THE BUDGET PROPOSAL OF THE CABINET 2013/2014

Budget Summary

Headlines

Despite a difficult national economic position and its impact on local government finances, our proposed budget protects high priority frontline services and invests in the future of our area, promoting new homes and jobs.

We are also proposing that Council Tax is frozen in 2013/14 for the third consecutive year, recognising the on-going pressure on household incomes. The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,201.85 which represents no change on the previous year (no increase).

The proposed net revenue budget for Bath & North East Somerset Council next year, 2013/14, is £123.359m, a net cash reduction of £2.474m on the previous year. This reflects the impact of significant cuts in government grant funding amounting to 9.4% for 2013/2014.

The Budget Context

The proposed Council Budget for 2013/2014 presents a detailed Medium Term Service and Resource Plan for the three-year period from 2013/2014 through to 2015/2016. This will enable the Council to take a planned and structured approach to meet the significant financial challenge facing the Council.

2013/2014 represents the third year of financial planning prepared in the context of the Government's Comprehensive Spending Review (CSR) announced in October 2010. This CSR included a deficit reduction programme with 24% cuts to local authority spending spread over the four-year period from 2011/2012 to 2014/2015. Based on the most recent Local Government Finance Settlement we now know the equivalent reductions for this Council will actually be 40% over this same period. This reflects the below average Settlement received by this Council in each year of the CSR period and the Council's position as one of the lowest funded unitary councils in the country.

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

Table 1: Reduction in Government Grant Funding

	2011/2012	2012/2013	2013/2014	2014/2015	Total
CSR Indicative Funding Reduction	-10.7%	-6.4%	-0.9%	-5.6%	-23.6%
Actual B&NES Funding Reduction	-13.5%	-8.3%	-9.4%	-8.7%	-39.9%

It is also clear from the Government's Autumn Budget Statement in December 2012, that the reductions set out in this previous CSR will not be sufficient to meet the Government targets to reduce the fiscal deficit, as the on-going impact of economic uncertainty both across Europe and indeed worldwide, means the UK economy continues to fall short of previous expectations.

A range of significant changes impacting on local Government Finance will also take effect from 1 April 2013:

- The needs based Formula Grant funding system is replaced with a combination of localised Business Rates and a top up grant to be known as Revenue Support Grant.

- The new Localised Business Rates (National Non Domestic Rates) will provide for the Council to retain up to 49% of local business rates going forwards to incentivise growth.

- Responsibility for setting Council Tax Benefit passes to local authorities from 2013/2014 in the form of the new Local Council Tax Support Scheme. The Council considered and approved the revised arrangements for this scheme in November 2012.

- With effect from the 1st April 2013 the Government is abolishing elements of the Social Fund which is currently administered by the Department for Work and Pensions and allocating funding to Local Authorities based on their estimated awards for Community Care Grants and Crisis Loans.

- Public health responsibility and related services will pass to the Council from April 2013 from the PCT supported by separate ring fenced grant funding from the Department of Health.

- The full implementation of planned changes to Government Funding for the Local Education Authority and Academies through the Education Services Grant (ESG) will go ahead in 2013/14.

- Early years funding for 2 year olds will move from the LEA into the Dedicated Schools Grant together with responsibility for careers advice and guidance.

The implications for this Council will require estimated savings of at least £30M over the next three financial years (2013/2014 to 2015/2016).

The Budget Proposal

Each Directorate of the Council has prepared a Medium Term Service and Resource Plan (MTSRP) covering the full three-year period from 2013/2014 to 2015/2016. Each of these plans has been considered by the relevant Policy and Development Scrutiny (PDS) Panel throughout November 2012.

The MTSRP's set out the specific service and resource requirements for 2013/2014 and beyond, including growth requirements and savings proposals, and allowing for the anticipated financial implications of the grant settlement. Feedback from the individual PDS panels has been considered in arriving at the proposed Budget.

The proposed Budget for 2013/2014 recognises the very difficult financial challenge now facing the whole of the public sector and the increasing need to prioritise resources. The following principles have been used to support this:

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

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

The development of the Budget has moved away from setting targets and budget top slices based on historic spending to and approach more focussed on prioritisation supported where appropriate by zero based budgeting. This approach has included: -

- Ensuring only essential cost pressures are taken into consideration, challenging all proposals for inflationary increases and additional spending.
- A continued focus on achieving efficiency savings within and across service areas.
- Maximising savings achieved through the continued development of the Change Programme with projects like Customer Services and Procure to Pay.
- Seeking to increase income from new and existing sources. Developing and investing in a diversified income base to help protect the Council from reductions in Government funding.
- Minimising costs of borrowing utilising Council cash flow balances where appropriate to provide funding for capital projects.
- Exploring opportunities to support Communities to enable them to be more resilient and self-sustaining (See Annex 6).
- Making better use of Council Assets, particularly council land and property, to reduce running costs and provide capital receipts.
- Where Government is cutting its grants to local authorities, or other external sources of funding are being reduced, these savings requirements may need to be passed on to the relevant service.

The proposed Budget also recognises service specific spending pressures and Council priorities that need to be addressed including impacts of national policy changes totalling some £9.2m. The most significant of these include:

- £1.1m for increasing demands on Adult Social Care and Health services.
- £0.1m for increased demand for Children's care services.
- £3.2m for inflationary costs particularly for care placements and external service contracts.
- £1.4m for the impacts of government legislation and initiatives, including reduced planning fees, waste taxes and treatments, and concessionary fares.
- £0.2m for increased school days in 2013/2014 due to term timings.
- £1.3m for impacts of economic downturn and increased competition.
- £1.0m to offset one-off funding used to support the 2012/2013 budget.

- £0.2m for capital financing.
- £0.2 m for IT licensing costs.
- £0.3m for other improvement priorities

Taking account of the reductions in government grant funding and the pressures outlined above, requires the identification £30m of budget savings over the three-years from 2013/14 to 2015/2016 as part of the proposed Budget. As part of this overall picture the specific savings required for 2013/2014 total £11.63M and these are set out in full at Annex 5 and can be summarised as follows:-

Table 2: 2013/14 Savings Analysis

Description	£'000
Change Programme & Efficiency Savings	5,634
Increases in Income from fees, charges and other grants	3,887
Service Reductions	2,109
Total Savings	**11,630**

The majority of savings are being delivered from efficiencies and the Council's change programme. This has enabled prioritised service reductions to be kept to an absolute minimum. Indeed the reductions to services represent only around 18% of the total savings and around 1% of the gross Council budget excluding Schools. Details of the specific savings items and the impact on service areas are included within individual MTSRP's.

Capital Investment

The proposed Capital Programme provides for £151M of investment from 2013/2014 whist recognising the desire to reduce planned levels of external borrowing. Key elements of the programme include:-

- Continued investment in regeneration schemes including Keynsham Town Centre, Radstock and London Road – Bath
- Delivery of the Bath Transport Package following the confirmation of funding support from the Department of Transport.
- An on-going contribution towards enablement of affordable housing across B&NES area, building on the commitment to the Bath Western Riverside Development.
- Significant investment in highways maintenance and transport infrastructure with on-going support for the provision of 20mph zones and new funding for improved cycle routes.
- Improvements to school buildings and facilities together with provision of additional capacity particularly for primary school places.
- Progressing the Bath Enterprise Area including investment to regenerate key sites for development.
- Supporting Energy Efficiency Schemes including a Schools Energy Invest to Save Fund and a Biomass Energy Efficiency Fund.

Schools Funding

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

The Dedicated Schools Grant (DSG) increase compared to 2012/13 is complicated by the conversion of several schools to academies, and the transfer of additional responsibilities into the DSG from other funding routes. The overall increase in the DSG is estimated for 2013/2014 at £2.5m with total funding of £116.6m (including academies). The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.

Whilst the Dedicated Schools Grant (DSG) is being allocated to Local Authorities on a cash freeze basis. The Pupil Premium allocations for maintained schools are increasing from £623 to £900 per Free School Meals pupil in 2013-14. This increase will bring the total payable to B&NES schools to £2.448m in 2013-14, an increase of £760k. This represents approximately a further 1% increase in overall resources for schools.

