



To: All Councillors

Our Ref CS/KK
Contact Krystyna Kowalewska kkowalewska@westsomerset.gov.uk
Date 16 February 2016

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING
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Dear Councillor

I hereby give you notice to attend the following meeting:

COUNCIL MEETING

Date: Wednesday 24 February 2016
Time: 4.30 pm
Venue: Council Chamber, Council Offices, Williton

Please note that this meeting may be recorded. At the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during the recording will be retained in accordance with the Council's policy.

Therefore unless you advise otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact Committee Services on 01643 703704.

Yours sincerely

A handwritten signature in black ink, appearing to read "B. Lang".

BRUCE LANG
Proper Officer

WEST SOMERSET DISTRICT COUNCIL

Meeting to be held on Wednesday 24 February 2016 at 4.30 pm

Council Chamber, Williton

AGENDA

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting of Council held on 20 January 2016 to be approved and signed as a correct record – **SEE ATTACHED.**

3. **Declarations of Interest**

To receive and record any declarations of interest in respect of any matters included on the agenda for consideration at this meeting.

4. **Public Participation**

The Chairman to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public wishing to speak at this meeting there are a few points you might like to note.

A three-minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue. There will be no further opportunity for comment at a later stage. Your comments should be addressed to the Chairman and any ruling made by the Chair is not open to discussion. If a response is needed it will be given either orally at the meeting or a written reply made within five working days of the meeting.

5. **Chairman's Announcements**

6. **Corporate Strategy 2016/20**

To consider Report No. WSC 23/16, to be presented by Councillor A Trollope-Bellew, Leader of Council – **SEE ATTACHED.**

The purpose of the report is to seek approval for the adoption by the Council of the Corporate Strategy for 2016/20.

7. **Staff Severance / Compensation Policies Updates and Pay Policy Statement 2016/17**

To consider Report No. WSC 22/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of the report is for Council to review and approve the recommended changes to the Severance and Compensation policies as set

out in the Redundancy and Retirement Policies of both Councils and the approval of the Pay Policy Statement 2016/17.

8. Heart of the South West Devolution – A Prospectus for Productivity

To consider Report No. WSC 18/16, to be presented by Councillor A Trollope-Bellew, Leader of Council – **SEE ATTACHED**.

The purpose of the report is to introduce to Members the Prospectus for Productivity document, the purpose of which is to open a conversation and negotiation with Government about a potential devolution deal for the Heart of the South West area (i.e. Devon, Somerset, Plymouth and Torbay).

9. Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy 2016/17

To consider Report No. WSC 24/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to obtain approval by Council of the proposed Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy for 2016/17 in line with the statutory and regulatory guidance.

10. Capital Programme 2016/17

To consider Report No. WSC 25/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is for Council to approve the recommended Capital Programme for 2016/17 including the proposed funding arrangements.

11. Annual Budget and Council Tax Setting 2016/17

To consider Report No. WSC 26/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to provide Members with all the information required for Council to approve the proposed revenue budget for 2016/17, and to approve its proposed Council Tax rate for 2016/17. The proposed 2016/17 Capital Programme, the revenue implications of which are taken into account within the revenue budget, is included as a separate report for this Council meeting.

The report makes reference to a confidential appendix and should Council wish to discuss this part of the report it will be necessary to consider excluding the press and public in accordance with Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

12. Council Tax Resolution 2016/17

To consider Report No. WSC 27/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is for Council to approve the calculation and setting of the Council Tax for 2016/17.

13. Minutes and Notes for Information

Notes and minutes relating to this item can be found on the Council's website using the following links:

- Notes of the Exmoor Area Panel held on 19 January 2016
<http://www.westsomersetonline.gov.uk/Council---Democracy/Council-Meetings/Exmoor-Area-Panel/Exmoor-Area-Panel---19-January-2016.aspx>
- Notes of the Dunster Area Panel held on 25 January 2016
<http://www.westsomersetonline.gov.uk/Council---Democracy/Council-Meetings/Dunster-Area-Panel/Dunster-Area-Panel---25-January-2016.aspx>

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

WEST SOMERSET COUNCIL**Minutes of the Meeting held on 20 January 2016 at 4.30 pm****in the Council Chamber, Williton****Present:**

Councillor G S Dowding Chairman
Councillor B Heywood Vice-Chairman

Councillor I Aldridge	Councillor D Archer
Councillor A Behan	Councillor M J Chilcott
Councillor R Clifford	Councillor M O A Dewdney
Councillor S Y Goss	Councillor A P Hadley
Councillor I Jones	Councillor B Leaker
Councillor R P Lillis	Councillor B Maitland-Walker
Councillor K M Mills	Councillor C Morgan
Councillor P H Murphy	Councillor J Parbrook
Councillor S J Pugsley	Councillor R Thomas
Councillor A Trollope-Bellew	Councillor K Turner
Councillor D J Westcott	Councillor R Woods

Officers in Attendance:

Chief Executive (P James)
Director of Operations (S Adams)
Assistant Chief Executive/Monitoring Officer (B Lang)
Revenues and Benefits Manager (H Tiso) – Item 7
Assistant Director – Operational Delivery (C Hall)
Assistant Director – Energy Infrastructure (A Goodchild)
CIM Fund Manager (L Redston) – Item 9
Meeting Administrator (K Kowalewska)

Also in Attendance:

Steve Read, Managing Director of Somerset Waste Partnership

C98 Apologies for Absence

Apologies for absence were received from Councillors H Davies, T Hall, N Twaites and T Venner.

C99 Minutes

(Minutes of the meeting of Council held on 16 December 2015, circulated with the Agenda.)

RESOLVED that the Minutes of the meeting of Council held on 16 December 2015 be confirmed as a correct record.

C100 Declarations of Interest

Members present at the meeting declared the following personal interests in their capacity as a Member of a County, Parish or Town Council:

Name	Minute No.	Member of	Action Taken
Cllr I Aldridge	All	Williton	Spoke and voted
Cllr D Archer	All	Minehead	Spoke and voted
Cllr S Goss	All	Stogursey	Spoke and voted
Cllr B Maitland-Walker	All	Carhampton	Spoke and voted
Cllr C Morgan	All	Stogursey	Spoke and voted
Cllr P Murphy	All	Watchet	Spoke and voted
Cllr J Parbrook	All	Minehead	Spoke and voted
Cllr R Thomas	All	Minehead	Spoke and voted
Cllr A Trollope-Bellew	All	Crowcombe	Spoke and voted
Cllr K Turner	All	Brompton Ralph	Spoke and voted
Cllr D J Westcott	All	Watchet	Spoke and voted

In addition the following interests were declared:

Name	Minute No.	Description of interest	Personal or Prejudicial	Action Taken
Cllr S Goss	C104	Husband is a Blue Badge holder	Prejudicial	Left the Chamber
Cllr K Turner	C104	Blue Badge holder	Prejudicial	Left the Chamber
Cllr S Goss	C106	Involved in the Victory Hall project	Personal	Spoke and voted
Cllr C Morgan	C106	Involved in the Victory Hall project	Personal	Spoke and voted
Cllr R Lillis	C107	Chairman of SWP Joint Scrutiny Committee	Personal	Spoke and voted

C101 Public Participation

No members of the public spoke at the meeting on any items on the agenda.

C102 Chairman's Announcements

There were no announcements to record.

C103 Council Tax Rebate Scheme Review for 2016/17

(Report No. WSC 183/15, previously circulated at the Council meeting held on 16 December 2015.)

The purpose of the report was to provide Full Council with information on our existing Council Tax Rebate (CTR) scheme and the context for reviewing our scheme for Working Age applicants from 2016/17; to advise Full Council of the outcome of the public consultation on our Council Tax Rebate scheme in 2016/17; and to advise Full Council of Cabinet's recommendation on the preferred revisions to our Council Tax Rebate scheme in 2016/17; to obtain agreement from Full Council on our Council Tax Rebate scheme for 2016/17.

The Lead Member for Resources and Central Support presented the report advising that the report had previously been discussed at the Council meeting held on 16 December 2015 and she requested all Members to confirm that by taking a vote they had read the documentation as requested.

The Lead Member proposed the recommendations of the report and which were seconded by Councillor M Dewdney.

RESOLVED (1) that having regard to the consultation response and the Equality Impact Assessment (EIA - see Appendix 4 of the report), the recommendation from Cabinet that the 2016/17 Council Tax Rebate scheme should be amended to that shown in Appendix 1 of the report, (and illustrated in Model 15) to revise support for working age applicants in 2016/17 by:

- disregarding maintenance received for children
- removing entitlement to applicants with capital over £6,000;
- applying a Minimum Income for Self-Employed applicants; and
- paying CTR at a level that would be no more than for a Band C property be approved.

RESOLVED (2) that the 2016/17 Council Tax Rebate Scheme be approved for 2016/17 only.

Administrator's Note: On circulation of the agenda, Members were advised to read the policy (Appendix 1 of the report), and to consider the implications detailed in the Equalities Impact Assessment.

C104 Parking Fees and Charges

(Report No. WSC 8/16, circulated with the Agenda.)

The report sets out the changes to the charging process that supports traffic management of tourist industry by seeking to influence driver behaviour with the following outcomes:

- Incentive for commuters to use car parks away from the main tourist sites, freeing up space for tourists and visitors to the area.
- Continue investment in parking assets.

The report sought approval for changes to the summer car park tariffs; removal of the three hour zero tariff when valid blue badges are displayed in vehicles; and an increase to six months and yearly permits; and also identified the ongoing investment needs to improve the assets, the customers experience and convenience.

The Lead Member for Regeneration and Economic Growth presented the report highlighting the key issues contained within, and emphasised the proposed changes to the car parks' tariffs, including the introduction of providing an additional 60 minutes allowance if a valid Blue Badge was displayed and payment made. She stated that the Council was hoping to encourage commuters to use car parks away from the main tourist areas to free up spaces for visitors. Additional income generated from the tariff changes would be invested in car park maintenance and improvements and clearing sand from some coastal parking areas.

The Lead Member advised that a meeting would be held with Compass Disability Services to discuss the pay and display machines and that an article would be placed in their magazine as well as in the Somerset County Council's 'Your Somerset' magazine to inform the public of the proposed changes to the parking charges. Members were also informed that consultation and monitoring the effects of the charges would continue.

