

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

### **Budget Headline**

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

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

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

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

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

### **The Budget Context**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Structure of the Budget Proposal**

Section 1 sets out the approach to the revenue and capital budget and the build-up of the recommended revenue budget for 2016/2017. Annex 1 provides the breakdown of the Budget for 2016/2017.

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

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

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

Section 5 sets out the implications of the revenue budget for Council Tax levels for 2016/2017.

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

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

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

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

### The Budget Proposal

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

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

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

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

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

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

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

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

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

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

### **Corporate Assumptions**

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

- An estimated pay increase of 1% from 1 April 2016 which covers the period until 31 March 2017 (this also provides for some additional provision for lowest pay spine points).
- National changes to the employers national insurance rates – increasing by 3% from 1 April 2016 for earnings from £8K to £43K with an estimate annual cost to the Council of £1.3M per annum.
- Continued low rates of interest of under 0.5% per annum for treasury management cash investments. The Council will maintain a minimum cash policy.
- Balanced budgets are achieved for 2015/2016 with no new related on-going funding pressures.
- No general inflationary provision – specific inflation has been provided and identified as growth within service areas based on specific service circumstances and contractual commitments
- That capital funding is provided as far as possible from Capital Receipts and internal cash flow. New borrowing will be kept to a minimum subject to market conditions and the overriding need to meet cash outflows.
- Fees and charges set by statute will be calculated in accordance with defined calculations under statutory guidance.
- The level of discretionary fees and charges are delegated to Officers, in consultation with the relevant Cabinet member and, will generally increase in line with the increase in the costs of the relevant service.
- No general increases are proposed to Car Parking Charges during 2016/2017, with the exception of changes to charges for car parking season tickets as set out in Appendix 3.
- Park and Ride Charges – charges are now set by the operator within agreed contractual limits.

### **Government Grant Funding**

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

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

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

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

The funding baseline itself takes account of the start-up funding baseline for the Localised Business Rate element so the overall reductions in Revenue Support Grant (RSG) equate to far larger percentages (35.5% for 2016/17). In reality, reductions to RSG will look increasingly large in percentage terms as the Government seeks to take the cash reductions from an increasingly reducing pot of RSG funding with the Council's indicative RSG reduced to just £0.5m by 2019/20.

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

The New Homes Bonus Scheme which provides funding for new homes brought into use and included in the Council Tax Base, was provisionally confirmed at a total of £5.199m for 2016/2017. This is the sixth year for funding for New Homes Bonus and includes an additional £1.490m for 2016/2017. This funding is un-ring-fenced and is currently fully allocated as part of the overall revenue Budget supporting all Council services. The government is currently consulting on the future of the New Homes Bonus scheme with a proposed reduction of £800m (over half) nationally starting from 2017/2018.

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

### **Retained Local Business Rates**

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

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

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



As part of the proposed Budget, reasonable assumptions have been made for likely future Business Rate income, together with specific proposals as part of the Strategic Review to generate further income. Any surplus or deficit on the Business Rate Collection Fund will be transferred to an earmarked reserve for consideration as part of the Business Rates calculations for 2017/2018.

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

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

### **Schools Funding**

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

The Dedicated Schools Grant (DSG) increase compared to 2015/2016 is complicated by the conversion of several schools to academies, and the transfer of additional funding for new studio schools into the DSG from other funding routes. The overall increase in the DSG is estimated for 2016/2017 at £2.53m with total funding of £122.73m. The majority of the additional funding relates to the additional resources provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.

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

As schools convert to academies the DFE take back the element of DSG payable to the local authority in order to make payments direct to the academies. The DFE estimate of this will be £49.25m in 2016/2017 leaving £73.48m payable to the Council.

This recoupment by the DFE is based on 10 secondary, 3 special, 11 primary and 3 Studio academies in 2016/2017. These school numbers include 5 primary school anticipated to convert to academies on 1<sup>st</sup> April 2016. It is difficult to assess whether there will be more schools converting to academies over the next year.

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

The DFE have informed the Local Authority of a planned reduction and a phasing out of this element of Local Authority and school funding. In 2016-17 the reduction planned for B&NES amounts to 243k and has been incorporated into the overall funding set out in the Local Authority budget.

### **Adult Social Care**

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

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

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

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

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

### **The Better Care Fund**

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

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

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

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

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

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

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

Areas will be able to graduate from the existing Better Care Fund programme management once they can demonstrate that they have moved beyond its requirements. Further details will be set out in guidance during 2016.

### **Resource Allocation including Recurring and One-Off Funding**

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

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

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

#### On-going Resourcing Allocations - £Nil

No specific allocations of on-going funding have been made within the Budget proposal for new revenue Budget statutory or policy service commitments.

A number of cost, demand and legislative pressures have been recognised within the Budget Proposal as summarised in Table 5 of this Appendix.

#### One-off Funding Allocations - £2.34M

These following allocations are to be made from the anticipated Council Tax Collection Fund Surplus (£753K) together with a draw down from the Financial Planning Reserve (£33K):

- £60K to provide funding to progress the Council's proposed gull strategy for 2016/17
- £25K to meet the implementation costs of the Council's proposed approach to a permit scheme for advertising board enforcement.
- £8K as a contribution towards the provision of the Duke of Edinburgh Award Scheme for Keynsham and Bath
- £23K to continue to support the delivery of the "Wheels for All" programme for 2016/17.
- £63K to provide up to 6 months funding to support the development of a self-funding and sustainable approach to the freight consolidation service in the Council's area.
- £120K in total for 2016/17 and 2017/18 to meet the Council's contribution to external costs for professional advice and support in respect of the WoE Joint Spatial Plan (amount conditional upon all WoE authority contributions).
- £100K to support the redesign work for the Waste Service including external professional advice and support.
- £200K to provide for a range of cycling and related events and activities across B&NES. This figure may be supplemented and offset by potential sponsorship of the events and activities.
- £80K to provide for the costs of a parking and highways implementation study in support of the Keynsham Transport Strategy. This figure is a maximum amount subject to detailed specification to be agreed for the study.
- £107K to provide for a one-year extension to the adults advice and information commission to align this contracted service with the recommissioning work for Your Care Your Way.

The following one-off allocations for 2015/16 are to be funded directly with allocations from the Council's Financial Planning Reserve totalling up to £1.555M:

- £195K to provide a further one-year of supplementary for funding for the Human Resources Team to support the ongoing service transformation of the Council, specifically the HR advisory and management support. The ongoing provision will be mainstreamed as part of a restructure and redesign of the HR service within the Council during 2016.
- £180K to meet the costs for a Mayoral referendum as a result of a qualifying petition having been received by the Council. A further £180K will be required to meet the costs for a Mayoral referendum in the event of a vote in favour of an elected Mayor for the Council.
- Up to £200K to support the development of proposals to implement the provisionally agreed Enterprise Zone extension site for the existing Bath Enterprise Area (EA) and an extension site in the Somer Valley.
- Up to £300K to support the development of proposals for Phase 2 delivery of Bath Western Riverside and the Enterprise Area.
- Up to £250K to meet the Council's share of external support, advisory and economic modelling costs incurred in relation to development of the Devolution Deal proposals for the West of England. A further sum of up to £250K is included for development of legal, financial and bid preparation costs in the event this is progressed to a final deal with HM Government (further details are set out in the specific paragraph below).