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £41.2m in 2013/14 leaving £75.4m payable to the Council.

This recoupment by the DFE is based on 10 secondary, 1 special and 2 primary academies in 2013/14. It is difficult to assess whether there will be more schools converting to academies over the next year.

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

Council Tax

The local government financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). This financial support (in the form of a grant) for 2013/2014 is stated as being included in baseline funding for 2014/15 and beyond. The income from the grant is equivalent to a 1% increase in council tax.

The proposed Council Budget utilises this grant and provides for a zero increase in Council Tax for 2013/2014.

Business Rates

The Council has historically been responsible for the collection of Business Rates (National Non Domestic Rates) effectively passing the funds raised directly through to national government. From 1 April 2013 as part of the new funding arrangements for local councils, up to 49% of the Business Rates will be retained locally. The aim of this new system will be to provide an incentive to local authorities to stimulate and encourage business growth in their area. However the Council will also share in the risk of non-payment, business rate appeals and business closure or failure. A national safety net is in place to provide some protection although this will only operate once business rates have reduced by 7.5%.

For the implementation of this new system the Government has set an initial baseline level of business rates to be collected. This baseline was initially stated to be set based on a 5 year average and this basis had been reflected in the Council's financial plans. A very late change by the Government to a 2 year average, effectively pushed this baseline higher for the Council adding a further £1M funding pressure to the Council's financial plans.

This system will not be reset now until at least 2020 and therefore the emphasis on business growth will be key to help support funding for frontline council services in the future. Immediate challenges do exist with the closure of the MOD sites in the Council area and the significant loss of business rates that will arise initially.

Reserves

The Council is maintaining its un-earmarked reserves at the appropriate risk assessed level. Some of these reserves (above a minimum level) will continue to be utilised on an Invest to Save basis. The assessed risk which has been reviewed as part of the Budget process, suggests reserves of £10.5M for 2013/2014 with a minimum level of £6M. These are deemed appropriate based on current financial planning assumptions.

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

- Revenue Budget Contingency - £491K (to meet in-year revenue budget variations)
- Medium Term Financial Challenge Reserve - £2,651K (to support the existing Change Programme)
- Restructuring Reserve - £5,598K (to meet future severance costs arising from the MTSRP)
- Affordable Housing Reserve - £3M (to fund the affordable housing contribution for Bath Western Riverside)
- A new Financial Planning Reserve of £6.6M is created following the review of reserves and the removal of the Capital to Revenue Reversion Reserve and the Capital Financing Reserve. Up to £3.8M of this is being allocated as one-off headroom in 2013/2014. The balance will be allocated as part of the Budget each year to support the specific medium term financial proposals and priorities of the Council.

The balances shown are for 2013/2014 and these reserves are anticipated to be fully committed over the medium term.

The Medium Term

The Government's Autumn Statement in December 2012 confirmed the need for public sector spending deficit reduction measures to continue beyond the period of the current CSR and at least until 2018. The Statement also confirmed an additional 2% average reduction for local government funding in 2014/15 over and above the position set out in the CSR.

The Council has, as far as possible, reflected this position in this proposed Budget covering the period until 2015/2016. We anticipate a further spending review in spring 2013 which may provide further clarity for the final year of this MTSRP period.

Structure of the Budget Proposal

Section 1 sets out the approach to the revenue and capital budget and the build-up of the recommended revenue budget for 2013/2014. Annex 1 provides the breakdown of the Budget for 2013/2014.

Section 2 sets out the position for future years 2014/2015 and 2015/2016 taking account of proposals developed in the medium term service and resource plans, in light of known pressures and assumptions about levels of funding. It also includes details of how the Council Change Programme will contribute to meeting the financial challenge.

Section 3 sets out the recommended capital programme for 2013/2014 including the indicative capital programme through to 2017/2018. Annex 3 provides more detail.

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

Section 5 sets out the implications of the revenue budget for Council Tax levels for 2013/2014.

Table 3: Summary Net Revenue Budget and Capital Programme 2013/14 – 2015/16

	2013/14	**2014/15**	**2015/16**
Revenue Budget Funding:	**£m**	**£m**	**£m**
Council Tax	71.342	71.142	71.292
Council Tax Freeze Grant	0.740	0.740	0.740
Revenue Support Grant	31.106	25.943	21.243
Retained Business Rates (after tariff)	20.262	20.845	20.845
Reserves & Collection Fund Surplus	-0.091	0.000	0.000
Total Funding	**123.359**	**118.670**	**114.120**
Net Revenue Budget Spend	**123.359**	**118.670**	**114.120**
Capital Programme – for approval	**59.036**	**19.972**	**2.631**
Capital Programme - for provisional approval (subject to)	**20.805**	**24.319**	**9.824**

Note: Revenue Budget figures beyond 2013/2014 are indicative only.

Section 1 – The Revenue Budget for 2013/2014

Introduction & Process

The proposed Budget for 2013/2014 to 2015/2016 has been prepared using the Council's Medium Term Service and Resource Planning (MTSRP) process.

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

Strategic Directors, in consultation with their Cabinet Members, have developed Medium Term Service and Resource Plans covering the years 2013/2014 to 2015/2016. These Medium Term Service and Resource Plans set out the financial pressures, savings and efficiency proposals that each service will be taking forwards to meet the overall level of resourcing available to the Council. This includes outlining the impacts of each of the proposals both in terms of service delivery and on staff.

The Medium Term Service and Resource Plans have been reviewed by the relevant Policy Development and Scrutiny Panels and feedback from these Panels has been considered as part of the process. A consolidated schedule of all the MTSRP savings is attached at Annex 5. Copies of the individual plans and feedback from the PDS Panels are available as background papers.

The Cabinet have now had the opportunity to further consider proposals from officers which develop the medium term financial planning and take account of the on-going work of Strategic Directors and the comments from PD&S panels. In that context the Cabinet has developed the Budget proposal to reflect this position. The Cabinet has also considered feedback from consultation with the, community, Trade Unions, and a range of other partners / stakeholders, particularly from the Council's three Annual Budget Fairs held in early November 2012.

Approach to the Budget

Corporate Assumptions

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

Assumptions relating to specific areas of cost increases or demand for individual services are separately identified within the Medium Term Service and Resource Plan for each service.

Appendix 3 sets out in more detail the corporate financial assumptions which underpin the Budget and the key financial planning assumptions are summarised below:

- A pay increases of no more than 1% in each year of the MTSRP 2013/14 to 2015/16.
- Continued low rates of interest from treasury management cash investments of 0.75% per annum. The Bank of England base rate is not expected to rise from the current level of 0.5% during the MTSRP period.
- A small 0.5% increase in the level of the employers' contribution to the Local Government Pension Fund following the next Actuarial Review in 2013, reflecting the impacts of wider changes to the Scheme.
- Balanced budgets are achieved for 2012/2013 with no related on-going funding pressures.
- No general inflationary provision – specific inflation has been provided and identified as growth within service areas based on specific service circumstances and contractual commitments. These are set out in detail in the MTSRP's and provide for 2% inflation except Adult Social Care where the target is 1.75%.
- That capital funding is provided from Capital Receipts and internal cash flow. New borrowing will be kept to a minimum subject to market conditions.

Fees and Charges

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

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

- **Car Parking Charges** – the MTSRP includes some specific proposals for car parking charges although beyond these actions, no general increase is proposed in the rates for car parking during 2013/2014.
- **Park and Ride Charges** – charges are now set by the operator within agreed contractual limits.
- **Planning Fees –** assumption that fees will increase to the maximum level set out in the relevant Government Fee Schedule.

Government Grant

The Government originally set out its plans for tackling the significant budget deficit, in the Comprehensive Spending Review on 20th October 2010. This deficit reduction programme indicated 24% cuts to local authority spending over the Spending Review period from 2011/2012 to 2014/2015 with a significant element front loaded to the first two years.