She went on to propose the recommendation set out in the report which was duly seconded by Councillor C Morgan.

Various questions and issues were raised regarding the blue badge charging. A particular concern was raised in relation to the reason for raising the income stream by abolishing blue badge concessions and a specific question was asked on how the Council assessed whether a car park was profitable or not for parking charges to be implemented accordingly.

The Lead Member for Regeneration and Economic Development responded by stating the reasons for the introduction of blue badge charges was to remove the current inequality where blue badge holders were the only users of the car parks that did not contribute to the financial operation of the service, and it had been identified that most of the car parks had their own individual maintenance problems. She reiterated that any West Somerset resident could opt to purchase a parking permit which could provide a substantial saving.

RESOLVED that the changes to the fees and charges identified in the report be supported.

C105 HPC Planning Obligations Board – Allocations of CIM Funding

(Report No. WSC 10/16, circulated with the Agenda.)

The purpose of the report was to present the recommendations of the Hinkley Point C Planning Obligations Board (POB) and West Somerset Council Cabinet, for the allocation of monies from the Community Impact Mitigation (CIM) Fund secured through the Section 106 legal agreement for the Site Preparation Works at Hinkley Point.

The Lead Member for Resources and Central Support presented the report in detail and highlighted the comments and recommendations contained within the report in relation to the applications submitted to the POB, namely The Princes Trust's Building Brighter Futures and Sedgemoor District Council's Blake Gardens Enhancement Project.

She went on to propose the recommendations set out in the report which were duly seconded by Councillor K Mills.

Various comments and issues were raised regarding the two refused applications. It was suggested that The Princes Trust would benefit at looking at the work of the Our Place programme specifically in connection with the Employment Hubs and concerns were raised as to what was the demand for the Building Brighter Futures project and who would benefit. With regard to the Blake Gardens project it was noted that there was no breakdown of project costings and no undertaking of community consultation.

In response to a question regarding how these two projects might be funded from the CIM Fund, the Assistant Director Energy Infrastructure provided clarity and advised that the POB had not discussed which pots of funding the Princes Trust application would come from given their overall concerns with the proposal, and confirmed that POB had discussed that in the past projects within ring fenced areas would normally use ring fenced funds initially and funds less geographically specific would be used thereafter.

RESOLVED (1) that the decision of Cabinet to release £7,500 from the CIM Fund ring-fenced for West Somerset to the Watchet War Memorial Ground Committee for the Pavilion Enhancement project be noted.

RESOLVED (2) that the following recommendations of the Hinkley C Planning Obligations Board and Cabinet be endorsed:

- (i) The application from The Princes Trust be refused and the applicant invited to work with the Employment and Skills Operations Group and Somerset County Council in its role as Local Education Authority with a view to developing a revised project that reflected the scale of unmet provision in West Somerset, Sedgemoor and Taunton Deane.
- (ii) The application from Sedgemoor District Council for the Blake Gardens Enhancement Project be refused and that the applicant is asked to resubmit their application and provide additional information that addresses the following:

- Mitigation of the impacts of the HPC workforce on the community such as social cohesion and integration.
- The potential for increased levels of match funding from Bridgwater Town Council and other s106 funding streams.
- Submission of 3 quotes for the works.

C106 Request for Allocation of Hinkley Point C Planning Obligations Funds

(Report No. WSC 9/16, circulated with the Agenda.)

The purpose of the report was for Council to consider the recommendation of Cabinet for the allocation of £400,000 of leisure funds ring-fenced to Stogursey Parish towards the redevelopment of the Victory Hall in Stogursey.

The Lead Member for Resources and Central Support presented the report and advised the rules and guidelines differed for the Stogursey ring fenced fund and that it was for the parish to decide on how the money was spent. She went on to propose the recommendation set out in the report which was duly seconded by Councillor D Westcott.

Members were fully supportive and during the discussion the following points were made:

- A great deal of consultation had taken place at every stage of the Victory Hall project to ensure the parishioners remained informed, and it was noted that there had been a very impressive 25% response rate.
- Members were made aware of the significant impacts and disruptions that the Hinkley Point C project would have on the residents of Stogursey and surrounding areas.
- The Quantock Vale ward members were congratulated for their work on the steering group.
- Members felt it was an excellent flagship project which would be of huge benefit to the community and a great legacy.

RESOLVED that the allocation of £400,000 of the leisure fund ring-fenced to Stogursey Parish towards the redevelopment of the Victory Hall in Stogursey be approved.

C107 Somerset Waste Partnership Business Plan 2016-2021

(Report No. WSC 11/16, circulated with the Agenda.)

The purpose of the report was to seek approval for the Somerset Waste Partnership's Draft Business Plan for 2016 - 2021.

The Lead Member for Environment presented the report and welcomed to the meeting Steve Read, the Managing Director of Somerset Waste Partnership (SWP) who was in attendance to answer questions on the draft Business Plan. In addition to identifying the key points from the report, the Lead Member made reference to the savings position, improvements to the recycling service, and the key actions, aims and priorities. Actions which were particularly highlighted related to the restructuring of Minehead Recycling Centre to help alleviate congestion problems, and the development of a Collection Day Reminder app.

The Lead Member proposed the recommendations of the report which were seconded by Councillor R Lillis.

The main points of discussion focussed on:

- The new service model - the types of materials collected/recycled and frequency of collections.
- Vehicle recycling centre permits and time restrictions for vans and trailers.
- Charging for asbestos and plasterboard disposal.
- Recycling centre congestion and opening hours.
- Concerns the changes could lead to an increase in fly-tipping.
- New regulations and guidelines had, in the last year, been imposed on local authorities in order to provide a national minimum level of what was collected/recycled; and the Recycle More scheme operated on a weekly basis.
- Clarification was provided that no benefit was gained from levy schemes to help pay for the cost of disposal of certain products.
- The hard work of the SWP team and those who collected the recycling/refuse was acknowledged and greatly appreciated.
- Steve Read advised that an indexation had been agreed with the contractor on how the contract was uplifted every year and if fuel costs increased this would have an impact on the savings figure.
- Members were urged to encourage residents in their respective parishes/towns to fully participate in the council's recycling scheme and to increase the amount of waste they recycle.

The Vice-Chairman thanked Mr Reid for his attendance and time taken in answering questions.

RESOLVED (1) that the Somerset Waste Partnership's Budget for 2016 – 2017 be reviewed and approved.

RESOLVED (2) that the content of the business plan 2016 – 2021 be noted.

Note: With the agreement of the Chairman this item was heard at the end of the meeting due to a delay in the arrival of Steve Read, SWP Managing Director. During this item the Chairman left the meeting and the Vice-Chairman, Councillor B Heywood, chaired the remainder of the meeting.

The meeting closed at 5.50 pm

Report Number: WSC 23/16
Presented by: Cllr ANTHONY TROLLOPE-BELLEW, LEADER OF THE COUNCIL
Author of the Report: PAUL HARDING, CORPORATE STRATEGY AND PERFORMANCE MANAGER
Contact Details:
Tel. No. Direct Line 01823 356309
Email: P.HARDING@TAUNTONDEANE.GOV.UK

Report to a Meeting of: Council
To be Held on: 24th February 2016
Date Entered on Executive Forward Plan
Or Agreement for Urgency Granted:

CORPORATE STRATEGY 2016/20

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval for the adoption by the Council of the Corporate Strategy for 2016/20.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The Strategy outlines our strategic direction for the next four years, setting out our vision, priorities, values and principles. It will guide our planning and allocation of resources as we establish detailed corporate and operational plans each year.

3. RECOMMENDATIONS

- 3.1 That Council adopts the Corporate Strategy 2016/20 (as attached).

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to articulate its priorities leading to missed opportunities and a mismatch between resources and required outcomes.	Possible (3)	Major (4)	High (12)
<i>The mitigation is an agreed Corporate Strategy, supported by Corporate, service and individual plans.</i>	Unlikely (2)	Major (4)	Medium (8)

The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

5. **BACKGROUND INFORMATION**

- 5.1 The Corporate Strategy 2016-2020 is attached at Appendix A.
- 5.2 This revised Strategy provides a clear direction for the organisation to follow; with four key priority areas where the Council will concentrate its efforts and resources between April 2016 and March 2020.
- 5.3 The key elements of the Strategy are:
- refreshed high-level Corporate Priorities for the Council,
 - design principles for our organisation,
 - refreshed vision and
 - clarity on the role and purpose of the Council.
- 5.4 This Strategy will lead to a more resourceful and responsive organisation that delivers outcomes to our communities in the most efficient and effective way and continues to play a key role in shaping West Somerset.
- 5.5 The Corporate Strategy is not intended to capture everything that the Council does nor does it include the detail of our work and projects. That is the role of the Corporate, Operational and Individual Plans which will flow from the Corporate Strategy.
- 5.6 The Corporate Strategy is the key part of the 'Golden Thread' which sets corporate objectives from which key actions flow.
- 5.7 The illustration below shows the 'Golden Thread' and where the Corporate Strategy fits within this:



6. DEVELOPMENT OF THE STRATEGY

- 6.1 The Strategy is the product of a series of member workshops which took place over the summer, which were organised along broad geographical lines, based upon electoral wards. Approximately 70% of WSDC members attended these workshops.
- 6.2 These workshops were informal events which sought to identify and capture:
- priority ward issues;
 - priority district-wide issues (irrespective of which public body currently has responsibility for these issues);
 - the role and purpose of the Councils;
 - the vision for the authorities.
- 6.3 On 7th September a ‘wash-up’ session was held. The purpose of the session was to feed back to Members the messages which officers thought they had heard in the workshops, to check their understanding was correct and to provide a further opportunity for Members to shape this area of work.
- 6.4 Following the wash-up session refinements were made to the emerging messages. These were shared with all Members.
- 6.5 Using the refined output, following the ‘wash-up’ sessions, an initial draft of the Corporate Strategy was prepared. This was shared with the Cabinet, JMT and Tier 4 managers.
- 6.6 Since then the document has been enhanced (largely presentationally), although the key messages remain unchanged.
- 6.7 A draft was provided to JPAG at their meeting of 14 December 2015 for consideration from which a small number of typographical errors were corrected and a new image was introduced to promote the priority area of ‘our communities’
- 6.8 The Strategy was considered by the Scrutiny Committee at their meeting on 14 January 2016. The feedback of the committee was positive. The document was considered to be well set out and well presented.
- 6.9 No recommendations were made for additions or deletions from the document although there was a recommendation that the reference on page 8 of the Strategy ‘*to support improvement of public transport within West Somerset*’ be moved from falling under Key Theme 3 to Key Theme 1.
- 6.10 Subject to the slight change referred to in 6.9 above, Scrutiny recommended the adoption of the draft Strategy.
- 6.11 The strategy was further considered by the Cabinet at their meeting held on 3rd February 2016. Cabinet approved the recommendation to support the adoption of the

strategy, subject to the small change referred to in para 6.9 above which has been incorporated within the version before Council.