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

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

### **West of England Devolution**

A Devolution Bid is being developed by the 4 Unitary Authorities in the West of England. The bid includes the potential for a Combined Authority to take on additional commissioning and funding powers, including a new Payment By Results (PBR) West of England infrastructure investment programme. The latter would require the Council to underwrite further borrowing for infrastructure investment on the basis this would be funded via additional future government grants, should specific economic growth (GVA) targets be met.

The detail of any deal is subject to negotiation and is intended to be developed over the next 6 months. There are two potential key risks for the Council. Firstly, that should targets not be achieved, government grants may not be received in full, secondly that

the interest payments linked to the borrowing or additional minimum revenue provision may require additional sources of funds.

As part of the detailed work still to be undertaken underwriting responsibilities need to be determined, together with how interest costs are to fall within the PBR grant, or are to be funded through other funding streams. Based on theoretical modelling completed to date, assuming investment and borrowing levels are proportionate to population, annual financing costs could equate at their peak to £5M to this Council. An allowance has been made in the Budget proposals for one-off costs.

This will help ensure any Devolution Deal that is completed is robust and carries the minimum level of local authority risk. This work will in any case help the West of England attract Government funding with the aspiration being £1Bn of additional funds over 20 years through the Devolution Deal. This aspiration is roughly in line with some other City Region Deals elsewhere in the country.

The risks will be mitigated through funds being set aside this year to develop robust modelling for the deal, together with the necessary due diligence that will be required, before any final deal could eventually be considered by Council later this year. No other financial assumptions have been made in the council Budget or financial plans around the future funding of a combined authority or deal, over and above the current financing arrangements for the West of England.

### **Council Tax**

The Local Government Financial Settlement included provisions for Councils to:

- Provide for a specific Council Tax increase of up to 2% to be ring-fenced for the additional cost and demand pressures facing the Adult Social Care service. This provision includes a number of specific certification requirements to ensure all such funds raised are spent on delivering Adult Social Care services.
- A further general Council Tax increase of up to 2% beyond which a specific local referendum on Council Tax increases would be required.

There were no provisions within the Settlement for the Government to provide grant funding support for council tax freezes, as had been the case in previous years.

The Government Settlement figures assumed Councils would exercise these options in full for the period of the Spending Review.

### **The proposed Council Budget provides for the following:**

- **In order to protect frontline Adult Social Care services, a specific council tax increase of 2%.**
- **A general council tax increase of 1.25% in 2016/17 in order to avoid cuts to frontline services.**

**The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,240.90 (£1,201.85 for 2015/16).**

### **Revenue Budget Proposal – The Headline Numbers**

The proposed revenue budget for 2016/2017 represents:

- A net £1.8m or 1.5% decrease in the non-schools budget.
- An increase in the DSG estimated at £2.5m with total funding of £122.7m (including academies). The majority of the additional funding relates to the additional resources provided to accommodate increased pupil numbers in our schools. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
- An increase of 3.25% in the Council's level of Council Tax, comprising a 2% Adult Social Care precept and a 1.25% general increase in order to avoid cuts to frontline services. This excludes Police, Fire and Parish precepts.

We are recommending a net revenue budget for 2016/2017 of £115.729m. Table 5 below, and Annex 1 to this Appendix, show the build-up of the recommended 2016/2017 revenue budget, compared to the rolled forward base budget from the current year.

**Table 5: High Level Build-up of the 2016/2017 Budget (detail in Annex 1)**

Description	£'000
<b>Total Base Budget rolled forward – 2016/2017 (after removal of one-off items in 2015/2016 Budget)</b>	<b>117,517</b>
One-off Allocations	726
Contractual and Unavoidable Inflation	1,938
New Legislation / Government Initiatives	2,529
Increased Service Volumes	3,736
Other / Technical (Including Capital Financing)	991
<b>Total including Growth</b>	<b>127,437</b>
Efficiency Savings	5,328
Refinancing	1,571
Growth Avoidance	1,013
Increases in Income from fees, charges and other grants	3,024
Service Redesign	772
<b>Total Savings</b>	<b>11,708</b>
<b>Recommended Net Revenue Budget 2016/2017</b>	<b>115,729</b>

In recommending the overall revenue budget to the Council, this also includes the individual service cash limits for 2016/2017. These are shown in **Annex 1** to this Appendix. Table 6 shows the resource allocation for 2016/2017 by service area.

**Table 6: Resource Allocation 2016/2017**

SERVICE AREA	2016/2017		
	GROWTH (£M)	SAVINGS (£M)	CASH LIMIT (£M)
<b>Adult Social Care</b>	4,232	2,209	<b>58,572</b>
<b>Children's Services</b>	1,841	733	<b>23,918</b>
<b>Place</b>	2,092	3,525	<b>23,368</b>
<b>Resources &amp; Support Services</b>	1,230	2,710	<b>8,791</b>
<b>Corporate &amp; Agency</b>	525	2,531	<b>1,081</b>
<b>Totals</b>	<b>9,920</b>	<b>11,708</b>	<b>115,729</b>

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



## Section 2 – Future Years 2017/18 to 2019/20

The current Directorate Plans were primarily constructed to cover the 2016/17 financial year with some future direction of travel in line with the specific budget priorities and the Council's Corporate Strategy.

The Settlement for 2016/17 provided definitive figures for one year only with indicative allocations for 2017/18 to 2019/20. The implications derived from these indicative figures for the Council show continuing significant reductions in the Council's core grant funding during this period. The Settlement also came with a number of further changes to local government finance during this period including:-

- Ongoing reductions to Public Health and Education Support Grant funding in addition to core grant reductions.
- A proposal for Government to offer a guaranteed "minimum" future funding settlement in exchange for Council's providing 4-year efficiency plans. The specific details of this have yet to be provided by Government.
- A consultation on the future of the New Homes Bonus, as substantial changes are considered to reduce this funding stream by up to 60% by the end of the Spending Review period.
- The implementation of the Business Rates Revaluation from April 2017 – this should be neutral across the country as a whole but there will be regional and even local impacts, including likely appeals from local businesses on any changes.
- A consultation during 2016 on Government proposals to provide for 100% locally retained business rates scheme. This will have substantial implications for local government funding and Government has indicated this will be accompanied by an updated needs assessment of local government funding and, a transfer of additional unfunded responsibilities from Government.
- Expansion of the Better Care Fund, including an additional £1.5bn of national funding between 2017/18 to 2019/20. The distribution of this funding and any service or outcome delivery requirements accompanying this have not yet been set out.

In light of these changes and the significant funding reductions already announced, we cannot be certain about local government funding from 2017/2018 onwards although we can expect the scale of the financial challenge facing the Council to continue right through to 2019/20 and potentially beyond.

Whilst the scale and speed of funding reductions will vary depending on the outcome of these national changes, there are also a number of factors which we can identify that will impact on local government funding going forwards:

- The ongoing impact of demographic changes for Adult Social Care.