The subsequent Local Government Finance Settlement announced in December 2012 showed the Council's funding baseline for 2013/2014 reducing by a further 9.7% and then by a further 8.7% in 2014/2015. This equates to a 40% reduction in funding for the Council, well in excess of the average set out in the CSR.

The funding baseline itself has been reassessed to take account of the start-up funding baseline for the new Localised Business Rate element. This Business Rate baseline position is fixed and only uprated in line with inflation for at least seven years.

The Government's Autumn Statement in December 2012 reflected the on-going market concerns surrounding the national debt position of the UK and a number of Eurozone countries. In particular the statement confirmed the need for public sector spending deficit reduction measures to continue beyond at least until 2018. The Statement also confirmed a ceiling on public sector pay of 1% per annum for the next two years.

This settlement confirms that B&NES Council will remain one of the lowest funded unitary authorities with the position set out for 2013/2014 now forming the baseline funding until at least 2020 when the system is next due to be reset. The Council has the 6th lowest spending power per dwelling when comparing all Unitary Authorities.

The grant funding baseline has been updated to remove the funding for LEA services which will now be paid directly to the LEA and Academies as the Education Services Grant (ESG) on a per pupil basis. We had anticipated this adjustment although the rate of schools transferring to Academies (particularly secondary schools) does present a funding challenge for the Council.

The funding baseline also reflects the change in responsibility for setting Council Tax Benefit which passes to local authorities from 2013/2014 in the form of the new Local Council Tax Support Scheme. The Government grant supporting this is being reduced by approximately 10% for 2013/2014 and this is reflected in the provisions within the new scheme which, was considered and approved by the Council in November 2012.

The New Homes Bonus Scheme which provides funding for new homes brought into use and included in the Council Tax Base, was provisionally confirmed at a total of £1.977m for 2013/2014. This is the third year for funding for New Homes Bonus and includes an additional £0.759m for 2013/2014. The New Homes Bonus scheme runs for 6 years from the year of initial allocation. This funding is un-ring-fenced and available for allocation as part of the overall revenue budget.

The Settlement included provision of financial support from the government for councils who freeze their Council Tax for next year – 2013/2014. The grant is equivalent to a 1% Council Tax increase and is confirmed as being including in the baseline funding calculations.

The Settlement announcement confirmed the requirements for Council tax referendums where any Council (excludes parishes again in 2013/2014) increasing council tax by more than 2% (or £5 for qualifying police and fire authorities). This is clearly irrelevant for councils accepting the council tax freeze grant.

Retained Local Business Rates

From 2013/2014 the new arrangements for funding of local government will provide for up to a maximum of 49% to be retained locally.

The actual amount to be retained is dependent upon a number of factors including a start-up baseline assessment, a top-up or tariff payment subject to the level of the baseline and a levy on future growth to support a national safety net.

The setting of the baseline is key and for the Council a late change in the bases if calculation from a 5 year to a 2 year average, effectively increased the Council's annual tariff payment to the Government by over £1M.

Going forwards the Council will retain 49% of the Business Rates less a tariff payment of £9.468m to the government based on the initial baseline. 49% of all future growth in business rates will be retained by the Council less a levy payment of 31p in the £ to provide for a national safety net.

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

The initial years of this new system will be very challenging as some large business closures will impact on the Business Rates collected, particularly MOD sites and Somerdale.

As part of the proposed Budget, reasonable assumptions have been made for likely future Business Rates although given these new arrangements have not been tested and current economic conditions continue to be challenging, there remain a significant risk associated with future receipts.

The Council has been seeking further changes to some elements of the new system, including the baseline calculation and the treatment of historic appeals, which may provide some flexibility in the overall Business Rates Collection Fund going forwards.

Social Fund

With effect from the 1st April 2013 the Government is abolishing elements of the Social Fund which is currently administered by the Department For Work and Pensions and allocating funding to Local Authorities based on their estimated awards for Community Care Grants and Crisis Loans.

Bath & North East Somerset Council has been awarded £249,260 for next financial year as its share of the Social Fund. There are no rules or restrictions on how this money should be used but it is allocated for the purpose of local Welfare Provision.

In addition to the Programme funding there is also an amount of £52,670 to support any administrative costs of a new scheme

The Council has already indicated that a scheme should target those most impacted by the introduction of the Local Council Tax Support Scheme. The Cabinet will shortly review a report on how to best target and administer these funds to assist the most vulnerable members of our community impacted by the Welfare Reforms.

Schools Funding

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

The Dedicated Schools Grant (DSG) increase compared to 2011/12 is complicated by the conversion of several schools to academies, and the transfer of additional responsibilities into the DSG from other funding routes. The overall increase in the DSG is estimated for 2013/2014 at £2.5m with total funding of £116.6m. The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.

Whilst the Dedicated Schools Grant (DSG) is being allocated to Local Authorities on a cash freeze basis. The Pupil Premium allocations for maintained schools are increasing from £623 to £900 per Free School Meals pupil in 2013-14. This increase will bring the total payable to B&NES schools to £2.448m in 2013-14, an increase of £760k. This represents approximately a further 1% increase in overall resources for schools.

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £41.2m in 2013/14 leaving £75.4m payable to the Council.

This recoupment by the DFE is based on 10 secondary, 1 special and 2 primary academies in 2013/14. It is difficult to assess whether there will be more schools converting to academies over the next year.

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

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

The development of the proposed Budget has moved away from setting targets and budget top slices based on historic spending to an approach more focussed on prioritisation supported where appropriate by zero based budgeting. This approach has included: -

- Ensuring only essential cost pressures are taken into consideration, challenging all proposals for inflationary increases and additional spending.
- A continued focus on achieving efficiency savings within and across service areas.
- Maximising savings achieved through the continued development of the Change Programme with projects like Customer Services and Procure to Pay.
- Seeking to increase income from new and existing sources. Developing and investing in a diversified income base to help protect the Council from reductions in Government funding.
- Minimising costs of borrowing utilising Council cash flow balances where appropriate to provide funding for capital projects.
- Exploring opportunities to support Communities to enable them to be more resilient and self-sustaining.
- Making better use of Council Assets, particularly council land and property, to reduce running costs and provide capital receipts.

The scale of the savings required over the next three years of the MTSRP period, is such that the Council will need to prioritise services and whilst every effort will be made to protect essential frontline services for local people, this will inevitably lead to reductions in some service areas which are considered a lower priority.

The proposals put forward in the MTSRP's provide clear actions to address the majority of the estimated £30M funding shortfall faced by the Council over this period, including a balanced Budget for 2013/2014. Future years will still be subject to government funding announcements and it is highly likely that further savings will be required.

Table 4 in this report shows how the budget rolled forward from 2012/2013 has then been built up with total growth and savings identified by services as set out in MTSRP's.

Budget Headroom

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

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

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

On-going Headroom Allocations - Nil

No on-going headroom is available for allocation at this stage over the MTSRP period. This is a reflection of the scale of the financial challenge and the need to utilise all available funding sources to minimise reduction in services.

One-off Headroom Allocations - £3,815K

These allocations are to be made from the Financial Planning Reserve.

- £3,000K to be allocated to establish an Earmarked Reserve to meet the costs arising from the likely timescale to implement recurring budget savings in 2013/2014

- £180K to meet additional costs of Children in Care Placement costs should they exceed baseline budget assumption.

- £150K to meet potential set up costs of a Tourism Levy.

- £150K to meet costs associated with a Trading Company acquisition.

- £100K to fund reduced savings in childrens preventative services.

- £50K to provide revenue maintenance grants to property owners in support of the London Road Regeneration Project.

- £60K for a contribution to the voluntary sector in order to provide business start-up loans to the self-employed.

- £50K to establish a hardship fund for landlords as a result of the changes to the Council Tax Discount Scheme for empty properties (as agreed by Council 8th November 2012)

- £40K to provide a webcasting trial of Council Meetings for one year.