7. FINANCIAL/RESOURCE IMPLICATIONS

- 7.1 The Strategy contains *Key Theme 4 – An efficient and Modern Council* – which includes the aims to *Make better use of our land and property assets; transferring or selling assets where it makes sense to do so and Review how services are delivered, by whom and to what standard in order to best allocate our resources.*

8. COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 8.1 The Corporate Strategy provides the context for the medium term financial strategy.

9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 **Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.**

The three aims the authority **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

- 9.2 The Council commitment to equalities and diversity is reflected in the Council's Core Values and Principles which are set out within page 4 of the Strategy.

10. CRIME AND DISORDER IMPLICATIONS

- 10.1 There are no direct implications.

11. CONSULTATION IMPLICATIONS

- 11.1 Early drafts of the Strategy have been shared with JMT, Tier 4 Managers, the Cabinet and JPAG.
- 11.2 An online public consultation is took place during January. The strategy was downloaded more than 200 times. A very limited number of responses were received. Generally the responses which were received were supportive.

12. **ASSET MANAGEMENT IMPLICATIONS**

- 12.1 The Strategy contains *Key Theme 4 – An efficient and Modern Council* – which includes the aim to *Make better use of our land and property assets; transferring or selling assets where it makes sense to do so.*

13. **ENVIRONMENTAL IMPACT IMPLICATIONS**

- 13.1 The Strategy contains *Key Theme 3 – Our Place and Infrastructure* which seeks to keep West Somerset a place to be proud of and one which is well maintained and welcoming to residents, visitors and businesses alike.

14. **HEALTH & WELLBEING**

Demonstrate that the authority has given due regard for:

- People, families and communities take responsibility for their own health and wellbeing;
- Families and communities are thriving and resilient; and
- Somerset people are able to live independently.

- 14.1 The Strategy contains *Key Theme 1 – Our Communities* which seeks to help our communities remain sustainable and vibrant is vital in keeping West Somerset a great place in which to live and work and includes particular focus on the wellbeing of older people as rural isolation and loneliness are particular issues in West Somerset.

15. **LEGAL IMPLICATIONS**

- 15.1 It is not a legal requirement to produce a Corporate Strategy; however, it is an essential business management tool and will provide a clear framework for officers and members to work within.



West Somerset Council Corporate Strategy 2016 - 20

Our Communities



Business & Enterprise



Our Place & Infrastructure

An Efficient & Modern Council

**"To enable people to live, work and prosper
and for business to thrive in West Somerset"**

Introduction



Cllr. Anthony
Trollope-Bellew
Leader of the
Council

Welcome to West Somerset District Council's Corporate Strategy for 2016-20.

The Strategy outlines our strategic direction for the next four years, setting out our vision, priorities, values and principles. It will guide our planning and allocation of resources as we establish detailed corporate and operational plans each year.

We are committed to putting this Strategy into action and making a difference for local people and business.



Penny James
Chief Executive

We know that our budget remains challenging while the demand for our services that are highly valued by the community is rising. We recognise that we will have to fundamentally transform the way we think and the way in which services are delivered to respond successfully to these challenges and to ensure the Council continues to be a strong voice, at regional and national level, fighting for the best interests of the people and businesses within West Somerset.

Many of the challenges ahead of us cannot be solved by the District Council on its own; partnership working is at the heart of our approach.

We will build upon our successful joint working arrangements with Taunton Deane Borough Council, work positively with our towns and parishes as well as collaborating with a range of other organisations to deliver and enable services to the benefit of all who visit, live and work in West Somerset.

We are determined to preserve and improve the quality of life in West Somerset in a way that is sustainable into the future – both environmentally and financially, and we will target our limited resources to where they will make the biggest difference to the lives of local people through developing our economy and protecting our environment.

Our ambition is to enable people to live work and prosper, and for business to thrive, in West Somerset.

**“To enable people to live, work & prosper
and for business to thrive in West Somerset”**

The Purpose of this Strategy

This Strategy provides a clear direction for the organisation to follow; with four key priority areas where the Council will concentrate its efforts and resources between April 2016 and March 2020.

Our activities will be based on a clear set of values and principles and are dependent upon working together – residents, partners, business, voluntary sector, our colleagues across the public sector and all levels of politicians and public servants regionally in the County of Somerset and London.

This Strategy will lead to a more resourceful and responsive organisation that delivers outcomes to our communities in the most efficient and effective way and continues to play a key role in shaping West Somerset.

This Strategy will provide direction for our Corporate Plan. The Corporate Plan will describe the actions we will take each year in order to achieve our aspirations and sets out how we will monitor and measure our progress.

The Plan will be refreshed annually to take account of any local or national changes.

The Corporate Plan in turn will influence team plans as well as individual plans to ensure very service and every person within the organisation is pulling in the same direction and understand the role they play in achieving the priority outcomes for our communities.



Our Role and Purpose

The Council exists to serve and represent the interests of its citizens and communities and to ensure the provision of the best possible services for its residents.

The Council has various roles to play in order to achieve positive outcomes for our communities:

a Enabling -

for example, working with others such as developers and housing associations to increase the supply of affordable homes within the district;

b Championing / Lobbying –

speaking up for West Somerset at County, regional and national level;

c Public Safety –

protecting the public through our statutory roles in relation to health & Safety, dangerous structures, noise nuisance, food safety, air and water quality;

d Supporting –

our communities and in particular keeping rural communities alive;

e Promoting –

West Somerset as great place in which to live and work as well as to visit;

f Challenging –

the performance and plans of other public service providers (e.g. Police, County Council, NHS);

g Taking Strategic View –

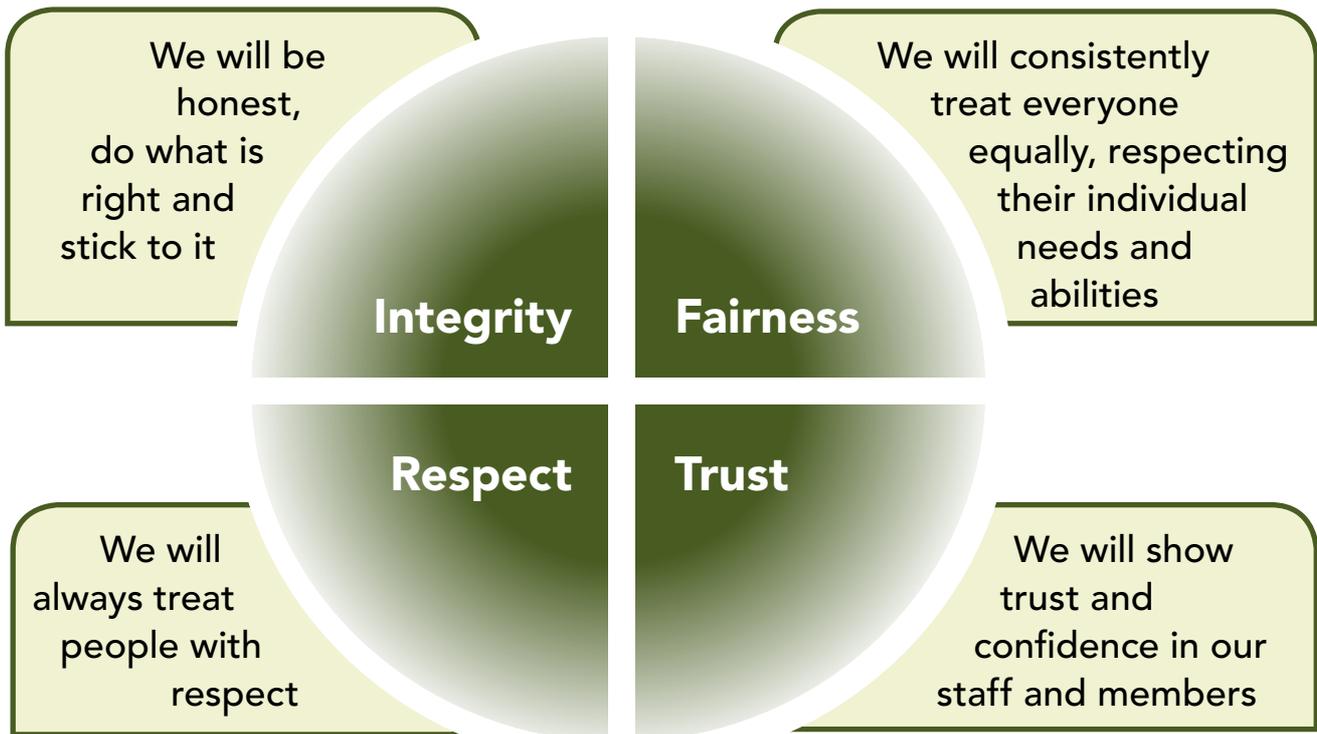
taking a district wide view of the needs of all of the communities within West Somerset and designing service provision around this.

**“To enable people to live, work & prosper
and for business to thrive in West Somerset”**

Our Core Values and Principles

At the heart of this Strategy is a set of core values and principles that express the beliefs of the Council and will underpin the actions of the Council over the next four years.