- The likelihood of increasing pay inflation (direct and indirect).
- The potential impact of changes to interest rates and the revenue cost of meeting the Council's full borrowing requirement.
- The level of inflationary cost pressures arising on Council services.

Given the scale of savings already achieved and those outlined in the Budget proposal for 2016/17, it is likely that future savings will require prioritised changes to, and redesign of Council services.

The Financial Planning work undertaken indicates the remaining future scale of the financial challenge for remainder of the Spending Review Period from 2017/18 to 2019/20 requires the Council to deliver savings or additional income of £31M over this 3 year period.

The Spending Review process, which includes the Strategic Review already undertaken by Management, has identified a range of options to deliver savings and generate additional income covering the full Spending Review period. These pick up on the 4 key themes of the Council's Corporate Strategy :-

- Customer and Community
- Prevention
- Growth
- Generating Revenue / Making the Finances Work

A number of these options have already been included in the proposed Budget for 2016/17 and set out in more detail within the Directorate Plans. Where appropriate, particularly for income generating projects, these extend to the full 4 year period to 2019/20.

Further consideration of the full range of Spending Review options will be brought forward as part of the Budget development for 2017/18 and beyond, including the potential for a full three-year Budget for the period 2017/18 to 2019/20 as greater clarity is provided on the Government's funding plans for local councils.

## Section 3 – The Capital Budget for 2016/2017

### Introduction

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

This Capital programme proposals:

- Limits new commitments to items which are in line with Council priorities and objectives and which are funded either from external sources, from anticipated future capital receipts.
- Provides capital funding to support specific projects which generate new and additional new income for the Council as set out in specific business cases. The borrowing costs associated with these projects are anticipated to be more fully covered by the income generated.
- Recognises that careful consideration has been made by Officers and Members regarding future commitments and the direction of this programme.

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

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

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

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

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

### **Recommended Programme for 2016/2017**

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

## APPENDIX 2

The proposed programme assumes total capital payments and funding in 2016/2017, comprising both the programme for Full Approval of £58.063m and a programme for Provisional Approval (subject to) of £53.396m, as shown in Table 7 below. This table also shows the indicative capital programme and funding at summary level for 2016/2017 to 2020/2021. **Annex 3** shows the total capital programme for 2016/2017 to 2020/2021 in more detail.

**Table 7: Summary Capital Programme and Financing 2016/17 - 2020/21**

### For Approval

Capital Scheme	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Place People & Communities	26,679	8,136	2,635	0	0	37,450
Resources	9,601	2,046	258	0	0	11,905
Corporate Capital Contingency	20,569	3,590	6,158	5,394	190	35,901
	1,215	0	0	0	0	1,215
<b>Total</b>	<b>58,063</b>	<b>13,772</b>	<b>9,051</b>	<b>5,394</b>	<b>190</b>	<b>86,470</b>

### For Provisional Approval (Subject to)

Capital Scheme	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Place People & Communities	39,737	51,851	34,574	11,757	1,549	139,468
Resources	5,978	3,039	0	0	0	9,017
	7,681	7,385	7,307	2,307	0	24,680
<b>Total</b>	<b>53,396</b>	<b>62,275</b>	<b>41,881</b>	<b>14,064</b>	<b>1,549</b>	<b>173,165</b>

<b>Grand Total</b>	<b>111,460</b>	<b>76,047</b>	<b>50,932</b>	<b>19,458</b>	<b>1,739</b>	<b>259,636</b>
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### Funded By

Financing	Budget 2016/2017 £'000	Budget 2017/2018 £'000	Budget 2018/2019 £'000	Budget 2019/2020 £'000	Budget 2020/2021 £'000	Total £'000
Grant Capital	27,801	14,714	5,766	4,959	148	53,388
Receipts/RTB Revenue	8,508	10,444	0	2,800	0	21,752
Borrowing	977	1,113	1,068	1,068	635	4,861
3rd Party (inc S106)	71,522	45,924	42,736	10,481	956	171,619
	2,652	3,852	1,362	150	0	8,016
<b>Total</b>	<b>111,460</b>	<b>76,047</b>	<b>50,932</b>	<b>19,458</b>	<b>1,739</b>	<b>259,636</b>

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

**Funding**

The revenue budget for 2016/2017 provides for the revenue consequences of the Council borrowing in support of capital expenditure where appropriate.

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

The Capital Programme assumes the achievement of £21.752m of capital receipts over the five year period 2016/17 to 2020/21.

This prudent assumption recognises the difficulty in accurately projecting the actual level of capital receipts over longer-term periods, which will ultimately be dependent on the specific proposals for individual sites in the future.

**New Schemes within the Capital Programme****PLACE****Environmental Services****Highways Maintenance Programme for Full Approval of £3.645m**

The Highways Structural Maintenance budget is included for Full Approval at £3.645m. This is funded by Government Grant through the DfT, £3.457m of which relates to the main part of the maintenance block settlement and £188k is the incentivised element of the same funding block.

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

The proposed programme of work will help address the backlog of maintenance and improve the condition of the highway network, reducing the whole life costs of maintaining roads through earlier intervention.

It is proposed to enhance the quality of substandard footways in the district. This project supports the key objective of encouraging walking as sustainable travel and by resurfacing footways at the optimum time the council is saving the costs of more expensive and disruptive repair works.

A detailed list of schemes, attached at Annex 3(i), will be subject to consultation with cabinet and ward members. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Highways and Infrastructure Priority Capital Maintenance for Provisional Approval** of £500k

An additional sum for the Highways and Infrastructure Maintenance Programme to that outlined above which will further address the list of capital maintenance priorities. This may include supporting works funded with contributions from local parish councils. Further detailed proposals to be brought forward for Full Approval.

**Transport Improvement Programme for Full Approval** of £1.890m

The Transport Improvement Schemes budget is included at £1.890m for Full Approval funded from £1.163m of Integrated Transport Block Government Grant, £480k of Local Growth Fund, £60k of Better Bus Area Funding and £186.8k of s106 funds.

The 2016/2017 proposals focus on supporting the five objectives identified in the West of England Joint Local Transport Plan:

- Reducing Carbon Emissions
- Supporting Economic Growth
- Promoting Accessibility
- Contributing to better safety, security and health
- Improving quality of life & a healthy natural environment.
- 

Proposals provide measures which improve;

- access to local transport;
- pedestrian and walking facilities;
- cycling provision;
- congestion & traffic management;
- safer routes to school; and
- road safety.

A detailed list of schemes, attached at Annex 3(ii), will be subject to consultation with cabinet and ward members and the general public where appropriate. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Street Lighting - LED Replacement Programme for Full Approval** of £3.034m (links to Strategic Plan saving)

To extend the conversion of street lighting units to LEDs in residential areas and introduce dimming technology, in line with Council Policy approved in 2012, to reduce energy consumption and maintenance costs. Expected savings are £331K p.a. before borrowing costs, giving rise to on-going net savings of £101K p.a. It reduces the Council's energy costs and carbon consumption helping achieve both the Council's environmental and Strategic Plan targets. Any amendments to the programme will be approved by the Divisional Director for Environmental Services in consultation with the Cabinet Member for Transport.