- £35K contribution to fund the community engagement work and advice line in respect of the Retrofit and Green Deal delivery partnership.

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

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

Summary of the Revenue Budget Proposal

The proposed revenue budget for 2013/2014 represents:

- A net £2.5m or 2.0% decrease in the non-schools budget (after allowing for the technical adjustments required as a result of changes in the local government finance funding reforms).
- The Dedicated Schools Grant (DSG) increase compared to 2012/13 is complicated by the conversion of several schools to academies, and the transfer of additional responsibilities into the DSG from other funding routes. The overall increase in the DSG is estimated for 2013/2014 at £2.5m with total funding of £116.6m (including academies). The majority of the additional funding relates to the transfer of funding for 2 year olds and the funding for post 16 special needs provision, that have transferred from the Early Intervention Grant and the Education Funding Agency respectively. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
- Compared to 2012/2013. However as schools convert to academies the Department for Education (DFE) recoup the DSG payable to the Local Authority in order to make payments direct to the academies. The DFE estimate the recoupment will be £41.1m in 2013/2014 leaving £75.5m payable to the Local Authority.
- A freeze in the Council's level of Council Tax, which excludes Police, Fire and Parish precepts.

We are recommending a net revenue budget for 2013/2014 of £123.359m. Table 4 below, and Annex 1 to this Appendix, show the build-up of the recommended 2013/2014 revenue budget, compared to the rolled forward base budget from the current year.

Table 4: High Level Build-up of the 2013/14 Budget (detail in Annex 1)

Description	£'000
Total Base Budget rolled forward – 2013/14 (after removal of one-off items in 2012/13 Budget)	**120,865**
Technical Adjustments relating to Local Government Finance Funding Reforms	4,969
Contractual and Unavoidable Inflation	3,206
New Legislation / Government Initiatives	1,346
Increased Service Volumes	1,839
Impacts of Economic Downturn & Increased Competition	1,341
Other / Technical	1,423
Total including Growth	**134,989**
Change Programme & Efficiency Savings	5,634
Increases in Income from fees, charges and other grants	3,887
Service Reduction	2,109
Total Savings	**11,630**
Recommended Net Revenue Budget 2013/14	**123,359**

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2013/14. These are shown in **Annex 1** to this Appendix.

Section 2 - Future Years

The Medium Term Service and Resource Plans were constructed to cover the 3 years 2013/14 – 2015/16 in line with the specific budget priorities and the council policy context (Annex 7).

The MTSRP's provide clear actions to address the majority of the estimated £30M funding shortfall faced by the Council over this period, including a balanced Budget for 2013/2014

The corporate financial assumptions and initial resource allocation as set out in Appendix 3 covered each of the next three financial years. Appendix 3 also explains that we cannot be certain at this stage about local government funding beyond 2014/2015 although we expect the financial challenge facing the public sector to continue until at least 2018 in line with the Government's Autumn Budget Statement in December 2012.

Table 5 below summarises the resource allocation from this Budget proposal together with the position for each of the following two years covered by the MTSRP's.

Whilst the MTSRP's provide for financial balance in 2013/2014, further work will be required in relation to 2014/15 and 2015/16. It is also the case, at this stage, that there is insufficient information available to fully identify future funding pressures including new government requirements, future demand changes and emerging issues. It is therefore expected that the requirements for savings in future years may increase.

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

The West of England City Deal

The City Region Deal is an agreement between Government, the West of England authorities and the West of England Local Enterprise Partnership giving increased local financial flexibility and freedoms in exchange for a focussed programme of investment to enable the region to achieve its full economic growth potential

Extensive preparatory work is taking place to enable options to be put before councils. At this stage each of the 4 West of England Unitary Councils and Government have agreed in principle only.

Key decisions are not required until June and July 2013. At this stage the background information set out in Annex 8 is just for noting as it provides important context for the medium term plans especially intended investment in regeneration.

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Table 5: Resource Allocation 2013/14 to 2015/16

SERVICE AREA	2013/2014				2014/15	2015/16
	GROWTH (£M)	SAVINGS (£M)	TECHNICAL ADJS (£M)	CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)	INDICATIVE CASH LIMIT (£M)
Adult Social Care & Housing	3.148	1.836	3.537	**58.377**	**59.388**	**60.083**
Children's Services	0.663	0.895	3.506	**24.455**	**23.688**	**22.025**
Place	3.654	2.978	0.126	**28.037**	**27.319**	**27.247**
Regeneration, Skills & Major Projects	0.024	0.212	0.000	**1.305**	**1.324**	**1.338**
Resources & Support Services	1.167	3.080	0.000	**3.279**	**0.026**	**(1.500)**
Corporate & Agency	0.500	2.629	(2.200)	**7.907**	**7.982**	**7.882**
Totals	**9.156**	**11.630**	**4.969**	**123.359**	**119.726**	**117.074**
(Savings to be identified) / Headroom					**(1.056)**	**(2.954)**
Medium Term Financial Planning Total					**118.670**	**114.120**

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

The Cash limits for 2014/15 and 2015/16 are at this stage indicative and will be reviewed as part of the Medium Term Service & Resource Planning process for 2014/15 onwards.

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

Council Change Programme

The Council's Change Programme was re-launched in 2010 and will have delivered substantial results over the period to 31 March 13. It takes account of the Government's austerity measures, the Academies Act, new requirements on the NHS, which affect our Health and Wellbeing Partnership and the various measures to promote Economic Growth.

The programme includes:

- Community Engagement - where there is a clear understanding of the needs of local communities and how these may best be met either by the Council, one of its partners or increasingly from within the community itself. This also looks at how best to join up the engagement between communities and the public sector, not just the Council.
- Reshape Customer Services - to be the public face of the Council, where 80% of questions are dealt with at the first point of contact, multi-agency one stop shops for face to face contact, plus improved web and self-service. This will also take account of changes to the welfare and benefits system to Universal Credit and include a pilot on customer contact with the DWP with a significant emphasis on face to face contact.
- Bring together Support Services - to deliver more effective and efficient services plus implement a new IT strategy with fewer systems, better support for flexible working, elected members and customer access.
- Meet the Government's requirements for Children's Services, Academies, Health and Social Care.
- Make further annual efficiency savings of at least £8m on top of other savings from the re-prioritisation of services.
- Make good use of Council assets – rationalisation of office space, excellent sustainability standards in offices, encouragement of regeneration and transferring assets to community groups where appropriate.

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

- Creation of a new social enterprise (Sirona) to run community health and social care – Council and PCT staff transferred in from October 2011 and the new organisation is operating successfully plus has a strong savings and improvement programme
- Customer Services improvements in many services such as highways, housing benefits, council tax, aspects of refuse collection, Bath one stop shop (an interim measure) and registrars. The Councils Website has also been updated and improved.

- Support services savings from simplification and standardisation of processes whilst also absorbing the effect of the creation of Sirona (which has mainly its own support services and some on-going support from the Council notably for property and IT – the property assets and networks having been retained by the Council)
- Changes in health and social care are being supported with the creation of a Health and Wellbeing board, which will deliver a Joint Health and Wellbeing Strategy for the area, plus arrangements to transfer public health to the Council.
- Academies have been supported to help their successful creation and a review of the LEA role is underway.
- Savings worth over £5M annually have already been directly achieved within the programme and the other efficiencies (to at least £8M in total) will be enabled by the programme.
- Council offices at Trimbridge House and Plymouth House in Bath have been closed (with the buildings returned to their owner) saving over £1M, flexible working has been rolled out.
- The Keynsham Regeneration project has been launched for completion in 2014 and work with the appointed delivery partner is now progressing.
- Records that took up valuable office space are now controlled through an efficient offsite archive and retrieval system.
- Lewis House in Bath has been modernised, as has the Hollies in Midsomer Norton. A new multi-agency one stop shop in Bath opened in May 2012.

Section 3 – The Capital Budget for 2013/14

Introduction

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

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

This Capital Budget proposal:

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

Given that pressures on the revenue budget will increase over time, the Council maintains a prudent approach to revenue resource planning through the MTSRP's which take into account the associated revenue costs of the capital programme.