Our values inform our behaviours



Our Design Principles

Our principles inform our decision making

The following key principles will guide our approach to service delivery and the structure of the Council over the next four years:

- a *West Somerset will remain as a separate democratic Council*
- b *The Council's role will be to help deliver outcomes and will use a wide range of service delivery options and providers to achieve this;*
- c *The Council will embrace the principles of a Social Enterprise - acting commercially to deliver surplus to reinvest in the delivery of our priority outcomes and services;*

Our Design Principles - continued

- d *We will solely focus on agreed priority outcomes and be customer centric/focused;*
- e *We will minimise governance (internal bureaucracy /'red tape') whilst protecting the principles of transparency, probity, good leadership and management;*
- f *Our customer access arrangements will maximise self-service;*
- g *We will provide a transparent, open and accessible performance management system that enables effective and timely information to members, staff and customers*
- h *All services should offer value for money and be business-like in their approach;*
- i *Wherever possible, we should work with partners in our locality to collectively commission locally important services using our combined resources and avoiding duplication;*
- j *Councillors should be supported to be active advocates, champions and lobbyists to challenge partners on issues that affect their wards or wider areas;*
- k *We will develop an organisation where work is an activity and not a place.
The Council will go to the community rather than require the customer to physically come to it;*
- l *We will recruit, retrain, redeploy, and reward our people to ensure we have the right skills, attitudes and behaviours needed to deliver our ambitions;*
- m *We will deliver a 'case management' approach to dealing with customers that see's one point of contact take responsibility for customer's issues to the point of resolution. This negates the need for the customer to know how the system operates, which tier of government is responsible and who does what within the Council;*

**“To enable people to live, work & prosper
and for business to thrive in West Somerset”**

Key Theme 1

Our Communities

Why is this important?

Helping our communities remain sustainable and vibrant is vital in keeping West Somerset a great place in which to live and work.



The key issues we aim to influence and improve:

- a *Increase the availability and affordability of homes for local people – to both buy and to rent;*

- b *The retention of young people – West Somerset experiences a net migration of young people which impacts negatively on the sustainability, balance and vibrancy of some of our communities;*

- c *The wellbeing of older people – West Somerset's has the oldest average age of any district in England. Rural isolation and loneliness in particular, are real issues.*

- d *Support improvement of public transport provision within West Somerset.*

Key Theme 2

Business & Enterprise

Why is this important?

Access to well-paid employment is key to retaining young people and raising living standards across West Somerset.



The key issues we aim to influence and improve:

- a *Encourage inward investment and the creation of new higher-paid jobs for local people;*

- b *Support and promote West Somerset's vital tourism and agricultural sectors;*

- c *Work with stakeholders to improve the skills, knowledge and aspirations of young people in particular;*

- d *Greater promotion of West Somerset as a place in which to set up business;*

- e *Maximise the local economic benefits from Hinkley Point C;*

- f *Push for the rollout of fibre broadband and better mobile phone signal coverage across the District.*

“To enable people to live, work & prosper and for business to thrive in West Somerset”

Key Theme 3

Our Place & Infrastructure

Why is this important?

West Somerset is a beautiful place to visit and in which to live and work. We want to keep West Somerset a place to be proud of and one which is well-maintained and welcoming to residents, visitors and businesses alike.



The key issues we aim to influence and improve:

- a *Support measures and proposals that protect local communities from flooding;*

- b *Influence others to improve the road network within West Somerset and the way in which it is managed and maintained;*

- c *Work with others to find solutions that ensure facilities valued by local communities and visitors (such as public toilets) continue to be available;*

- d *Work with partners and the community to tackle speeding in rural areas;*

- e *Mitigate negative impacts on the community from the construction phase of Hinkley Point C;*

Key Theme 4

An Efficient & Modern Council

Why is this important?

Like all Councils, we continue to be challenged by significant budget cuts and pressure on services. Many of the challenges ahead of us cannot be solved by the District Council on its own. We need to continue to collaborate with a range of organisations to deliver and enable outcomes that are important to our communities and find new ways of working that ensure we continue to get the best possible value out of the funds available to us.



The key issues we aim to influence and improve:

- a *Make better use of our land and property assets; transferring or selling assets where it makes sense to do so;*

- b *Review how services are delivered, by whom and to what standard in order to best allocate our resources;*

- c *Facilitate ways of giving members more time in their communities and greater, more timely access to information;*

- d *Work more closely with the County, Town and Parish Councils to achieve mutually desired outcomes for the community.*

“To enable people to live, work & prosper and for business to thrive in West Somerset”

For more information contact

Corporate Strategy & Performance Manager
West Somerset
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Williton, Taunton, Somerset TA4 4QA

Email: customerservices@westsomerset.gov.uk



English

If you would like this document translated into other languages or in Braille, large print, audio tape, or CD please telephone us on 01643 703704 or e-mail us at customerservices@westsomerset.gov.uk

Bengali

অপনি যদি এই দলিলপত্র অন্য কোন ভাষায় অনুবাদ করে চান, বা ব্রেল, বড়ো ছাপার অক্ষর, অডিও-টেপ বা সিডিতে চান, তাহলে আমাদের টেলিফোন করুন এই নম্বরে 01643 703704 বা অথবা ই-মেল করুন customerservices@westsomerset.gov.uk

Chinese

如果你要這文件翻譯成其他語言或盲人凸字,大號字,聲帶,或光碟,請致電我們,電話 01643 703704
或電郵 customerservices@westsomerset.gov.uk

Hindi

अगर आप इस दस्तावेज़ का अनुवाद दूसरी भाषाओं या ब्रेल, बड़े अक्षरों वाली छपाई, ऑडियो टेप, या सीडी में चाहते हैं, तो कृपया हमें इस नंबर पर फोन कीजिये 01643 703704
या यहाँ ईमेल कीजिये customerservices@westsomerset.gov.uk

Portuguese

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Polish

W celu uzyskania niniejszego dokumentu w innym języku, w języku Braille'a, wydrukowanego dużym drukiem, nagranych na taśmie dźwiękową lub CD prosimy o kontakt pod numerem telefonu 01643 703704 lub na adres customerservices@westsomerset.gov.uk

Report Number: WSC 22/16

West Somerset Council

FULL COUNCIL – 24 February 2016

STAFF SEVERANCE/ COMPENSATION POLICIES UPDATES AND PAY POLICY STATEMENT 2016/17

This matter is the responsibility of Deputy Leader and Cabinet Member, Resources & Central Support, Cllr Mandy Chilcott

Report Author: (Fiona Wills, HR & OD Manager)

1 Executive Summary / Purpose of the Report

- 1.1 The purpose of the report is to review and approve the recommended changes to the Severance and Compensation policies as set out in the Redundancy and Retirement Policies of both Councils and the approval of the Pay Policy Statement 2016/17.
- 1.2 West Somerset Council's Severance policy was last reviewed in April 2011 and Taunton Deane Borough Council's Compensation policy in March 2007.

Following a period of significant change for both Councils with TDBC's Core Council Review in 2010, the implementation of a Joint Management and Shared Services arrangement (JMaSS) for both Councils between November 2013 and April 2015 and the recent Spending Review, it is now considered appropriate to review and recommend changes to both of these policies.

- 1.3 Section 38 (1) of the Localism Act 2011 requires local authorities to prepare and publish a pay policy statement for each financial year, approved by Full Council.
- 1.4 The pay policy statement describes the pay arrangements and policies that relate to the pay of the workforce which serves the Joint Management and Shared Services (JMaSS) Partnership between Taunton Deane Borough Council and West Somerset Council. This statement describes in particular the arrangements for the JMaSS senior staff and its lowest paid employees.

2 Recommendations

- 2.1 To approve the changes to West Somerset Council's Severance Policy and Taunton Deane Borough Council's Compensation Policy as set out in the Redundancy and Retirement policies.
- 2.2 To approve the Pay Policy Statement 2016/17.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
Failure to review severance/ compensation arrangements for all staff on a regular basis to take account of changes in legislation, economic and political conditions could lead to a loss of confidence in the organisation from auditors, residents and other statutory bodies	2	2	4
That proposals for changes in severance/ compensation arrangements could lead to a reduction of staff morale, which would impact on service delivery.	3	2	6

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background

- 4.1 As a result of the JMaSS project all staff previously employed by West Somerset Council transferred under TUPE regulations to Taunton Deane Borough Council. However, although employed by TDBC, a small number of transferring staff opted to

remain on West Somerset Council's terms and conditions. It is therefore necessary for both Councils to review their Compensation/ Severance Policies as the West Somerset Council policy would be applicable for these staff.

- 4.2 In reviewing the policies, best practice is to consider the policies with regard to both Councils' reserves, public perception and new employment legislation.
- 4.3 West Somerset Council's reserves have recently been impacted by the Business rate rebate to EDF and as a result of the media focus on large exit payments within certain areas of the public sector, new employment legislation will be introduced later this year to limit the total value of exit payments to £95k inclusive of pension strain costs. (Appendix B provides further details on this and other new employment legislation)
- 4.4 West Somerset Council's Severance policy currently applies the 30 week statutory redundancy table using a multiplier of 2. Early retirement in the interests of the efficiency of the service has no multiplier.
- 4.5 Taunton Deane Borough Council's Compensation policy currently applies the 30 week statutory redundancy table using a multiplier of 3. Early retirement in the interests of the efficiency of the service has a multiplier of 2.
- 4.6 West Somerset Council's Severance policy has two major changes proposed which are:
- i) Reduce the multiplier to 1.5 times the statutory redundancy payment for redundancies
 - ii) Introduce pay protection where employment on less favourable terms is offered to an employee as an alternative to redundancy. An employee's basis pay will be protected for up to 2 years if the reduction in their basic pay does not exceed 17.5%
- 4.7 Taunton Deane Borough Council's Compensation Policy has three major changes proposed which are:
- i) Reduce the multiplier to 1.5 times the statutory redundancy payment for redundancies
 - ii) Remove the multiplier for early retirement in the interests of the efficiency of the service
 - iii) Introduce pay protection where employment on less favourable terms is offered to an employee as an alternative to redundancy. An employee's basis pay will be protected for up to 2 years if the reduction in their basic pay does not exceed 17.5%
- 4.8 There are no changes proposed to other aspects of the Severance or Compensation policies (method of calculation, use of actual pay etc).
- 4.9 Set out below are the comparative details for the redundancy multiplier of other local authorities in Somerset:

Authority	Redundancy multiplier	Actual Weekly Wage used in calculation
Somerset County Council January 2015	None	For voluntary redundancy only whilst for Compulsory redundancy this is limited to

		statutory maximum weekly amount.
Mendip District Council December 2015	Compulsory x 3 Voluntary x 2	Yes
South Somerset January 2015	2.5	Yes
Sedgemoor January 2015	3	Yes

4.10 Within the wider South West Region, the position is somewhat different to Somerset's and is detailed below:

Multiplier	Unitaries (11 responses)	Counties (4 responses)	Districts (24 responses)	Total (41 responses)
3			2 x all cases 1 x compulsory only	2 x all cases 1 x compulsory only Total: 3
2.5	1 x voluntary only		2 x all cases	2 x all cases 1 x voluntary only Total: 3
2.2			2 x all cases 1 x voluntary only	2 x all cases 1 x voluntary only Total: 3
2	3 x all cases 1 x non-schools only	1 x all cases	8 x all cases 1 x voluntary only	12 x all cases 1 x non-schools only 1 x voluntary only Total: 14
1.75	1 x non-teachers only	2 x all cases	3 x all cases 2 x compulsory only	6 x all cases 1 x non-teachers only 2 x compulsory only 1 x voluntary only Total: 10
None	5 x all cases 1 x compulsory only 1 x schools only 1 x teachers only	1 x all cases	3 x all cases plus 2 x voluntary only 1 x compulsory only	9 x all cases 3 x compulsory only 2 x voluntary only 1 x schools only 1 x teachers only Total: 16
Other	1 x all cases			1 x all cases Total: 1

5 Links to Corporate Aims / Priorities

5.1 Each Council has a statutory duty to approve a pay policy statement on an annual basis to comply with Section 38 (1) of the Localism Act 2011.