**Neighbourhoods - Bin and Bench Replacement for Full Approval** of £50k

This funding will continue the work of improving the street scene within Bath & North East Somerset Council by upgrading and replacing of old and damaged litter bins and benches across Bath and North East Somerset. The prioritisation for replacement will be driven from the recently completed condition survey of the assets.

**Neighbourhoods - Vehicles for Full Approval** of £692k

This rolling replacement programme covers vehicles for Parks (£235k), Cleansing (£273k), Environmental Protection (£14k) and Waste (£170k).

**Play Equipment for Full Approval** of £150k

This funding will continue the improved standard of replacement and regeneration of play areas, in consultation with local members and communities, which has been seen in the last few years. The replacement and improvement of play equipment supports the Council's Green Space Strategy, Play Policy and Play Strategy.

**Parade Gardens Infrastructure for Business Development for Full Approval** of £32k (for income generating)

This project will deliver infrastructure improvements in Parade Gardens designed to attract more paying visitors to the site and will support the Council's objective of creating neighbourhoods where people are proud to live.

**Park and Ride East of Bath for Provisional Approval** of £9.7m

The creation of a new Park & Ride east of Bath was included for Provisional Approval in the 2015/16 Budget Report at £4.7m. This did not include site acquisition costs. Consultations on suitable locations have been undertaken including a number of the sites that are not in the Council's ownership. If any of these are chosen there will be additional costs although the exact value needs to be established; an indicative increase to the Provisional budget is shown.

**Road Safety Initiatives for Provisional Approval of £125k**

Avon and Somerset Police carry out speed enforcement operations and some offending drivers are offered attendance at a speed awareness courses in lieu of a fine and licence points. The income from course fees is shared with B&NES Council for investment in road safety initiatives which could include traffic calming, Safer Routes to School schemes, and speed enforcement measures. Funds are ring-fenced in accordance with the written agreement between both parties.

**Better Bus Fund 2017/18 for Provisional Approval of £70k**

This is to improve the punctuality of bus services in key areas in Bath based on specific schemes identified in the grant funding bid assembled from suggestions by bus operators.

**Transport Strategic Review Items for Provisional Approval of £550k**

This includes capital funding to support the four transport strategies for Bath, Keynsham, Somer Valley and Chew Valley as well as funding to enable transport improvements on footpaths, roads, traffic lights etc to compliment delivery of the transport proposals within the Place Directorate Plan.

**Pay & Display Machines - New Coin Acceptance for Provisional Approval of £100k**

This will provide funding in order to upgrade internal counting mechanisms in the Authority's pay and display machines to enable the use of new £1 and £2 coins being introduced by the Royal Mint in 2016/17.

**Waste Infrastructure & Service Works for Provisional Approval of £26.853m**

This is the cost of the capital works required to relocate and implement service redesign works for the Waste Services provided by the Council.

The project will contribute to Council priorities across a range of areas including:

- Core Strategy housing delivery
- Regeneration and the Enterprise Area delivery
- Sustainability and carbon management
- Protecting frontline services
- Increasing recycling
- Reducing waste to landfill
- Improving street cleanliness and reducing litter arising from waste collection
- Improving customer service and satisfaction by providing modern purpose built facilities

The capital works in the first year of this project are not impacted by decisions around the service delivery model and may include land acquisition for a replacement Waste Transfer Station & Refuse Collection depot, early



development costs for the site and the relocation of the outer Bath Cleansing depot, as well as further progressing the design for a replacement recycling centre for Bath.

Decisions around the service delivery model will only influence the 2017/18 onward element of this capital item. This is subject to full business case, which will be developed to inform decisions to be taken regarding the service delivery model being taken forward.

### **Office for Low Emission Vehicles (OLEV) Bid for Provisional Approval of £1.449m**

This project forms part of the successful funding bid entered into by the West of England Partnership for 'Go Ultra Low West' to the Office for Low Emission Vehicles in October 2015.

This is also subject to full business case and robust inter-authority arrangements for implementation.

The submission covers 2016 to 2021 and incorporates funding of approximately £1.5 million for B&NES that will cover a wide variety of emission efficient incentives and assets including further electric vehicle charging infrastructure and contributions to existing capital programme purchases to enable purchase of UAs ultra-low emission vehicles (ULEVs).

### **Keynsham Leisure Centre - Land Assembly for Provisional Approval of £2.5m**

As part of the GLL leisure contract the Council is required to provide a clean and serviced site for the re-provision of a new leisure facility in Keynsham. This budget would include land costs, CPO costs, demolition, highways works & service upgrades.

## **Community Regeneration**

### **Roman Baths Archway Centre for Full Approval of £5.317m**

The Archway Centre will provide a new Roman Baths Learning Centre and World Heritage Centre in York Street / Swallow Street, conserve Grade II listed buildings and in-situ Roman remains and extend public access to hitherto unseen parts of the Roman Baths. The project is the subject of a Round 2 bid to Heritage Lottery Fund in 2016.

### **Heritage Infrastructure Development for Full Approval** of £100k (for income generation)

The Heritage Infrastructure Development Programme is a rolling programme of projects to invest in the Roman Baths and Pump Room buildings, facilities and 'visitor experience'. The projects currently planned for 2016/17 include the King's Bath conservation, lighting improvements, together with the tanking and fitting out of two vaults beneath Stall Street, as carried out for the East Baths. Any amendments to this programme will be approved by the Strategic Director for Place in consultation with the Cabinet Member for Sustainable Development.

### **Roman Baths: Infrastructure for Provisional Approval** of £500K (for income generating)

The Heritage Services Business Plan 2016-2021 provides for the continuation of an annual programme of works at a value of £100k to £200k in each future year of the programme to include heat recovery from the spa water and conservation of the ancient monument.

### **Victoria Art Gallery Air Conditioning for Provisional Approval** of £150k (for income generation)

The air conditioning system in the lower gallery of the Victoria Art Gallery is unreliable and our technical specialists have advised its replacement. Art works need stable levels of humidity, with temporary exhibitions hosted in this gallery generating direct income in excess of £100k p.a, as well as supporting income in other attractions. Borrowing costs are provided for within the Heritage Services Business Plan for 2016-2021.

### **Disabled Facilities Grant for Full Approval** of £1.002m

This is the mandatory grant service administered for eligible applicants that satisfy the following criteria:

- it is a necessary and appropriate home adaptation to enable them access to and use of their home;
- the required adaptation is reasonable and practical; and
- it meets the requirements of a test of resources.

The assessment of need is carried out by Sirona's Occupational Therapy service, whilst the grant scheme is administered by Housing. The scheme allows an eligible applicant to continue to live independently in their own home by providing a range of buildings adaptations and/or specialist items of equipment.

**Affordable Housing for Provisional Approval of £3.275m**

This capital supports the Council's strategic aim of delivering Affordable Housing and is funded through existing sources of funding including the application of Affordable Housing Revenue Reserve and s106s receipts.