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

The projected capital receipts for the period 2013/14 to 2017/18 are shaped by the Property Review and current proposals for development of Council owned sites.

All existing and future projected capital receipts will be utilised to support the general financing of the Council's Approved Capital Programme. The strategy of ear-marking capital receipts for specific areas of capital expenditure will be discontinued recognising the overall strategy to minimise and reduce the level of external borrowing going forwards.

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

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

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

B) Recommended Programme for 2013/14

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

The proposed programme assumes total capital payments and funding in 2013/14, comprising both the programme for Full Approval of £59.036m and a programme for Provisional Approval (subject to) of £20.805m, as shown in Table 6 below. Table 6 also shows the indicative capital programme and funding at summary level for 2014/15 to 2017/18. **Annex 3** shows the total capital programme for 2013/14 to 2017/18 in more detail.

Table 6: Summary Capital Programme and Financing 2013/14 - 2017/18

For Approval

Capital Scheme	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Total £'000
Place	14,830	6,754	1,449	0	0	**23,033**
Regeneration, Skills & Major Projects	6,456	3,264	1,154	450	0	**11,324**
Children's Services	5,714	1,175	20	0	0	**6,909**
Adult Social Care & Housing	1,565	0	0	0	0	**1,565**
Resources & Support Services	28,971	8,779	8	159	134	**38,051**
Sub Total	**57,536**	**19,972**	**2,631**	**609**	**134**	**80,882**
Contingency	1,500	0	0	0	0	**1,500**
Total	**59,036**	**19,972**	**2,631**	**609**	**134**	**82,382**

For Provisional Approval (Subject to)

Capital Scheme	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Total £'000
Place	8,655	7,342	6,217	6,487	1,518	**30,219**
Regeneration, Skills & Major Projects	5,389	7,750	0	0	0	**13,139**
Children's Services	4,636	395	0	0	0	**5,031**
Adult Social Care & Housing	1,325	2,325	1,000	1,000	1,000	**6,650**
Resources & Support Services	800	6,507	2,607	2,307	1,757	**13,978**
Total	**20,805**	**24,319**	**9,824**	**9,794**	**4,275**	**69,017**

Grand Total	**79,841**	**44,291**	**12,455**	**10,403**	**4,409**	**151,399**

Funded By

Financing	Budget 2013/14 £'000	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Total £'000
Grant	21,965	16,689	5,879	5,445	422	**50,400**
Capital Receipts/RTB	9,732	23,020	6,253	16,050	0	**55,055**
Revenue	823	2,401	1,297	563	478	**5,562**
Borrowing	44,943	766	-1,309	-12,070	2,420	**34,750**
3rd Party (inc S106)	2,378	1,415	335	415	1,089	5,632
Total	**79,841**	**44,291**	**12,455**	**10,403**	**4,409**	**151,399**

Funding

The revenue budget for 2013/14 and the Medium Term Service and Resource Plans for 2014/15 and 2015/16 provide for the revenue consequences of the Council borrowing in support of capital expenditure where appropriate.

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

The Capital Programme assumes the following achievement of capital receipts:

- 2012/13 = £19.9M
- 2013/14 = £ 2.6M
- 2014/15 = £22.8M
- 2015/16 = £ 6.2M
- 2016/17 = £16.0M
- 2017/18 = £ Nil

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

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

Significant Elements of the Capital Programme

Bath Transportation Package

Fully Approved - the scheme will expand all three of the council's existing P&R sites, improve variable message signs (including car park count systems being installed into the main city centre and car park and ride sites), environmental improvements in the city centre and improve the 9 major bus routes into the city with new bus stops, bus priority and real time information.

The scheme received Full Approval from Department of Transport on 11th July 2012 and delivery commenced in August 2012. The work at Odd Down Park and Ride completed prior to Christmas and Lansdown Park and Ride will open by end of March 2013. Ducting work for VMS has been installed and Bus stop improvements, signal upgrades and car park counts have commenced.

Total budgeted costs are £31.87M (including £1.530m for High Street improvements), funded by a maximum grant of £10.958m from DfT with the remainder funded by the Council and other local contributions.

Highways Structural Maintenance

The Highways Structural Maintenance budget is included for **Full Approval** at £4.330m funded wholly from direct government grants including the recently announced additional Highway Maintenance Funding of £663K to recognise deterioration due to adverse weather.

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

Local Transport Improvement Schemes

The Local Transport Improvement Schemes budget is included at £1.264m funded from government grant, section 106 contributions and other 3rd party contributions. It is included for **Provisional Approval** and is the subject of a separate report on the Agenda for the Council meeting on February 19th 2013, providing further details of the individual schemes for full approval.

The 2013/14 schemes will initially be subject to agreement with the Cabinet Member for Transport and will focus on supporting the Joint Local Transport Plan approved with our WoE partner authorities.

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

Victoria Bridge

Fully Approved - capital funding of £2,587K is provided to design and install a permanent solution for Victoria Bridge. The approved solution is a refurbishment of the bridge involving its complete removal and reconstruction, with existing, retained members being refurbished, and new steel members added where required.

Ramps were installed in May 2012 and the route across the Bridge opened to the public in the same month, on a temporary basis. The route will be closed again when works on the permanent solution commence in 2013.

External engineers have been appointed to carry out the design, the work for which is on-going and is expected to be complete in Q2 2013. The work required to refurbish the Bridge is programmed to commence in Q3 2013 with completion currently envisaged in early 2014.

Haycombe Cemetery Florist / Cafe

There is an aspiration to broaden the range of facilities available to our customers at Haycombe Cemetery, some of whom travel long distances to pay their respects to loved ones. An ambition is to provide a cafe for customers and also a florist concession so that customers can purchase floral tributes on site. It is anticipated that we would provide this over the next 3 years.

Included for **Provisional Approval**, there is a need to develop a business plan and a cost plan for this project and review them in light of other priorities for the business which include the provision of a new canopy for the Crematorium entrance and courtyard. Other key dependencies include public consultation, identification of suitable site locations for the concessions, consideration of who should operate the concessions i.e. the Council or private operator and securing necessary planning permissions.

An indicative budget of £100k is included for provisional approval in 2013/14 subject to development of a detailed business case.

Cycle Routes

For **Provisional Approval** - £500K to provide road cycle lanes, contra flows in one way streets and some off road cycle paths. The aim is to make cycling safer for adults and children so that more will take up cycling. This programme will complement the Local Sustainable Transport programme to increase commuter cycling, the new off road track at Odd Down, the Two Tunnels project opening in April 2013 and the Batheaston Bridge.

River Corridor Fund

For **Provisional Approval** - £100K. This programme will consider schemes to improve river and river bank safety, improving walkways and facilities for those using boats. The Council will consider advice from the River Corridor group before deciding on the schemes to be funded.

Sydney Gardens

This scheme for the restoration of Sydney Gardens, involves an application to the Heritage Lottery Fund under their Parks for People Programme. The scheme is split into 3 phases:

Round 1 Feasibility

Round 2 Development

Round 3 Implementation

A project budget of £500k is included for **Provisional Approval** subject to the development of a detailed project plan and funding confirmation from the Heritage Lottery Fund

Odd Down Playing Field

Included for **Full Approval**, Odd Down Playing Field is funded by a £1.232m, S106 contribution from the Sainsbury's Supermarket development.

The playing fields are also to benefit from a significant regeneration project which will deliver a 1.5km cycling track (£600k funded by British Cycling) and the implementation of a scheme to deliver an artificial (3G) playing pitch and a new clubhouse and changing room facility.

The 2013/14 Capital Programme also includes a provisional Council funded budget of £200k, which it is proposed to be used for the provision of enhanced changing facilities on the site.

The project will be delivered in 3 phases; 1.5km cycling track by April 2013, the artificial pitch by January 2014 and the new clubhouse and facilities by September 2014.