6 Finance / Resource Implications

6.1 The proposed reductions in compensation or severance payments to redundancy and retirement in the interests of the efficiency of the service will assist both Councils in meeting their Medium Term Financial Plans and to accommodate the employment legislation changes to exit payments.

7 Legal Implications

- 7.1 The Councils' ability to make compensation/ severance payments to staff for redundancy or early retirement in the interests of the efficiency of the service are covered by both employment legislation and the Local Government (Early Termination of Employment (Discretionary Compensation) (England & Wales) Regulations 2006.

8 Environmental Impact Implications

- 8.1 There are no environmental impacts from this report.

9 Safeguarding and/or Community Safety Implications

- 9.1 There are no safeguarding or community safety implications arising from this report.

10 Equality and Diversity Implications

- 10.1 An equality impact assessment is not required. Severance/ Compensation payments and payments in the interests of the efficiency of the service are based on the statutory redundancy tables and reflect current statutory legislation. When changes were made on a national basis to the redundancy provisions an equality impact assessment was undertaken and objectively justified.

11 Social Value Implications

- 11.1 Although this report makes changes to severance/compensation arrangements in West Somerset and Taunton Deane BC it also proposes changes to include a pay protection measure designed to assist staff remaining in employment and as a measure to avoid redundancies.

12 Partnership Implications

- 12.1 As part of the consultation on reviewing terms and conditions etc partners such as South West One were notified of these proposals as they apply to seconded staff.

13 Health and Wellbeing Implications

- 13.1 Although this report makes changes to severance/compensation arrangements in West Somerset and Taunton Deane BC it also proposes changes to include a pay protection measure designed to assist staff remaining in employment and as a measure to avoid redundancies.

14 Asset Management Implications

- 14.1 There are no asset management implications arising out of this report.

15 Consultation Implications

- 15.1 Staff and the recognised trade union, UNISON, have been consulted on these changes as part of the Review of Terms and Conditions, Non Contractual Policies and Working Practices. 86 responses were received from 600 staff as part of the consultation and

18 of these were specific to the proposed amendments to the Severance /Compensation schemes.

15.2 The 18 responses were not supportive of the proposed changes and comments ranged from 'unsupportive of staff' to 'a 50% reduction for TDBC staff and only a 25% reduction for those on WSC terms and conditions'.

15.3 The joint UNISON branch has also been provided with a copy of this report and have commented:

In an era of uncertainty about future job security, staff are understandably worried about any proposal that seeks to reduce the amount they might receive in the event of redundancy.

Whilst UNISON accepts that local authorities are facing acute financial pressures, it believes that the proposal to reduce the redundancy multiplier to 1.5 for all staff is unduly harsh. The table in paragraph 4.10 suggests that, on average, a higher factor is applied across the South West: out of the 40 cases mentioned, more than half the authorities surveyed offer 1.75 or above, and the statistical average appears to be around 2.1.

If there is a concern about the cost of pay-outs for high earners, is it not possible to introduce a cap on maximum sums paid, or a sliding scale, so that people on relatively lower pay do not see their severance terms reduced?

If the employer is not in fact likely to propose redundancies, why reduce the multiplier at all, as no savings would result?

Phil Bisatt

Linda Sully

Joint Branch Secretaries, Taunton Deane & West Somerset UNISON

16 Scrutiny Comments

Staff Severance/Compensation Summary - WSC 11.02.2016

- It was questioned if the high proportion of staff not in UNISON had been represented.
- Members commented whether in future instances the Council should pay for UNISON regional officer support to ensure a consistency of approach and to avoid setbacks occurring.
- In terms of any future ballot action it was requested if it could be ensured that UNISON membership lists were up to date so that any future ballots or action is undertaken by recognised UNISON members.
- Both authorities endorsed the living wage.
- Councillors requested assurance be given to protect employees with long service that could be effected by pension changes.
- Written responses were to be given to the committee relating to pension discretions, which posts related to which grade in the NJC Pay Scales and UNISON membership figures.

List of Appendices (delete if not applicable)

Appendix A	Pay Policy Statement 2016/17
Appendix B	Proposed Changes in Employment Legislation 2016/17

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Name		Name	
Direct Dial		Direct Dial	
Email		Email	

Pay Policy Statement 2016/17

1. Background

The Pay Policy Statement is intended to bring together sufficient information about the different elements of the local authority's pay policies to enable local taxpayers to reach an informed view about local decisions on all aspects of pay and reward for employees. It also provides the context for the more detailed financial information that is already published by local authorities under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011.

2. The Joint Management and Shared Service partnership between Taunton Deane Borough Council and West Somerset Council

In November 2013 the two councils entered into an agreement by which services would be delivered by a single workforce across the two local authority areas.

In order to reduce costs and increase efficiency for the two councils the workforce is led by a single Chief Executive and team of senior staff which replaces the two separate management teams which served the two councils before the agreement was approved. The two councils share the salary costs of senior employees set out in this statement.

The transfer of staff into a reorganised single workforce was completed in 2015 and all staff, on behalf of the Partnership, are now employed by Taunton Deane Borough Council.

Elected members, at respective Council meetings on 12 November 2013, considered and approved the details of senior salary packages for the Joint Management Team and a revised pay and grading scheme for the single workforce.

This Pay policy Statement represents the position on the pay structures and other elements of the remuneration package for staff as at 31 March 2016.

3. Policy statement

The Partnership is committed to ensuring transparent, fair and equitable pay and reward arrangements that provide value for money and enable the recruitment and retention of employees with the skills and motivation to deliver high quality services for Taunton Deane Borough Council and West Somerset Council and its communities. The policies that support these objectives are summarised in this document.

4. Scope

The pay statement describes the pay arrangements that apply to the Joint Management Team (the senior employees) and the lowest paid employees.

For the purpose of this pay statement **senior employees** are defined as those staff in the top three tiers of management; the Chief Executive, three Directors, the Assistant Chief Executive and seven Assistant Directors.

The pay and grading of employees, other than senior employees, are currently set using pay structures divided into grades within which there are spinal column points setting the pay rates. Posts are allocated to a pay grade through a process of job evaluation.

The current pay and grading structure for the workforce is set out in the attached Appendix B. As agreed by the two Councils, the Taunton Deane Borough Council pay and grading structure is being used.

For the purpose of this statement **lowest paid employees** for the two councils are defined as follows:

- Those who receive a salary equivalent to Grade C on the councils' pay structure. This is because no employee of the councils is paid at a grade lower than Grade C.

The Councils are required, for the purposes of this statement, to define their 'lowest paid employees' and also to explain why they have adopted this definition.

Other than the posts set out above (senior management) and recognised apprentices, all posts within the councils have been subject to Job Evaluation to assess the value of the job content and then, subject to that value, have been placed in an agreed grade.

The Councils will therefore define their lowest paid employees as those on the minimum pay points as these (apart from apprentices) are the lowest hourly rates paid to employees of the Councils. The Councils have adopted this definition, as it can be easily understood.

It should, however, be pointed out that the pay scales of both Taunton Deane Borough Council and West Somerset Council were amended by Members to commence from the current 'Living Wage' (outside of London) in December 2013 and therefore the lowest hourly rate paid to employees is the equivalent of the Living Wage.

5. Remuneration of senior employees

As part of the annual Pay Policy Statement each Council must state:

- (a) The elements of remuneration for each senior employee
- (b) The policy for determining the remuneration of senior employees on recruitment.

The Joint Management Team are employed on fixed pay points for all posts within the top three tiers and therefore remuneration in terms of salary will be fixed on appointment.

Any other elements of remuneration, as set out in Appendix A, that are relevant at the point of recruitment are highlighted accordingly.

The Leaders will, after taking independent pay advice from South West Councils or similar, recommend the remuneration package on appointment to the above posts to Full Council prior to advertisement of any vacancy. The remuneration package will then have been subject to the approval of Full Council.

- (c) How any increases and additions to remuneration for each senior employee are made?

Annual cost of living pay awards are negotiated nationally by the Local Government Employers organisation and, where a pay award is agreed, these will be applied to the fixed pay point of the employee.

The Councils have the ability to determine certain Local Government Pension Scheme Discretions and the Discretions which have been adopted by each authority are included in the annual Pay Policy Statement. These are unaltered in 2016/17.

The post of Chief Executive is employed on the Terms and Conditions of Employment agreed by the Joint Negotiating Committee (JNC) for Chief Executives and all other senior employees are covered by the Terms and Conditions of Employment agreed by the JNC for Chief Officers all of which are supplemented by local terms and conditions agreed by Taunton Deane Borough Council as the employer.

- (d) The use of performance-related pay for chief officers.

The councils do not operate Performance Related Pay schemes for any of its staff.

- (e) The use of bonuses for senior employee.

The councils do not operate Bonus Schemes or Bonus Payments for any of its staff.