Key projects expected to come forward in the near future include: 72 units of Extra-care housing; 20 bed shared housing initiative for young people; and a rural affordable housing scheme. Other schemes will be considered on a case by case basis as they are brought forward, this could include the development at Foxhill.

As schemes come forward they will be subject to business case and approved, along with the application of funding, by the Divisional Director Community Regeneration in consultation with Cabinet Member for Homes and Planning.

**Sawclose Pedestrian Highway Space for Provisional Approval of £2.05m**

The project will deliver a shared space environment, with improvements to the public highway and footways to Saw Close. It will also complete the Saw Close Development public Realm works, with the Developer delivering further public realm within the confines of its Property Boundary. These improvements will link up with the shared space scheme in Seven Dials and enhance the surrounding public space to recent Council freehold acquisition in the area.

**Radstock Pedestrian Bridge for Provisional Approval of £174k**

This project will deliver the construction of a pedestrian footbridge linking the new housing development in Radstock to St Nicholas Primary School.

**River Corridor Fund for Provisional Approval of £150k**

Partnership working through the Strategic River Group has delivered a programme of works of over £700k including £222k external match over 3 years. A Waterspace Strategy will determine future years' priorities for the River Corridor Fund, further details of which will be set out for future full approval.

**Wayfinding and Public Realm for Provisional Approval of £100k**

A review of wayfinding and public realm across the city centre is currently underway. It is likely to conclude on priority areas where wayfinding and the urban environment could be improved to support local businesses, encourage retail spend, enhance quality of visitor experience and connect areas together in a more coherent way. The priorities suggested here are for Walcott, Widcombe and the river pathway. The delivery solution would be agreed through consultation with local Members, traders and residents.

**Keynsham Town Centre for Provisional Approval of £200k**

The Keynsham Transport Strategy and Draft Placemaking Plan recommend developing a scheme for making Keynsham High Street one way. Funds are required to develop a temporary trial with monitoring and evaluation and potentially to design an “oven ready” scheme for funding bids. Consultation and stakeholder engagement would be necessary to define a solution which is deliverable in transport terms and well supported by Members, residents and the business community.

**Digital B&NES for Provisional Approval of £2.25m**

This project is to maximise on the extensive fibre network within the City of Bath to enable provision of ultra and superfast broadband connectivity for the greater socio-economic and e-government benefit of citizens, businesses, the public sector and tourists in Bath while spearheading the connection of all residents and businesses including: schools, hospitals, hotels, malls, shops, restaurants and clinics throughout the city.

It is subject to the consideration of a robust business case.

**Bath Quays Delivery for Provisional Approval of £30m**

This provisional item, funded by Service Supported Borrowing, is in addition to the EDF funded Infrastructure elements of the Bath Quays development already in the capital programme. It contributes to the delivery of a mix of office, residential, parking and associated infrastructure, in particular a Council delivered investment block.

This further capital investment is to increase the net return of the development. The business case continues to be developed and further refined in order to optimise this return.

In addition to this Council funded item, grant funding to support the Bath Quays delivery is being sought through the Local Growth Fund (£10m).

**Bath Quays Bridge & Linking Infrastructure for Provisional Approval of £3.137m**

This will be spent on a new river crossing at the Bath Quays to link the Green Park Road on the north side to the Newark Works buildings on the south. Works will include connecting links. This is funded by capital grant from the Cycle City Ambition Fund.

## **PEOPLE AND COMMUNITIES**

### **Children & Young People**

#### **Youth Services Capital Investment**

##### **Riverside Youth Hub Development for Full Approval of £200k**

A previous bid for lottery match-funding for development of shared community facilities on the London Road, including the replacement the Riverside Youth Hub, for which provisional funding approval had been given, was unsuccessful.

An allocation of £200k is now proposed as an alternative scheme to improve provision by refurbishing the current building. This proposal will make it safer, more flexible and give better energy efficiency.

The centre will be used by the Council's Youth Connect Service and a number of community groups. Improvements will include changing a store room into a workshop, adding a sheltered area at the back of the building, opening up the garden area, building a pontoon for better river access for kayaking, improving the music studio, painting and decorating throughout, including some new flooring, suspended ceilings and improved access signage and lighting.

#### **Schools Capital Investments**

##### **Overview**

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

Schools capital grant funding £6.694m in 2016/17 and £3.039m in 2017/18 has been confirmed by the Education Funding Agency (EFA) for Basic Need to support the provision of additional pupil places where there is population growth. An allocation for Capital Maintenance has yet to be announced, but an indicative figure of £1.5m is assumed.

##### **2016/17 Basic Need Schemes**

Our increased level of Basic Need grant funding reflects the growing number of additional places required as identified in the School Organisation Plan and annual School Places Return (SCAP). The funding is to provide the projected number of places that will be needed by September 2018. The allocation is non ring-fenced to enable the Council to fulfil its statutory duties in ensuring sufficient school places. There are no revenue implications for the Council arising from the expansion of schools as these will be met by the Dedicated Schools Grant (DSG).

The Council has a statutory duty to provide sufficient school places for every child resident in the Local Authority who requires a place with Projects identified in line with these responsibilities. The key priority for investment is the need to provide additional primary pupil places driven both by underlying population growth and new housing. Funding has been provided for places required within the next two years and a number of schools have been identified where capacity will be required.

This list is not exhaustive as factors such as the need to revise projections as a result of updated information on births and resident population particularly when most primary schools are full or filling, may mean even small numbers of additional pupils can trigger the need for additional classrooms. Other factors such as changes to the timescales of new housing delivery or a free school being approved can increase or reduce the need to add capacity.

Basic Need (BN) has been allocated for 2016/17 for the following schemes (noting that the New Ensleigh School has been previously approved with a sum of £1.25m from 2016/17 BN funding within a total project budget of £4m).

Basic Need has been allocated for 2016/17 to the following schemes.

### **St Mary's Primary School, Writhlington for Full Approval of £700k**

Final phase of expansion adding two general teaching classrooms to increase the Published Admission Number (PAN) to 210 from September 2017. It is expected the Council will receive a Section 106 contribution of £176k which will reduce the amount funded from BN.

### **Farmborough Primary School for Full Approval of £714k**

To provide additional accommodation to meet an increase in PAN from 20 to 25 with effect from September 2016. The scheme will also address a number of condition related issues which will be undertaken as part of the works.

### **Saltford Primary School for Full Approval of £1.425m**

In April 2014 Cabinet approved £400,000 for the provision of two additional classrooms to enable the permanent expansion of the school due to increasing pupil numbers in the area. Subsequently, four temporary classrooms at the school have been undermined by significant badger activity. These classrooms require urgent replacement. The project will replace the four poor condition buildings and add two new classrooms as part of a traditional permanent build 6 classroom block. £240k of the original budget remains and will be added to the £1.425m to meet the total scheme budget costs of £1.665m

**Schools Capital Maintenance Programme 2016/17 for Full Approval of £1.389m**

In recent years allocations from the Department for Education (DfE) for Capital Maintenance funding have been made on the basis of one year allocations. This funding is non ring-fenced grant funding to address the worst building condition issues at schools. To date the funding allocations have not been announced for 2016/17 but are expected to be made by the DfE in late January 2016.