Roman Baths Development – Phase 2

For **Provisional Approval**, the second phase of the Roman Baths Development will include further on-going investment to maintain, refresh and update the 'visitor offer'; this includes new step-free access throughout the museum and improvements to the East Bath.

Works will be spread over a number of years to reflect phasing and timing to fit around seasonal demand for the attractions. The project will also work closely with the Council's financial planning team to avoid potential impacts on the Council VAT position.

Bath Western Riverside

Fully Approved, the BWR development continues to progress. The current position is as follows:-

- The first 30 private residential units are now occupied or sold.
- 100 affordable homes are now occupied.
- Phase 2 occupation is due during 2013.
- The 2nd Phase of infrastructure procurement was commenced in November 2012.

Radstock Regeneration

Fully Approved - the scheme has undergone a re-designed to take on board feedback from the community. A new planning application is now being prepared. The revised project budget is now £1,575K of which £800K is confirmed funding via an HCA grant..

Public Realm

For Provisional Approval – £339K is included in the 13/14 capital programme for the improvement of streets and spaces within Bath.

Bath Quays South

£650K is included for **Provisional Approval** for the design development up to planning submission for a new commercial premises on Bath Quays South to form part of the Corporate Estate. The design development work will only proceed once an agreement to lease the facility has been reached with a tenant. The formal approval for the full capital expenditure will be subject to a full business case.

Growth Enabling Infrastructure - Bath Quays Footbridge, Bath Flood Risk Management, BWR Relocation of Gas Holders, BWR Replacement of Destructor Bridge.

For Provisional Approval –

Flood Risk Management

Strategic Flood Mitigation Phase 1: to enable the development of key river corridor sites in the Bath City Riverside Enterprise Area

BWR Relocation of Gas Holders

Decommissioning and decontamination of the Windsor Gas Station: to enable removal of the HSE restriction on development at Bath Western Riverside and other sites in the Windsor Bridge area

BWR Replacement of Destructor Bridge

The construction of a new road and pedestrian bridge to replace the Destructor Bridge at BWR: to provide access to the BWR western site

Bath Quays Footbridge

The construction of a new pedestrian bridge over the River Avon linking Bath Quays South and Bath Quays North: to enable the former site to be brought forward for development

Schools Capital Investment

Schools and Early Years capital grant funding for 2013/14 has not been confirmed by the Education Funding Agency (EFA). Indications are that allocations will remain at a similar level to 2012/13: £1.564m for Basic Need to support provision of additional pupil places where there is population growth: £2.403m for Capital Maintenance and an estimated £0.402m of Devolved Capital to schools.

Although indications from the DfE are that allocations will remain at a similar level it is possible that there will be a reduction in Capital Maintenance given that only one non church secondary school, Chew Valley, remains in the ‘control’ of the local authority. All others have opted to become academies thus removing the responsibility for maintenance at these schools from the Council.

Basic Need priorities will include provision of additional capacity at St Saviour’s Junior, Oldfield Park Junior and Paulton Junior schools to reflect earlier expansions at St Saviour’s Infants, Oldfield Park Infants and Paulton Infants which have previously been approved and are already in the approved capital programme. Feasibility studies will be undertaken to identify options and costs for providing additional accommodation at these junior schools.

Priority for Capital Maintenance funding will be to address the most pressing condition items in schools e.g. windows, roofs, boilers etc. through the Schools Planned Maintenance Programme (SCPM). However due a cautious approach to allocations in 2011/12 and 2012/13 it has been possible to fund the 2013/14 SCPM from within existing funding and £1m for this is already included in the capital programme for **Full Approval.** A detailed list of proposed priorities for this funding is attached at Annex 3(i).

Until the costs of the proposed basic need schemes above are identified it is not possible to identify whether DfE Basic Need funding for 2013/14 will be sufficient or whether it will be necessary to also contribute capital maintenance funding to these projects ensuring that the Council fulfils its statutory duty to provide sufficient school places.

Subject to confirmation of funding Officers will provide details of proposed projects and costs for initial consideration by the Cabinet Member for Early Years, Children and Youth.

In addition to planned future projects there are also several larger scale projects previously approved as part of the capital programme in various stages of development in primary and secondary schools, these include;

- Ralph Allen Applied Learning Centre and artificial turf pitch - focussing on science with a learning environment to provide students with access to high technology equipment and practices mirroring those available in professional laboratories and industrial settings - Construction underway with completion Aug 2013 - £2.4m

- St Gregory's /St Mark's Post 16 Block - new joint 6th form block on site adjacent to St Gregory's which will admit pupils from both St Gregory's and St Mark's. Construction underway with completion September 2013 - £2.375m

- Weston All Saints Primary –Basic Need - to provide additional classrooms in two phases enlarging the school to 630 places overall. Phase 1 to be completed for 2014 of providing one classroom as an extension to the recently completed junior block with the remaining 6 classrooms to be delivered as a separate block by September 2015. Design phase underway - £1.8m.

- Castle Primary – Basic Need - phase one to provide additional pupil places on a phased basis to provide a capacity of 420 from the current 210 places. This project will provide an additional 90 places by refurbishment of IT suite for September 2013 followed by construction of two classrooms for September 2014 - £800k

- Paulton Infants – Basic Need -to provide 90 pupil places to meet rising birth rate and housing development to be funded via BN(£590k) and S106(£260k). Project phasing will see the refurbishment of kitchen space for September 2013 and construction of two classrooms for September 2014 - £850k

Schools Energy – Invest to Save Fund

For **Provisional Approval** - this project will provide financing for energy efficiency projects identified by schools. The funding is provided partly £290K by the schools forum from Dedicated Schools Grant funding. The remainder is funded by service supported borrowing. The sustainability team are working with schools to provide them with information to guide them into developing projects to be funded partly by the resource from the DSG and partly by service supported borrowing. The split between the two sources of funding will depend on the details of the projects.

The projects will be mainly changes to fabric of the school buildings in order to save energy costs and cannot start until the surveys in schools are completed as the sustainability team will need a full set of information in order to target the allocations.

The timing of the projects will be influenced by the desire of schools to complete work during holiday periods and by any linkages with other capital projects being completed by property services.

Disabled Facilities Grant

For **Full Approval** of £1M in 2013/2014 - this is the annual mandatory grant service administered by Housing Services for eligible applicants that satisfy the criteria of firstly, a necessary and appropriate home adaptation to enable them access to and use of the their home, secondly, the required adaption being reasonable and practical, and thirdly, meet the requirements of a test of resources. The assessment of need is carried out by the Council's OT service.

The scheme allows an eligible applicant to continue to live independently in their own home by providing a stair lift, suitable washing facilities or other relevant home adaptations.

Affordable Housing

Investment of £550k per annum in 2013/14 & 2014/15 is included for **Provisional Approval** subject to the provision of a detailed project plan and business case.

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

Gypsy and Travellers Site

A capital budget provision has been made for up to £1.8m across 2012/13 – 2014/15 to provide a 14 pitch transit site for Gypsy & Travellers. This scheme is included in the capital programme for **Provisional Approval** subject to detailed project plans being submitted once appropriate sites are located through the planning process.

The Gypsy & Traveller Accommodation Assessment 2007, which covers the period up to 2016, identified a need for 22 residential pitches & 20 transit pitches. This is currently being updated. The provision of a 14 pitch site will make a significant impact in meeting need.

Workplaces Programme including Keynsham Regeneration

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

The scheme includes:

- The Keynsham regeneration scheme to include Keynsham offices, retail, one stop shop, and library received planning consent last autumn. Demolition works of the former Keynsham Town hall, Library and retail shops is well underway. The new build is on programme and budget to open in the autumn of 2014.
- The main refurbishment of the corporate offices in Lewis House, Bath and the Hollies Midsomer Norton is now completed, with minor related projects nearing completion.

The workplaces programme is set to achieve a return of over 10% (after capital financing costs) and involves a total capital cost of £32M in future years (2013/14onwards) of which £28m relates to Keynsham

Victoria Hall

Fully Approved – subject to a cost & project plan, the objective is to bring Victoria Hall back to a safe and usable condition so that it can become a community space.

