business that the Council expects to grow and sell its services commercially to a national and international customer base.

The Winckworth Sherwood Options Review of 2014 highlighted the imperative for the Service to be able to use industry standard, fit-for-purpose commercial systems and procedures if it is to remain competitive. In order to successfully deliver the continued increases in income and profit required by this Plan it is essential that the Service is empowered to employ appropriate systems and processes to achieve the commercial objectives that the Council has set. This includes the ability to specify and control investment projects to ensure that they are fully aligned with commercial and marketing objectives.

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Heritage Services Business Plan 2018-23

Business Plan Summary

	Prior Year Actuals		Current Year		Proposed Budget £'000	Plan Years			
	15/16 Act £'000	16/17 Act £'000	Budget £'000	Forecast £'000		19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
Admissions	(11,972)	(13,772)	(14,022)	(15,293)	(16,228)	(17,235)	(18,213)	(19,029)	(19,835)
Retail Sales	(2,130)	(2,326)	(2,218)	(2,332)	(2,402)	(2,414)	(2,463)	(2,498)	(2,528)
Room Hire	(527)	(570)	(564)	(540)	(562)	(579)	(597)	(615)	(633)
Catering Commission	(746)	(777)	(817)	(796)	(822)	(847)	(872)	(898)	(925)
Other Income	(259)	(634)	(242)	(270)	(251)	(251)	(292)	(313)	(323)
Internal Income	(2,512)	(3,011)	(3,001)	(2,848)	(2,999)	(3,059)	(3,112)	(3,161)	(3,216)
Grants/Contributions	(318)	(200)	(141)	(186)	(123)	(65)	(65)	(65)	(65)
Total Income	(18,465)	(21,290)	(21,006)	(22,265)	(23,387)	(24,450)	(25,614)	(26,579)	(27,526)
Employee Costs	3,795	4,276	4,523	4,368	4,823	4,919	5,084	5,187	5,291
Premises Costs	1,084	978	1,066	1,066	1,143	1,178	1,347	1,399	1,453
Transport Costs	26	23	23	23	29	30	30	30	31
Supplies & Services	2,757	3,388	3,102	3,258	3,486	3,525	3,561	3,607	3,648
Recharge codes	4,019	4,559	4,610	4,531	4,658	4,781	4,819	4,881	4,959
Other Costs	4	3	5	5	1	1	1	1	1
Unallocated Budgets	0	0	116	116	0	0	0	0	0
Investment	1,264	1,478	1,485	1,485	1,456	1,627	2,041	1,958	1,493
Total Expenditure	12,949	14,704	14,932	14,853	15,597	16,060	16,883	17,063	16,876
(Surplus) / Deficit	(5,516)	(6,586)	(6,075)	(7,412)	(7,790)	(8,390)	(8,731)	(9,516)	(10,650)
Revenue budget profit target					7,695	8,198	8,500	8,750	9,000
Contribution to Heritage Services Hypothecated Reserve					(95)	(192)	(231)	(766)	(1,650)
Hypothecated Reserve Balance bought forward					0	(95)	(287)	(518)	(1,284)
Closing hypothecated reserve balance					(95)	(287)	(518)	(1,284)	(2,934)
Operating Margin	29.9%	30.9%	28.9%	33.3%	33.3%	34.3%	34.1%	35.8%	38.7%
Operating Margin (pre investment)	36.7%	37.9%	36.0%	40.0%	39.5%	41.0%	42.1%	43.2%	44.1%
Wage %	20.6%	20.1%	21.5%	19.6%	20.6%	20.1%	19.9%	19.5%	19.2%

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