In 2016/17 it is proposed to allocate £455K for the replacement of assets at St Michael's and Chandag Infant school and £434k for schemes at 10 schools where the condition surveys show the most urgent need for repair. These are detailed in Annex 3(iii). These schemes will cover a range of projects such as, replacement of heating systems, windows and health and safety. At some schools more than one scheme will be undertaken to address condition issues. In the event of the funding allocations being reduced in 2016/17 it is proposed the number of schemes may need to be reduced to reflect the amount of funding available.

This figure is lower than in previous years as it addresses only the most urgent condition issues whilst keeping funding aside for larger emerging schemes (see emergency works below).

A budget for minor works and Disability Discrimination Act (DDA) works of £250k is proposed to address smaller condition issues such as replacement heating controls and obsolete distribution boards. This funding will be used to address ad hoc condition and health and safety issues as they arise throughout the year. Additionally, this budget can be accessed to address future DDA adaptations at school sites.

It is recommended that a £250k emergency works budget is allocated to meet larger unforeseen issues if they occur throughout the year. A recent example of this being the need to replace buildings at St Michaels Junior

It is proposed that delegated authority for approval of individual Minor Works/DDA and Emergency Works schemes within the totals above is given to the Director for Children & Young People – Strategy & Commissioning in consultation with the Cabinet Member for Children's Services.

The balance of the estimated funding available for this year of £111k is to be held provisionally at this time, the value to be confirmed once the grant notification has been received.

The Schools capital maintenance team maintain a rolling list of capital works required, this funding will be used to work through these projects as they are fully reviewed and prioritised. Timing of the work on these projects will be reliant on resources available to cost and prioritise these projects and so may slip into future years as has occurred previously.

**School Basic Need Schemes Unallocated for Provisional Approval of £2.605m**

There are a number of housing developments where Section 106 contributions have been agreed that will provide funding to extend existing schools and meet future basic need requirements. In some circumstances, there may be additional basic need pressures in the local area and Council funding may be required to address the additional accommodation needs. In particular there will be a requirement to provide a bulge class in September 2016 in the Keynsham area which may require some capital funding.

**RESOURCES & SUPPORT SERVICES SCHEMES**

**Property Maintenance and Equality Act Works for Full Approval of £1.457m**

Capital Planned Maintenance and Equality Act works will be undertaken on the Council Corporate Estate. Annex 3(iv) provides the detailed plan for 2016/2017, with prioritisation informed by full condition surveys. Any amendments to the programme will be approved by the Strategic Director for Resources in consultation with the Cabinet Member for Resources.

**Commercial Estate Investment for Provisional Approval of £15m (for income generation)**

Active management of the commercial estate will seek external investment opportunities on the open market for acquisition. Acquisitions will be funded from borrowing, which as borrowing costs increase may limit the type and nature of investments available.

Initiatives will also facilitate the pursuance of development and reinvestment opportunities within the existing commercial estate ranging from lease restructuring, to asset enhancement exploiting returns from assets by activities such as the separation of retail and residential elements within buildings to transfer the latter into the proposed LHDV. Where assets are assessed as underperforming assets these may be proposed for disposal.

Investments will require a full business case before proceeding.

**Property Company Investment for Full Approval of £20m (for income generation)**

A Council owned local housing delivery vehicle to: deliver the development of market housing / to hold, manage and operate market housing / to sell market housing / to provide other market housing related activity / to deliver and manage other commercial and property development.

Allocation of this funding will be in accordance with the specific process and delegations included within the report to Cabinet dated 3 December 2015.



**Print Services - Equipment Investment for Provisional Approval of £300k**  
(for income generation)

Investment in lithographic print equipment and a letter inserter to enable Print Services to offer the full range of services to the Council. This will also enable the co-location of Print Services and Post to take advantage of Print to Post capabilities to achieve cost reductions in postage. Print/Post Services would also be able to offer services to other public sector organisations (such as the CCG, hospitals and GPs) mailing services.

**Energy Services Investment for Provisional Approval of £3m**

Council investment in renewable energy generation and infrastructure, in order to support the Council's delivery of Core Strategy Policy 'CP3' and generate a return on investment, in projects which will also deliver other community benefits.

**Communications Hub for Provisional Approval of £176k**

Proposal for £100k to support investment in CCTV infrastructure to support the diversification of the service. (The initial investment of £40k is in the connection with Keynsham so that it uses up to date and reliable digital infrastructure. The further £60k is for similar investment in infrastructure or cameras that may be required but will be dependent on business cases and as such is provisional). Further £76k of S106 funding to install CCTV cameras at Oldfield Park Railway station and make improvements to CCTV camera provision for passengers at Keynsham Railway Station.

## **EMERGING CAPITAL SCHMES**

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

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

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

### **Enterprise Zone**

B&NES were successful in securing provisional Enterprise Zone (EZ) status the existing Bath Enterprise Area (EA) and an extension site in the Somer Valley.

Recognising current workloads officers are exploring options for funding resources necessary to deliver the additional workload a EZ brings. At present it is expected that most logical route would appear to be to seek funding via the Regional Infrastructure Fund (RIF) for the identified resources with the current RIF headroom being between £3-£4m. Whilst the expectation is that RIF should be repaid, this could be funded through the retained rates generated for the new EZ. This is the model used for the existing Bristol EZ Infrastructure Programme (RIF repaid by the Economic Development Fund (EDF)).

The other option would be to seek funding through the EDF although as the programme is oversubscribed this could only be accommodated through substitution (as resolved by the West of England Strategic Leaders' Board (SLB)).

Any capital works proposed for this area will require robust business case to be put forward.

### **Bath Western Riverside Phase II**

Bath Riverside (BWR) has now established itself delivering a strong foundation for growth within the Enterprise area and a vibrant new community within Bath is emerging. With completion of the first phase (813 homes) now likely ahead of programme in 2018/19 and gas holder decommissioning and demolition complete, the project can plan to continue delivery across the entire site, including the current waste site. This will deliver the primary school, 1200+ new homes and commercial space.

In order to realise full regeneration in line with the Core Strategy, further significant capital investment may be required to support project partners in delivering comprehensive regeneration, some or all of which may be met through external sources.

### Link Road east of Bath

The Council aims to develop proposals to remove through traffic from the city. This work will continue with discussions with Wiltshire, Highways England and the DfT. The objective will be to develop these options for inclusion in Highways England's next funding programme.

### Roman Baths Refurbishment & Development

The Heritage Business plan envisages the need to update, refurbish and improve the Roman Baths from 2019/20 to enable continued strong visitor numbers.

Funding will be through borrowing afforded by the revenue streams and is subject to the consideration of a robust business case.

### New School Provision and Existing School Expansions from Future Housing Development

It is expected that up to six new primary schools will be required to meet future housing development by 2029. Of these schools, three will be delivered by the housing developers and three are likely to be delivered by the Council. Two of the schools, Ensleigh and Somerdale are in the process of being delivered for September 2017 opening.

The following table provides information on development sites where agreement has been reached or discussions are ongoing to deliver new schools or expand existing schools.