Until Feb 2012 the Hall was used as a community facility and an administrative base for Radstock Town Council. The building is in disrepair and officers were asked to carry out a feasibility study for a developed mixed use community, meeting and exhibition space with scope for locating the library into the building.

The Cabinet have approved continuing with this scheme.

The next steps will be to complete a business plan for the asset which includes the relocation of the town library. Sources of external funding such as grants will be further explored. A view will need to be taken to determine how best to maximise the financial return from the caretaker's house to facilitate the development. It is currently estimated that works will be completed by the end of the 2013/14 financial year.

Specific Developments for Full Approval – Saw Close and MSN South Road Car Park

<u>Saw Close</u>

The Saw Close site has been identified as a development possibility since the early 1990s. Property Services are currently in discussions with a local developer and adjoining landowner (the prospective developer) with the aim of achieving the best value deal possible for the Council in terms of capital generation and if possible maintaining revenue. This should also result in bringing a much neglected space back into full use and improving the public realm.

Negotiations with the prospective developer have progressed to the point that it is anticipated that the Council can reasonably expect to receive a capital receipt and appropriate costs associated with the disposal can be charged to the Capital Programme.

<u>Midsomer Norton South Road Car Park</u>

The overall objective is to bring forward this key Council freehold site for redevelopment in line with the draft Core Strategy and ERDP for Midsomer Norton.

In national planning terms South Road car park as an in-town location is sequentially the preferred site for food retail in the Somer Valley, supporting the role of Midsomer Norton as the market town for the area serving 46,000 people.

The location would provide increased footfall, together with linked shopping trips to the existing High Street. This will enhance the retail offering and contribute to the town's vitality and future viability and hopefully, stimulate further investment and regeneration.

Specific Developments for Provisional Approval – Grand Parade & Undercroft and Riverside Keynsham

Grand Parade & Undercroft

The key objectives for this development will include:

- Creation of a new fully accessible destination point for tourism and business within the City
- Bringing redundant space back into use for community and commercial benefit
- Enhancing the Bath Markets, as well as the museum and art gallery
- Increasing revenue income

The timeline will compliment the Workplaces Programme (due for completion in the autumn of 2014) with the assessment of development opportunities to include the Grand Parade and Undercroft, including Bath Markets, Victoria Art Gallery and the Colonnades.

Other potential linked development opportunities might include restoration of Pulteney Bridge, developing the Boat Dock, improving the Environment Agency (EA) radial gate and re-developing Bog Island.

The assessment will deliver a development specification that is based on the Council's priorities and objectives. This specification will then be used as an Invitation to Tender for suitably experienced developers, and a recommendation will be made to the Cabinet on appointing a developer(s).

Riverside Keynsham

This project is part of the overall Keynsham Regeneration scheme. Options and negotiations for the redevelopment of the Riverside building are continuing.

Ideas are being explored for a range of uses for the site and particularly housing, including town houses and retirement living for older people. There will be consultation with the community in the autumn of 2013 before any decision on the future of the site.

For this first phase, there are three options for the development scheme which are in part dependent upon the negotiations and will of the intermediary landlord of Riverside. The fees and costs involved vary depending on the option pursued. A more detailed business case will be brought back through the capital approval process following the consultation period.

Desktop As a Service – VDI Technology

For **Provisional Approval** – provides a virtualised desktop that meets the needs of WorkPlaces which will be deployed enterprise wide. Subsequently the virtual desktop will be available on almost any device with an internet connection, including personal devices.

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Timescale – pilot 2012; gatekeeping sign off to deploy March 2013; completes Q3 2014 with indicative cost of £1.88M

Likely key deliverables include:

- thin client desktop in the office,
- virtual desktop at home, in the field/mobile,
- desktop available on almost any device including your own,
- reduced support costs
- lower carbon

Customer Services System

Fully Approved - this is a critical corporate system underpinning the whole Customer Service Work stream. It is the key enabler for new ways of working and significant benefits realisation across the organisation through standardisation and use of systems, greater automation reducing manual processes and increasing information flow as well as online capability.

Contracts were signed in 2012/2013 development is now underway. Supplier payment milestones have been agreed and have now been reflected in capital profiling.

ICT Strategy

The IT Strategy consists of the following project streams which are included for **Provisional Approval**:

Pilots to Rollout Mobile Devices - such as Smartphones, ruggedized devices and small form factor tablets to field workers to improve productivity and multi-disciplinary workers. Approximately 300 field devices to be available to field based and mobile staff so that records can be accessed and updated when out and about enabling operational efficiencies in areas such as on-street presence, enforcement and on street reporting. Increases productivity for social workers, other case workers e.g. benefits workers - more visits per week, less dead travel time.

Open Source - investigate with a view to moving from a traditional licenced desktop to using open source desktop software to reduce annual licensing costs. In whole or in part.

Collaboration - The ability to collaborate effectively internally and with other agencies on cases e.g. Connecting Families, collaboration with partners e.g. CCG, Police, Health, DWP, Curo/RSL's etc and internally. This will build on technology the Council already owns.

These projects are subject to a pilot / feasibility leading to the production of a business case to support wider implementation.

People & Communities – IT System Replacement

For **Provisional Approval** and indicative budget of £1m phased between 2014/15 to 2016/17.

People and Communities currently have 3 main IT systems in use and other smaller applications. Each system does slightly different things and holds different parts of a record. The information is used by different staff for different purposes from reporting on attendance to care plans. The intention is to look to rationalise these and other applications in P&C to deliver better data integration, ease of use (less systems to learn) and a reduction in the costs. The new solution will fit with desktop as a service, support and enhance mobile working, increase staff productivity, embrace media rich functionality and have fully integrated reporting. A strategic review is underway and a full business case will be produced with a supporting cost benefit analysis.

The timescale will align to the strategic review of ICT needs during 2012/13 leading to the development of a business case in 2013 with a target for deployment during 2014.

Biomass Energy Efficiency Fund

For **Provisional Approval** - £500K over two years to fund the installation of Biomass boilers on the basis that the capital cost can be repaid by those participating through their energy savings over a period of time.

Minimum Revenue Provision (MRP) & Depreciation Policy

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

Prudential Indicators

The Capital Prudential Indicators are shown in table 7 below.

Table 7: Capital Prudential Indicators.

PRUDENTIAL INDICATOR	2011/12 Actual	2012/13 Probable Outturn	2013/14	2014/15	2015/16
Current Financial Plan Data					
Estimate of Capital Expenditure (£'000s)					
Actual/estimates of capital expenditure	45,838	55,665	79,841	44,291	12,455
Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)					
The estimate of incremental impact of the new capital investment decisions on the council tax			£0.29	£2.25	£0.33
Cumulative totals:			£0.29	£2.54	£2.87
Capital Financing as % of Net Revenue Stream					
Actual/estimates of the ratio of financing costs to net revenue stream			8.66%	10.54%	10.66%
Memo: estimates of the ratio of financing cost to gross revenue stream			*3.24%*	*3.85%*	*3.79%*
Borrowing Limits (£m)					
Operational boundary – borrowing			£167m	£156m	£159m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
Operational boundary - total			**£169m**	**£158m**	**£161m**
Authorised limit - borrowing			£201m	£196m	£193m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
Authorised limit - total			**£203m**	**£198m**	**£195m**
Capital Financing Requirement (£'000s) (as at 31 March)					
Actual/estimate of capital financing requirement	136,134	161,050	201,211	195,588	193,269

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

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

Borrowing limits

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

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

Section 4 – Revenue & Capital Reserves and Contingencies

A) Significant Earmarked Reserves

In developing the proposed Budget for 2013/2014 all the Council's earmarked reserves have been reviewed and the related potential liabilities re-assessed to establish the future requirements for each of the reserves. The reserves were allocated to one of three categories:-

- RED – Reserve is required to meet known future liabilities or commitments.
- AMBER – Reserve is required to meet anticipated future liabilities or commitments.
- GREEN – Reserve is no longer required – the liability or commitment no longer exists or can be met in other ways.