- (f) The approach to the payment of senior employees on their ceasing to hold office under or to be employed by the authority

Any termination payments to senior employees on ceasing office will comply with the policies current at that time, which will have been approved by Full Council of the employing authority. No additional termination payments will be made without the approval of the Executive/Cabinet, this will include any Settlement Agreements, which

may be subject to a confidentiality clause. The current joint redundancy policy and retirement policies for both Councils are included in the Pay Policy statement in the appendices.

That where severance payments for staff exceed £100,000 they will be reported to Full Council for approval and in presenting information to Full Council the components of the relevant severance package will be clearly set out. These components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid.

- (g) The remuneration of senior employees who return to Local Authority employment.

Where the senior employee:

- (i) Was a previously employed senior employee who left with a severance payment and applies to comeback as a senior employee.

Executive/Cabinet approval would be required to authorise re-employment within the authority of a previously employed senior employee who had left with a severance payment and is seeking re-employment.

- (ii) Was previously employed by the same authority and have comeback as a senior employee under a contract for services.

Executive/Cabinet will be required to approve any award of a 'contract for services' to a senior employee who has previously been employed by the authority.

- (iii) Is in receipt of a Local Government Pension Scheme Pension.

If an employee receiving a pension from the Local Government Pension Scheme becomes re-employed then their pension could be affected. This will apply where the pension in payment arose for a reason that resulted in a strain cost being paid by the employer (e.g. redundancy, interests of efficiency, ill-health, early retirement with consent or flexible retirement). If their pension plus the earnings from their new job is higher than the final pay their pension was calculated on, then their pension will be affected. For every pound that their earnings plus pension exceed previous pay, then their pension will reduce by a pound. This abatement will last for as long as the person exceeds their limit (so either when the new job ends or they reduce their hours so their earnings drop down below the acceptable level).

The Chief Executive is the appointed Returning Officer for Taunton Deane whilst the Assistant Chief Executive is the appointed Returning Officer for West Somerset Council and both receive a fee for County, District and Parish

Council and for Parliamentary Election duties. The fee for undertaking this role varies from year to year and is not subject to this policy since fee levels are set regionally and nationally.

6. Remuneration of other employees

As explained in paragraph 5 above, the pay structure for all other employees consists of grades and incremental points set out in the attached appendices. Grades are allocated to jobs through a process of job evaluation which establishes the relative value of different jobs within the workforce. Both councils previously operated the same job evaluation scheme (the Greater London Provincial Council Scheme) and both Councils have agreed to continue to use this Scheme for the shared workforce. Salaries for all employees (including senior employees) are subject to increases agreed under national pay award settlements.

The councils' pay structures create the basis of the relationship between the pay of all employees within the scope of the Pay Policy Statement.

The maximum salary for the post of Chief Executive is approximately 6.91:1 times the maximum salary of the lowest paid employee in the workforce. The maximum salary of the Directors is 5.13:1 times the maximum salary of the lowest paid employee. The maximum salary of the Assistant Directors is 3.85:1 times the lowest paid employee.

The maximum salary for the post of Chief Executive is approximately 4.29:1 times the mean FTE salary.

7. Transparency and Publication of Data

The councils will publish the Pay Policy Statement on the Taunton Deane Borough Council and West Somerset Council websites alongside other information relating to transparency/open government and this can be found on:

<https://www.westsomersetonline.gov.uk/transparency>
http://www.tauntondeane.gov.uk/irj/public/council/consultations/consultation?rid=/wpcccontent/Sites/TDBC/Web%20Pages/Council/Consultations/Transparency%20Open%20Data_0

8. Review

The Localism Act requires councils to prepare and publish a pay policy statement for each financial year. The next statement is due for publication before the end of March 2017.

Appendices

- Appendix A Remuneration to senior staff
- Appendix B Taunton Deane Borough Council Pay and Grading Structure
- Appendix C Taunton Deane Borough Council Local Government Pension Scheme Discretions
- Appendix D Taunton Deane Borough Council & West Somerset Council Joint Redundancy Policy
- Appendix E Taunton Deane Borough Council Compensation Policy
- Appendix F West Somerset Council Severance Policy
- Appendix G Taunton Deane Borough Council Flexible Retirement Policy
- Appendix H West Somerset Council Local Government Pension Scheme Discretions

Appendix A – Remuneration to Senior Staff

The Level and Remuneration for each Chief Officer

Post	Statutory Role	Terms and Conditions and JE Status	Salary	Salary Progression	Bonus or Performance related pay	Other Benefits	Pension Enhancement in Year
Chief Executive	Head of Paid Service	JNC Chief Executives – Out of JE	£110,000	No	No	Lease Car Payment of Professional Subscription *Election payments – Returning Officer Payments relating to LGPS Employer Contributions	No
Strategic Director of Operations and Deputy Chief Executive	Section 151 Officer	JNC Chief Officers – Out of JE	£86,700	No	No	Lease Car Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Strategic Director of Housing and Communities		JNC Chief Officers – Out of JE	£81,600	No	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Strategic Director Growth and Development		JNC Chief Officers – Out of JE	£81,600	No	No	Lease Car Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No

Post	Statutory Role	Terms and Conditions and JE Status	Salary	Salary Progression	Bonus or Performance related pay	Other Benefits	Pension Enhancement in Year
Assistant Chief Executive	Monitoring Officer	JNC Chief Officers – Out of JE	£64,770	No	No	Payment of Professional Subscription *Election payments – Returning Officer Payments relating to LGPS Employer Contributions	No
Assistant Director Housing and Community Development		JNC Chief Officers – Out of JE	£61,200	No	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Assistant Director Corporate Services		JNC Chief Officers – Out of JE	£61,200	No	No	Lease Car Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Assistant Director Planning and Environment		JNC Chief Officers – Out of JE	£61,200	No	No	Lease Car cash allowance Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Assistant Director Resources		JNC Chief Officers – Out of JE	£61,200	No.	No	Payment of Professional Subscription Payments relating to	No

Post	Statutory Role	Terms and Conditions and JE Status	Salary	Salary Progression	Bonus or Performance related pay	Other Benefits	Pension Enhancement in Year
						LGPS Employer Contributions	
Assistant Director Business Development		JNC Chief Officers – Out of JE	£61,200	No	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Assistant Director Operational Delivery		JNC Chief Officers – Out of JE	£61,200	No	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Assistant Director Property & Development ****		JNC Chief Officers – Out of JE	£61,200	No	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No

* Additional payments are made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and vary according to the responsibility undertaken.

** These thresholds relate to the publication of salary information as required under the Code of Recommended Practice for Local Authorities on Data Transparency (£58,200 is the minimum of the Senior Civil Service minimum pay band) and the Audit and Accounts Regulations (£50,000)

*** JNC Chief Officers – Out of JE. The job evaluation scheme is not applicable to Chief Officer posts. The salaries of Chief Officer posts are evaluated against local market data provided by South West Councils. This data provides salary details for comparable Chief Officer posts within comparable district councils.

**** Post is currently filled on a temporary basis.

Appendix B Taunton Deane Borough Council Pay and Grading Structure
applicable from 1.01.2015

Grade	SCP				
A	N/A	N/A	N/A	N/A	N/A
B	N/A	N/A	N/A	N/A	N/A
C	12 £15,916	13 £15,941	14 £16,231	15 £16,572	16 £16,969
D	17 £17,372	18 £17,714	19 £18,376	20 £19,048	21 £19,742
E	22 £20,253	23 £20,849	24 £21,530	25 £22,212	26 £22,937
F	27 £23,698	28 £24,472	29 £25,440	30 £26,293	31 £27,123
G	32 £27,924	33 £28,746	34 £29,558	35 £30,178	36 £30,978
H	37 £31,846	38 £32,778	39 £33,857	40 £34,746	41 £35,662
I	42 £36,571	43 £37,483	44 £38,405	45 £39,267	46 £40,217
J	47 £41,140	48 £42,053	49 £42,957	50 £43,881	51 £44,778
K	52 £45,690	53 £46,596	54 £47,508	55 £48,210	56 £48,915
L	57 £49,614	58 £50,319	59 £51,021	60 £51,723	61 £52,428

Appendix C - Written Statement on Local Government Pension Scheme Employers Discretions and Key Pensions Policy

Taunton Deane Borough Council

April 2016 to 31 March 2017

LGPS (Administration) Regulations 2008

Regulation B30 (2)

The Council will allow individual former employees leaving employment on or before 31 March 2014 the option to request early payment of benefits after on or after age 55 and before age 60 which will be considered on a case-by-case basis following the production of a business case. In these cases no additional compensation will be awarded.

Regulation B30 (5)

With regard to the early payment of benefits on or after age 55 and before age 60 made under B30 (2) above the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation B30A (3)

The Council will allow the option to request an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60 which will be considered on a case-by-case including the production of evidential support. This applies to employees leaving service on or before 31 March 2014.

Regulation B30A (5)

With regard to an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60 made under B30A (3) above the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Local Government Pension Scheme Regulations 1997 (as amended) in relation to active councillor members and pre 1 April 2008 scheme leavers.

Regulation 31 (2)

The Council will allow a post 31 March 1998/pre 1 April 2008 leaver or from a councillor member the option to request early payment of benefits after on or after age 55 and before age 60 which will be considered on a case-by-case basis following the production of a business case. In these cases no additional compensation will be awarded.

Regulation 31 (5)

With regard to the early payment of benefits made in accordance with Regulation 31 (2) the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation 31 (7A)

The Council will allow councillor optants out and pre 1 April 2008 employee optants out the option to request payment of benefits at normal retirement date and these will be considered on a case-by-case basis following the production of a business case.

The Local Government Pension Scheme Regulations 2013

Regulation 100 (6)

It is not Council policy to extend the 12-month limit on transfer of previous pension rights into the LGPS.

Regulation 9 (1) and 9 (3)

It is Council policy to allow employee contribution rates to be determined as changes occur during the financial year.

Regulation 16(2)(e) and 16(4)(d) Funding of Additional Pension

It is not the policy of the Council to fund additional pension and will not enter into a shared cost additional pension contributions arrangement.

Regulation 30(6) Flexible Retirement

The Council will allow benefits to be paid to a member of staff if they reduce their hours/grade (known as flexible retirement) and this is set out in the Council's Retirement Policy. Each case will be decided individually after the consideration of a detailed business case and only applies to those aged 55 and over.