<b>Development Name</b>	<b>Developer</b>	<b>Provision to be delivered by Developer</b>	<b>Anticipated opening/completion date.</b>	<b>Approximate Funding Shortfall</b>
Foxhill	Curo	A new one form entry primary school, delivered on site	September 2018	To be delivered by developer
Bath Western Riverside - Crest	Crest	A new one form entry primary school, delivered on site	Not yet determined	To be delivered by developer
Bath Western Riverside - Other	Multiple	A new one form entry primary school	Not yet determined	Unknown

## APPENDIX 2

Keynsham East & South West	Multiple	A new one form entry primary school, delivered on site	Post Sept 2018	£1.4m plus land contribution
Whitchurch	Multiple	Extension of Whitchurch Primary School	Post September 2017	Unknown
MOD Warminster Road	Unknown	Expansion of Bathwick St Mary Primary School	Not yet determined	£1.1m
Odd Down (Sulis Down)	Unknown	Expansion of St Martins Garden Primary	Not yet determined	Unknown
Radstock Railway Line	Linden Homes	Expansion of St Nicholas Primary School	Not yet determined	£2.5m

The longer term provision of additional places or new schools at other development sites will need further consideration by the Council. At this point in time no, agreements have been made as to when this new provision might be required but it may have an impact on future Capital budgets if any shortfalls in funding are identified.

Furthermore, the future programme will be dependent on a range of assumptions, including a Free School being delivered in the Somer Valley area with capital funding directly from the DfE.

**Minimum Revenue Provision (MRP) Policy**

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

**Prudential Indicators**

The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. The Capital Prudential Indicators are shown in Table 8 below.

**Table 8: Capital Prudential Indicators.**

<b>PRUDENTIAL INDICATOR</b>	<b>2014/15 Actual</b>	<b>2015/16 Probable Outturn</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Estimate of Capital Expenditure (£'000s)</b>					
Actual/estimates of capital expenditure	62,560	64,123	111,460	76,047	50,932
<b>Net Increase in council tax (band D per annum) Figures in £'s (not £'000's)</b>					
The implied estimate of incremental impact of the new capital investment decisions on the council tax			£3.22	£6.96	£30.88*
Cumulative totals:			£3.22	£6.96	£41.07*
<b>Capital Financing as % of Net Revenue Stream</b>					
Actual/estimates of the ratio of financing costs to net revenue stream			11.82%	16.11%	18.96%
<i>Memo: estimates of the ratio of financing cost to gross revenue stream</i>			4.32%	5.71%	6.62%
<b>Borrowing Limits (£m)</b>					
Operational boundary – borrowing			£229m	£268m	£300m
Operational boundary – other long-term liabilities			£2m	£2m	£2m
<b>Operational boundary - total</b>			<b>£231m</b>	<b>£270m</b>	<b>£302m</b>
Authorised limit - borrowing			£266m	£302m	£333m
Authorised limit – other long-term liabilities			£2m	£2m	£2m
<b>Authorised limit - total</b>			<b>£268m</b>	<b>£304m</b>	<b>£335m</b>
<b>Capital Financing Requirement (£'000s) (as at 31 March)</b>					
Actual/estimate of capital financing requirement	177,384	200,353	265,531	301,739	333,311

\*These are indicative figures only awaiting detailed proposals for financing of the waste capital project.

Gross Debt and the Capital Financing Requirement

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

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

Borrowing limits

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

The Operational boundary for external debt (or planned borrowing level) is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

## Section 4 – Revenue & Capital Reserves and Contingencies

### Significant Earmarked Reserves

In developing the proposed Budget for 2016/2017 all the Council's earmarked reserves have been routinely reviewed and the related potential liabilities assessed to establish the future requirements for each of the reserves.

Key requirements for earmarked reserves 2016/2017 and beyond will continue to be the funding for a significant transformation programme for Council services. This will include specific resourcing proposals as part of Strategic Review projects together with support to recognise the timescales to fully implement delivery and related reorganisation and severance costs.

The proposals for significant earmarked reserves are as follows:-

The Revenue Budget Contingency – This reserve has been utilised during 2015/16 to meet a range of in-year pressures and priorities. It is proposed to ensure this reserve is topped up to a minimum level of £1M for 2016/2017. The Revenue Budget Contingency continue to be made available for allocation to meet new and emerging priorities of the Council during the financial year, including the management of the Budget Outturn.

Financial Planning Reserve – this reserve supports the future medium term financial planning of the Council. The reserve will generally be allocated as part of the Budget process each year to support the specific medium term financial proposals and priorities of the Council. As a general principle, this reserve will be used to support the transition to the delivery of future identified savings, as opposed to supporting ongoing revenue expenditure. During 2016/2017 a number of key allocations are proposed:-

- Up to £1.587M to fund the specific one-off resource allocations proposed for 2016/2017 in this Budget.
- Up to £1.300M to support the implementation of the Management and Service Review Savings.

The Transformation Investment Reserve – will support the development and progression of a significant transformation programme to redesign and reshape a range of services to recognise the future shape of the Council. These changes primarily support the implementation of approved Strategic Review projects supporting the 4 key themes of the Council's Corporate Strategy to deliver ongoing savings and generate additional income.

This reserve will be committed to meet the costs associated with these changes over the next three to four years and allocations will be subject to the approval of the Chief Executive in consultation with the Cabinet member for Resources and the S151 Officer.

The Restructuring and Severance Reserve – the significant financial challenge facing the Council will lead to some reductions in staffing number as savings and efficiencies are delivered.

It is estimated that this reserve will be available to help meet these costs, avoiding the need for subsequent additional service savings purely to pay such severance costs. This approach will be regularly reviewed to ensure it is being applied appropriately within the overall scale of anticipated staffing reductions.

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

The uncommitted balance of this reserve will be made fully available to fund affordable housing developments including those set out in the Capital Programme.

All service based Earmarked Reserves are anticipated to be fully committed although a further detailed review of these will be undertaken as part of the 2017/18 Budget process.

### Business Rate Reserve

This reserve manages the variations, commitments and liabilities against the Business Rate Collection Fund including the impact of business rate appeals. Projections for the use of this reserve are based upon the estimated impact of future appeals.

### Workplaces Invest to Save

As part of the Budget proposals for 2016/17, the earmarked reserves will be used to repay the Invest to Save funding utilised by the Workplaces Project, immediately allowing the full saving to support the Council's Budget Savings required.

**Table 9** below, sets out the projected level of the significant earmarked reserves taking account of anticipated commitments.