This review has identified a number of reserves that need to be maintained in the Red or Amber categories and also a number of reserves falling into the Green category which, can now be considered for alternative uses. The proposals for significant earmarked reserves will therefore be as follows:-

<u>The Revenue Budget Contingency</u> – the reserve has been utilised during 2012/13 to meet a range of in-year pressures and priorities and is anticipated to stand at £491K for 2013/14. This reserve will continue to be made available to meet in-year revenue budget pressures.

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

All these changes will require on-going investment in terms of financial and human resources to develop implement and embed them within the organisation.

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

This reserve will meet the costs associated with these changes and is fully committed. Based on current estimates, the reserve will be fully utilised by the end of 2014/2015.

The Restructuring Reserve – the significant financial challenge facing the Council has and will continue to lead to job losses as savings and efficiencies are delivered. The MTSRP's indicate that around 300 posts will be lost as a result including through redundancy. The associated severance costs will be significant, and based upon experience to date, it is proposed that this reserve will be available to meet these costs in full, avoiding the need for subsequent additional service savings purely to pay such severance costs. This approach will be regularly reviewed to ensure it is being applied appropriately. The reserve is projected to be fully utilised by the end of 2015/2016.

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

Capital to Revenue Reversion Reserve – this reserve was established to recognise the potential for capital costs in respect of Bath Transport Package reverting to revenue in the event the scheme did not gain Department of Transport funding. This funding has now been confirmed and the scheme is progressing. This reserve is therefore no longer required and will be fully available for reallocation to other priorities.

Capital Financing Reserve – this reserve represents funding accumulated to finance the revenue borrowing costs of capital projects, where actual borrowing is delayed based on market conditions and historic use of the Council's internal cash flow. The reserve would then be applied to meet future borrowing costs. The current financial climate and market expectations for prolonged very low interest rates, together with the strategy to fund capital projects from Capital Receipts and internal cash flow indicate this reserve will not be needed over the period of the proposed 5 year Capital Programme. It is therefore reasonable to make the current balance of the reserve available for reallocation to other priorities.

Financial Planning Reserve – this reserve has been established to support the future medium term financial planning of the Council. It will be allocated as part of the Budget each year to support the specific medium term financial proposals and priorities of the Council. Funding for this reserve has been provided from the review of all Council reserves set out above, and any surplus on the Council Tax Collection Fund.

Table 8 below, sets out the projected level of earmarked reserves taking account of anticipated commitments over the next 3 years to 2015/2016. This reflects the review of reserves including reallocations during 2013/2014 to support One-Off Headroom Allocations and the establishment of the Medium Term Financial Planning Reserve. All other Earmarked Reserves are anticipated to be fully committed with the allocation of available Revenue Budget Contingency subject to new and emerging priorities.

Table 8: Projected Significant Earmarked Reserves

	Revenue Budget Contingency £000	Medium Term Financial Challenge Reserve £000	Restructuring Reserve £000	Affordable Housing Reserve £000	Capital to Revenue Reversion Reserve £000	Capital Financing Reserve £000	Financial Planning Reserve £000
Currently Available	**491**	**2,651**	**5,598**	**3,000**	**2,755**	**2,799**	**0**
Transfers between Reserves					**-2,755**	**-2,799**	**6,569 ***
Estimated Reserves @ 1st April 2013	**491**	**2,651**	**5,598**	**3,000**	**0**	0	**6,569**
Allocation in 2013/2014	0	-1,691	-1,742	**-**	**-**	**-**	**-3,815**
Balance C/F	**491**	**960**	**3,856**	**3,000**	**-**	**-**	**2,754**
Allocation in 2014/2015	0	-960	-1,372	**-1,778**	**-**	**-**	**TBC**
Balance C/F	**491**	**0**	**2,484**	**1,222**	**-**	**-**	
Allocation in 2015/2016	0	-	-2,484	**-819**	**-**	**-**	**TBC**
Balance C/F	**491**	**Nil**	**Nil**	**403**	**-**	**-**	**Nil (est)**

*Includes balances from other small discontinued reserves and projected surplus from the Council Tax Collection Fund.

B) Unearmarked Revenue Reserves -

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

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

- The Workplaces Project – requires total cumulative revenue investment of £2.8m over the period to 31 March 2015 with reserves fully repaid by 2021/2022 and on-going revenue savings thereafter of over 10%.

This actual level of unearmarked reserves will also depend on the Outturn position for 2012/2013 and on future decisions by the Cabinet about any overspends. For financial planning purposes the Outturn estimate for 2011/2012 is assumed to be a balanced position. The figures are therefore only an estimate at this stage and are without prejudice to future Cabinet decisions.

C) Adequacy of reserves

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

Table 9: Projected Non-Earmarked Revenue Reserves

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Estimated Reserves @ 1st April each year	**9,741**	**8,844**	**7,728**
2011/2012 Projected Outturn Underspending	-	-	-
Projected Invest to Save Movements	-897	-1,116	+134
Estimated Reserves @ 31st March each year	**8,844**	**7,728**	**7,862**

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

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

D) Capital Risk Contingency

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

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

Secondly, the capital programme includes a funded corporate risk contingency currently forecast to be £2.144m. This includes a £1.5m top up in 2013/14. The level of this contingency will be reviewed regularly.

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

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

E) Governance

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

Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2013/2014.

The financial settlement included an announcement of financial support for councils who freeze their Council Tax for next year at the current level (i.e. a zero increase). The proposed Budget provides for a zero increase in Council Tax for 2013/2014. **Table 10** explains the calculation of this figure:

Table 10: Council Tax 2013/14 for Bath & North East Somerset Council Services

Description	Amount	Comments
Recommended Net Revenue Budget	£123,359k	See Annex 1
Less grant, retained business rates, reserves and estimate of Collection Fund surplus	£52,017k	See Annex 1 Sources of Funding
To be funded by Council Tax	**£71,342k**	
Tax base (Band D properties equivalent)	59,360.17	Approved by the Section 151 Officer in December 2012
Recommended Council Tax at Band D for 2013/14	**£1,201.85**	
2012/13 Council Tax Band D	£1,201.85	
Recommended Increase	***£0.00***	**0% increase**

The figures above exclude parish, fire and police precepts.

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

The Police & Crime Commissioner provided an updated draft of the Medium Term Financial Plan to the Avon & Somerset Police and Crime Panel on 16th January 2013. This update included the intention to freeze Council Tax for 2013/14. Final formal approval will be sought on 6th February 2013.

The Avon Fire Authority at its meeting on 14th December 2012 agreed to consult on the following three budget options:

- Option 1 – a Council Tax Freeze
- Option 2 – 1.99% Council Tax Increase
- Option 3 – 8.92% Council Tax Increase (Council Tax equating to the average for combined Fire Authorities in 2012/13)

The Fire Authority will meet on 8th February 2013 to finalise its budget and set its Council Tax and precepts for 2013/2014.

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

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

Table 11: Potential Total Council Tax 2013/14 (Band D)

Council Tax charges (Band D) made by	Charge made now 2012/13 £	Proposed Charge 2013/14 £	% Change
Bath and North East Somerset Council	1,201.85	1,201.85	0% (£0.00 at Band D)
Avon and Somerset Police	168.03	TBC	Final Decision to be taken on 6th February 2013.
Avon Fire & Rescue	62.77	TBC	Final decision to be taken on 8th February 2013
Total excluding parishes	**1,432.65**	**TBC**	
Parishes (average)	33.62	TBC	Not known at time of writing
Total	**1,466.27**	**TBC**	**The 2013/14 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils**

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 19th February 2013, and so the necessary updated information will be set out in the report.

Special Expenses

As part of the 2012/2013 Budget preparation process no special expenses were declared (with the exception of Parish and Town Council precepts). It is proposed that this policy remains unchanged for the 2013/2014 budget.