Regulation 30(8)

With regard to flexible retirement and requests from staff aged 55 or over for retirement the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation 31 Award of Additional Pension

It is not the policy of the Council to award Employer APC for active member leaving on redundancy/efficiency other than by allowing employees leaving on grounds of redundancy/efficiency to use compensation payments to fund additional pensions.

The Local Government (Early Termination of Employment) Discretionary Compensation Regulations 2006

As set out in the Redundancy Policy the Council do not limit redundancy payments to the statutory maximum weekly pay threshold and instead use actual weekly pay of the employee.

The Council does not offer a minimum payment with regard to redundancy. Benefits are calculated using actual weekly pay and the statutory number of weeks as calculated against continuous local government service (and service covered by the Modification Order).

The Council provides up to 60 weeks compensation, in addition to any redundancy payment as set out in both the Compensation Policy.

Where additional compensation is paid the employee has the option to augment pension benefits by using all of the additional compensation unless specific criteria are met.

Appendix D – Taunton Deane Borough Council and West Somerset Council Redundancy Policy



Implementation date of policy 1 April 2016

Review date April 2017

Redundancy and Redeployment Policy

Introduction

This policy covers all redundancy situations that may arise within the One Team structures of Taunton Deane Borough Council and West Somerset Council (the Councils).

The Councils recognise a responsibility to safeguard the job security and prospects of their employees as far as possible. They also recognise that they must adapt to change and that this process of combining and transforming services will inevitably affect the structure and size of the workforce.

Scope

The policy applies to the employees of One Team.

Aims

The aim of this policy is to set out a clear and fair process for handling redundancies. In doing so, it ensures employees, managers and UNISON are clear of the procedure that is being followed through any redundancy process.

As far as possible, the Councils will seek to avoid or minimise the need for compulsory redundancies, this policy sets out the ways in which the Councils will do this which now includes pay protection.

Redundancy Procedure

Consultation

Where the possibility of redundancies is identified the Councils will inform and consult with the relevant trade union representatives as early as possible and before any formal decisions have been made. As part of the consultation the Council will provide the following information:

- the reasons for the proposed redundancies;
- the numbers and descriptions of employees it proposes to make redundant;
- the total number of employees of those descriptions employed at the establishment in question;
- the proposed method of selecting those who may be dismissed;
- the proposed method of carrying out the dismissals, including the period over which the dismissals are to take effect;
- the proposed method of calculating any redundancy payments;
- the number of agency workers working temporarily for, and under the supervision and direction of, the employer;
- the parts of the employer's business in which the agency workers work; and
- the type of work that the agency workers carry out.

Formal consultation shall be deemed to commence on the date when these details are given in a letter to the Branch Secretaries of UNISON.

Consultation timescales will depend upon the scale of potential redundancies and will be as follows:

- A minimum of 30 days before the first dismissal takes effect, where up to 99 employees are to be made redundant over a period of 90 days or less; or
- A minimum of 45 days before the first dismissal takes effect, where more than 100 employees are to be made redundant over a period of 90 days or less

Any consultation responses received in time will be included in any committee reports to be considered by the appropriate Committee.

Measures to avoid or minimise compulsory redundancies

The Councils will, in consultation with the appropriate trade union representatives explore any options to avoid or minimise the need for compulsory redundancies. Alternatives may include (not in order of priority):

- Reductions through natural staff turnover (ie not automatically replacing employees who leave);
- Seeking volunteers for redundancy;
- Redeployment, including retraining where appropriate;
- Stopping or reducing overtime other than contractual or emergency overtime;
- Restrictions on permanent and/or external recruitment;
- Termination of casual or agency worker arrangements;
- Flexible retirements/voluntary reduction in hours.

Employees ‘at risk’ of redundancy

Notification of ‘at risk’ status

As soon as practicable after the unions have been informed of the potential for redundancies, any individuals affected will be informed that they are ‘at risk’ of redundancy and that consultation has commenced. An individual will be identified as being ‘at risk’ of redundancy if their current post does not exist in a new structure or there will be a reduction in the number of the same post in a new structure. This will be confirmed in writing with an estimate of any redundancy payment and if applicable, pension payment due.

Throughout the consultation period, further meetings (usually mid consultation and at the end of the consultation period) will be arranged with individuals ‘at risk’ of redundancy to discuss any concerns, redeployment opportunities, any selection processes etc. Records of any discussions will be kept on the employee’s personal file.

Rights of employees ‘at risk’

Employees ‘at risk’ of redundancy have certain rights. The Councils will make every effort to redeploy the individuals within the Councils services.

Employees are entitled to reasonable paid time off to look for alternative employment. This may include time off to attend interviews or attend relevant training courses. A reasonable amount of time is considered to be up to two days per week (pro rata for part-time employees). Such time off must be arranged in advance with the line manager.

A central register of employees ‘at risk’ of redundancy will be held in HR and those employees put ‘at risk’ will be informed by HR of all relevant vacancies arising within the Councils. Efforts will be made to redeploy employees within the Councils to retain skills, knowledge and experience and reasonable training will be provided if necessary.

The Councils will make every effort to facilitate employees search for new employment, either through in-house support or, on occasions, outplacement specialists. Support may include; advice on writing application forms or preparing CVs, interview tips, coaching etc.

Selection for redundancy

Once a proposal for a restructure or reduction in headcount is approved and where compulsory redundancies are unavoidable, the ring fence arrangements and process of selection for redundancy will be agreed with UNISON. It may include some or all of the following criteria:

- Attendance records (other than absences covered by the Equality Act 2010);
- Disciplinary records (‘live’ warnings only);
- Skills and experience;
- Past performance records;
- A selection interview.

If a function or service is to be discontinued all employees directly related to the provision of that function will automatically be selected for redundancy.

If there is to be a reduction in the number of posts but the job descriptions remain largely unchanged, (i.e. duties are more than 80% the same). Selection will be based on agreed criteria and made by a selection panel that comprises of a higher level of management, at least one member of Corporate Management Team (CMT) and a representative from HR.

If a restructure involves the creation of new roles, selection for redundancy will be dependant on success at interview for those new roles. A new role is one where the duties are more than 20% different. A ring fence of employees that can apply for the new posts will be agreed with UNISON and will be based on job type, grade and/or salary levels. The appointment panel should consist of managers from a higher level of management, at least one member of CMT and a representative from HR.

This appointment process does not apply to posts named as Scheduled Posts on the constitution, (i.e. Chief Executive, Strategic Directors and Assistant Directors). As these appointments require an Appointments Committee, comprising of at least one member of each of the Councils Executive/Cabinet.

The employee/s selected for redundancy will receive written notification of the reasons for their selection as well as their proper contractual notice in accordance with their contract of employment or statutory notice whichever is greater.

NB: The cost of redundancy is not a factor that will be taken into account when selection for redundancy is made.

Calculation of redundancy payments

Employees will be notified personally about their redundancy entitlements as soon as possible after they have been notified that they are 'at risk' of redundancy, including the compensation/severance payment in writing and details of any pension due where applicable.

The qualifying service in respect of redundancy payments is two years continuous local government service (in accordance with the Redundancy Payments (Local Government) Modification Order. Reckonable service is limited to the last 20 years before redundancy.

Statutory redundancy payments are made according to the following scale:

- (a) one and a half week's pay* for each year of employment during which the employee was aged 41 and over;
- (b) one week's pay* for each year of employment during which the employee was aged 22 to 40 inclusive;
- (c) half a week's pay* for each year of employment in which the employee was aged 21 and under.

* A week's pay is based on contractual pay and does not include occasional overtime or additional payments.

Appendix one includes a table with the number of statutory weeks entitlement according to age and continuous service.

If prior to the expiry of the employee's notice of dismissal an individual receives an offer of employment with a related employer (in accordance with the Redundancy Payments Continuity of Employment in Local Government Modification Order 1999) to start immediately or within four weeks of the end of the previous employment, a redundancy payment cannot be made by the Council.

Compensation/severance payments

The Councils operate a discretionary enhanced redundancy payment scheme under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, as compensation for the loss of employment on redundancy grounds. Details of the Council's schemes are available from the HR representatives.

Employees will be entitled to the discretionary compensation/severance payments in accordance with the existing policy.

Redundancy and compensation/severance payments will be made to employees within 4 weeks of the date of leaving employment.

Local Government Pension Scheme Payments

Employees that have been members of the LGPS for 3 months or more and are aged 55 or over, are entitled to the immediate unreduced payment of their LGPS benefits if dismissed on the grounds of redundancy.

Redeployment Procedure

Wherever possible employees will be redeployed to avoid compulsory redundancy.

The Councils reserve the right in agreement with UNISON to apply a ring fence to new roles that are created as a result of any proposed restructures and offer them in the first instance to those employees at a similar job type grade/salary level within the existing structure and who have the relevant skills and experience that match the job description or person specification.

Where there is only one individual matched with the new position they will be slotted in.

Where there is more than one employee that matches the role or a group of employees to more than one role, a selection procedure panel will take place that involves a formal interview and other recruitment selection procedures.

All other vacancies arising within the Council where a suitable ring fence is not identified will be offered to employees 'at risk' of redundancy in the first instance. Such vacancies will be sent initially to the HR Team who will check them against the 'at risk' register for any suitable candidates. Employees will be matched according to

the essential criteria on the person specification, salary levels and preferred hours of work. Consideration must also be given to any reasonable appropriate training that will enable them to perform the duties of the role.

Any employees that meet the essential criteria will be made an offer of redeployment. Where more than one employee is matched to a vacancy a selection process will apply.

Any offer of redeployment will be made in writing and will include reference to a trial period, any training available, terms and conditions and protection arrangements if applicable.

Any employees that are redeployed into a new role will be given a 4 week trial period. This period may be extended by mutual agreement.

If the trial period is successful the employee will be sent written confirmation of any changes to terms and conditions. If the trial period is deemed unsuccessful by the manager, contractual notice will be reduced by the length of the trial period.

If an offer of redeployment is made by the Councils and the employee decides during the trial period that they wish to reject the offer, they must advise HR in writing within the trial period.