Table 9: Projected Significant Earmarked Reserves

	Revenue Budget Contingency	Transformation Investment Reserve	Restructuring & Severance Reserve	Business Rate Reserve	Affordable Housing Reserve	Financial Planning Reserve
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Estimated Reserves @ 1st April 2016</b>	<b>680</b>	<b>2,185</b>	<b>4,500</b>	<b>1,444</b>	<b>2,735</b>	<b>5,839</b>
Reallocation of Reserves	320	1,000	-2,000	520	0	-1,250
Allocation in 2016/2017	0	-1,800	-2,400	-1,363	-285	-2,827
<b>Balance C/F</b>	<b>1,000</b>	<b>1,385</b>	<b>100</b>	<b>601</b>	<b>2,450</b>	<b>1,762</b>
Allocation in 2017/2018	0	-985	-50	0	-635	-60
<b>Balance C/F</b>	<b>1,000</b>	<b>405</b>	<b>50</b>	<b>601</b>	<b>1,815</b>	<b>1,702</b>
Allocation in 2018/2019	0	-350	-50	0	-590	<b>TBC</b>
<b>Balance C/F</b>	<b>1,000</b>	<b>50</b>	<b>Nil (est)</b>	<b>601</b>	<b>1,225</b>	<b>Nil (est)</b>

### **Unearmarked Revenue Reserves**

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

Table 10 below details the proposed movement in the level of unearmarked reserves over the period of the medium term service and resource plans. This analysis includes the proposed use of reserves to support invest to save proposals included within the Budget, specifically:

- The Workplaces Project – assumes full repayment of the reserves in 2016/17 from Earmarked Reserves as set out above.
- The Leisure Contract - an allocation of up to £2.1m to cover the smoothing of Council and contractor costs in the first 6 years with this being repaid over a period of up to 10 years.

This actual level of unearmarked reserves will also depend on the Outturn position for 2015/2016 and on future decisions by the Cabinet about any overspends. The figures are therefore only an estimate at this stage and are without prejudice to future Cabinet decisions.

### **Budget Report 2015/16 - Contingent Liabilities**

#### **Asbestos Related Claim**

In September 2014 the Council received a letter from Curo Places Limited identifying a potential claim relating to the presence of asbestos within the housing stock that was transferred to Curo Places Limited (formerly Somer Community Housing Trust Limited) in March 1999.

On receiving the letter the Council and Curo entered into discussions relating to the basis of the claim and the liability for the treatment of asbestos. Much of the claim related to future liabilities. As part of these discussions the Council has been working with Curo on ways of mitigating future costs relating to the management of asbestos within their housing stock.

Following a number of meetings Curo have agreed in principle to a commercial settlement which will be completed by the end of Q1 16/17. The settlement will not have any impact on the Council's reserves or Budget.

### Locally Retained Business Rates

A letter has recently been sent to a number of local billing authorities, including the Council, by a national Property Agent acting on behalf of a number of NHS Foundation Trusts and NHS Trusts requesting mandatory business rate relief.

This is a complex legal matter at this stage the Council would not accept any such request for mandatory relief. Further guidance has been requested from the Department for Communities and Local Government on this matter and the Local Government Association are coordinating with the local authorities concerned.

### Adequacy of reserves

The s151 officer's report on the robustness of estimates and adequacy of reserves is set out at Annex 2. This provides a reserves strategy to maintain non-earmarked General Fund reserves at £10.5m based on a thorough risk assessment. The projected reserve levels are set out in Table 10 below.

**Table 10: Projected Non-Earmarked Revenue Reserves**

	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Estimated Reserves @ 1st April each year</b>	<b>8,369</b>	<b>9,487</b>	<b>9,370</b>
2015/2016 Projected Outturn Underspending	-	-	-
Projected Invest to Save Movements	+1,118	-117	-464
<b>Estimated Reserves @ 31st March each year</b>	<b>9,487</b>	<b>9,370</b>	<b>8,906</b>

Based on anticipated invest to save commitments associated with the Leisure Contract, it is currently forecast that the Non-Earmarked Reserves will begin to be repaid in 2023/24 and at no point will reduce below the risk assessed minimum level of £6M.

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

## **Capital Risk Contingency**

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

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

Secondly, the capital programme includes a funded corporate risk contingency which will be maintained at £2m.

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

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

## **Governance**

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

## Section 5 – Council Tax

This section shows the implications of the recommended revenue budget for Council Tax levels for 2016/2017.

There were no provisions within the Settlement for the Government to provide grant funding support for council tax freezes, as had been the case in previous years. The proposed Council Budget provides for the following:

- In order to protect frontline Adult Social Care services, a specific council tax increase of 2%.
- A general council tax increase of 1.25% in 2016/17 in order to avoid cuts to frontline services.

The proposed band D Council Tax for Bath & North East Somerset Council next year is £1,240.90 (£1,201.85 for 2015/16). Table 11 explains the calculation of this figure:

**Table 11: Council Tax 2016/17 for Bath & North East Somerset Council Services**

Description	Amount	Comments
Recommended Net Revenue Budget	£115,729k	See Annex 1
Less grant, retained business rates, reserves and estimate of Collection Fund surplus	£37,882k	See Annex 1 Sources of Funding
<b>To be funded by Council Tax</b>	<b>£77,847k</b>	
Tax base (Band D properties equivalent)	62,734.60	Approved by the Section 151 Officer in December 2015
<b>Recommended Council Tax at Band D for 2016/17</b>	<b>£1,240.90</b>	
2015/16 Council Tax Band D	£1,201.85	
<b>Recommended Increase</b>	<b>£39.05</b>	<b>3.25% increase</b>
<b><i>The increase comprises:</i></b>		
<i>Adult Social Care Precept</i>	<i>£24.03</i>	<i>2.00% increase</i>
<i>General Fund Precept</i>	<i>£15.02</i>	<i>1.25% increase</i>

***The figures above exclude parish, fire and police precepts.***

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

The Police & Crime Commissioner's current budget proposals include a planned increase in Council Tax of 1.99% for 2016/17. The Final budget and precept proposal will be presented to the Police and Crime Panel at their meeting on 8<sup>th</sup> February 2016.

The Avon Fire Authority at its meeting on 18<sup>th</sup> December 2015 agreed to consult on the following two budget options:

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

The Fire Authority will meet on 5<sup>th</sup> February 2016 to finalise its budget and set its Council Tax and precepts for 2016/2017.

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

Table 12 sets out the composite Council Tax likely to be charged:

**Table 12: Potential Total Council Tax 2016/17 (Band D)**

<b>Council Tax charges (Band D) made by</b>	<b>Charge made now 2015/16 £</b>	<b>Proposed Charge 2016/17 £</b>	<b>% Change</b>
Bath and North East Somerset Council	1,201.85	1,240.90	3.25% (£39.05 at Band D)
Avon and Somerset Police	174.78	TBC	Final Decision to be taken on 8 <sup>th</sup> February 2016.
Avon Fire & Rescue	66.60	TBC	Final decision to be taken on 5 <sup>th</sup> February 2016
<b>Total excluding parishes</b>	<b>1,443.23</b>	<b>TBC</b>	
Parishes (average)	35.99	TBC	Not known at time of writing
<b>Total</b>	<b>1,479.22</b>	<b>TBC</b>	<b>The 2016/17 figure will depend on decisions taken by the Police, Fire and Parish/Town Councils</b>

The precepts required by Parishes, Fire and Police will form part of the Council Tax setting resolution at Council on 16th February 2016, and so the necessary updated information will be set out in the report.

### **Special Expenses**

As part of the 2015/2016 Budget preparation process no special expenses were declared (with the exception of Parish and Town Council precepts). It is proposed that this policy remains unchanged for the 2016/2017 budget.