An employee who believes that a job offer is not suitable alternative employment may claim a redundancy payment. However, this will only be paid where the Councils agree that the job is unsuitable. The decision will be made by a Member of CMT, taking account of any changes to terms and conditions and the level of seniority.

Pay Protection

Pay protection will be available where employment on less favourable terms is offered to an employee as an alternative to redundancy. An employee's basic pay will be protected for up to two years if the reduction in their basic pay does exceed 17.5%.

If, by accepting alternative employment, the reduction in an employee's basic pay exceeds 17.5%, pay protection is subject to the HR & OD Manager and the relevant Director being satisfied that there is some tangible benefit to be gained by the Council, for example, in circumstances where pay protection would be less costly than an employee's redundancy.

During the pay protection period, an employee's basic pay is protected on a 'mark time' basis. 'Mark time' means that during the period of protection, an employee's basic pay is frozen and that any increments and annual pay awards applicable to their previous job are not paid to the employee.

Appeals

If an employee is aggrieved about their selection for redundancy they have the right of appeal. The appeal must be received in writing by HR within 10 working days of the decision being made. Refer to Council Appeal Procedure.

If the selection for redundancy was made by the Chief Executive the employee will have the right of appeal to be heard by an Appeal Committee comprising of at least one member of each of the Councils' Executive or Cabinet.

If the selection for redundancy was made by a Member of JMT other than the Executive, the employee will have a right of appeal to be heard by the Chief Executive.

All decisions made by the appeal panel are final.

Appendix one – Table to show entitlement to statutory weeks’ redundancy based on age and continuous service

		Years Service																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age	18																			
	19																			
	20	1.0	1.0	1.0	1.0															
	21	1.0	1.5	1.5	1.5	1.5														
	22	1.0	1.5	2.0	2.0	2.0	2.0													
	23	1.5	2.0	2.5	3.0	3.0	3.0	3.0												
	24	2.0	2.5	3.0	3.5	4.0	4.0	4.0	4.0											
	25	2.0	3.0	3.5	4.0	4.5	5.0	5.0	5.0	5.0										
	26	2.0	3.0	4.0	4.5	5.0	5.5	6.0	6.0	6.0	6.0									
	27	2.0	3.0	4.0	5.0	5.5	6.0	6.5	7.0	7.0	7.0	7.0								
	28	2.0	3.0	4.0	5.0	6.0	6.5	7.0	7.5	8.0	8.0	8.0	8.0							
	29	2.0	3.0	4.0	5.0	6.0	7.0	7.5	8.0	8.5	9.0	9.0	9.0	9.0						
	30	2.0	3.0	4.0	5.0	6.0	7.0	8.0	8.5	9.0	9.5	10.0	10.0	10.0	10.0					
	31	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	9.5	10.0	10.5	11.0	11.0	11.0	11.0				
	32	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	10.5	11.0	11.5	12.0	12.0	12.0	12.0			
	33	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	11.5	12.0	12.5	13.0	13.0	13.0	13.0		
	34	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	12.5	13.0	13.5	14.0	14.0	14.0	14.0	
	35	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	13.5	14.0	14.5	15.0	15.0	15.0	15.0
	36	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	14.5	15.0	15.5	16.0	16.0	16.0
	37	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	15.5	16.0	16.5	17.0	17.0
38	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	16.5	17.0	17.5	18.0	
39	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	17.5	18.0	18.5	
40	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	18.5	19.0	
41	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	19.5	
42	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	
43	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	

		Years Service																		
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age	44	3.0	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5
	45	3.0	4.5	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0
	46	3.0	4.5	6.0	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5
	47	3.0	4.5	6.0	7.5	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0
	48	3.0	4.5	6.0	7.5	9.0	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5
	49	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0
	50	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5
	51	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0
	52	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5
	53	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0	26.0
	54	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5
	55	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.0	23.0	24.0	25.0	26.0	27.0
	56	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	23.5	24.5	25.5	26.5	27.5
	57	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.0	26.0	27.0	28.0
	58	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	26.5	27.5	28.5
	59	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.0	29.0
	60	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	29.5
	61	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	30.0
	62	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	30.0
	63	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	30.0
	64	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	30.0

Appendix E - Taunton Deane Borough Council - Compensation Policy

1. The following policy on Compensation Payments applies to redundancies and early retirements on the grounds of efficiency of the service, which take effect **after 31st March 2016**.
2. The calculation of redundancy payments is on the basis of actual salary.
3. The Council exercises discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, to make compensatory payments to employees being made redundant based on a multiplier of **one and a half times** the number of weeks an employee would be entitled to under the statutory redundancy formula, inclusive of any statutory redundancy payment, up to a maximum of 90 weeks' pay.
4. The Council requires that the full cost of any redundancies is recovered within a period not exceeding five years or by the normal retirement age, whichever is sooner.
5. Employees who are eligible to be paid a compensation payment on being made redundant, and who are members of the Local Government Pension Scheme, are given the option of converting their compensation payment (excluding the statutory redundancy payment) into augmented pensionable service. Augmentation is not an option where the compensation payment (excluding the statutory redundancy payment) purchases more pensionable service than the maximum allowable at age 65.
6. No compensation payments are made to employees who are allowed to retire early on the grounds of interests of efficiency of the service, irrespective of whether a voluntary request has been made by the employee or instigated by management.

Appendix F - West Somerset Council - Severance Policy

1.	<p>The Council operates a discretionary enhanced redundancy payment scheme as compensation for loss of employment on redundancy grounds. The details of the Scheme are for information and may be amended from time to time at the discretion of the Council and after consultation with the Union. Please note the severance payments scheme is not legally binding.</p>
2.	<p>Pay a 'lump sum' payment using the statutory redundancy tables and applying a multiplier of one and a half the statutory redundancy figure based on actual week's pay up to a maximum of 60 weeks. In addition give the employee the option to convert the cash sum in excess of any statutory redundancy payment into a period of membership in the Local Government Pension Scheme. If taken as a cash lump sum the first £30k is tax-free.</p>
3.	<p>Redundancy compensation will only be paid to staff with two or more years of service.</p>
4.	<p>For the purposes of these calculations, a week's pay is defined as the employee's actual weekly pay, which is averaged over a twelve week period for employees whose earnings for basic hours (excluding overtime) varies from week to week. The maximum number of year's continuous service that can be counted for statutory redundancy payments is twenty years.</p>
5.	<p>The expression 'early retirement in the interests of the efficiency of the service' is difficult to define but the application of this scheme can be justified because: -</p> <ul style="list-style-type: none"> (a) it facilitates/encourages internal restructuring (b) it allows for the retirement of an employee who is unable to match up to the changed requirements of his/her job (c) The Local Government (Early Termination of Employment)(Discretionary Payments) (England and Wales) Regulations 2006 allow local authorities to use their discretion in the interests of the efficient exercise of that authority's functions.
6.	<p>The scheme is voluntary and it must be clearly understood that it is not meant to cover cases where action should be taken to dismiss an employee on grounds of discipline, ill health, and lack of qualifications or capability. Application of the scheme does not imply that an employee is or has become inefficient.</p>
7.	<p>If you retire in the interests of efficiency, you will be entitled to a lump-sum payment calculated using your actual week's pay and equating to the equivalent of the statutory number of weeks payable for redundancy, however you will not be entitled to receive a redundancy payment from the Council. It is not possible to augment your Pension if you retire in the interests of the efficiency of the service.</p>
8.	<p>Employees aged fifty-five years or over who are members of the Local Government Pension Scheme will receive payment of early pension retirement benefits.</p>

Appendix G – Taunton Deane Borough Council Flexible Retirement Policy

Taunton Deane Borough Council

Full or Partial Flexible Retirement Policy

1. Employees aged 55 (aged 50 up to 31 March 2010) who are members of the Local Government Pension Scheme are able to request payment of early retirement benefits whilst remaining in the Council's employment on reduced hours or a lower grade.
2. This right does not apply to employees who are in receipt of a redundancy payment and early pension benefits or who have taken early retirement in the interests of the efficiency of the service.
3. As a guide, a business case for flexible retirement where any reduction is minimal (e.g. less than 20% either in terms of reduced hours or lower grade) may be difficult to objectively justify.
4. Requests for flexible working may be instigated by employees who meet the criteria set out in 1. above at anytime but will only be able to make one request in any 12 month period.
5. An employee should, in the first instance, approach their line manager with a request for reduced hours, more flexible working patterns by putting their request in writing.
6. The line manager will notify the HR Advisory Team and a meeting will be arranged within 21 days to discuss the request from the employee.
7. At this point the HR Advisory Team will request an estimate of early retirement benefits from the Peninsula Pensions which will be provided to the employee and be used to complete the Flexible Retirement Approval Request Form.
8. The meeting between the employee, line manager and a member of the HR Advisory Team will discuss the request and business case and will only be referred for approval if it is operationally viable.
9. If the request is referred for approval this will be considered by the relevant Assistant Director and the HR & OD Manager.
10. It should be noted that employees who are retiring in this way before their normal retirement age will suffer an actuarial reduction in their benefits to reflect early payment. In exceptional compassionate circumstances the Council has the right to waive this actuarial reduction.

11. If the request is not referred for approval this will be confirmed to the employee in writing to the employee within 14 days of the meeting. The employee would have the right of appeal against this decision which should be made in writing to the Retained HR Manager within 10 days of receipt of the reason for refusal of the request or refusal to waive the actuarial reduction on compassionate grounds where the request is approved.
12. Appeals will be heard by a Strategic Director advised by the HR and OD Manager.

Retirement in the Interest of Efficiency Pay – Ready Reckoner

Age	Complete Year's Service																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18		1																		
19		1	1.5																	
20		1	1.5	2																
21		1	1.5	2	2.5															
22		1	1.5	2	2.5	3														
23		1.5	2	2.5	3	3.5	4													
24		2	2.5	3	3.5	4	4.5	5												
25		2	3	3.5	4	4.5	5	5.5	6											
26		2	3	4	4.5	5	5.5	6	6.5	7										
27		2	3	4	5	5.5	6	6.5	7	7.5	8									
28		2	3	4	5	6	6.5	7	7.5	8	8.5	9								
29		2	3	4	5	6	7	7.5	8	8.5	9	9.5	10							
30		2	3	4	5	6	7	8	8.5	9	9.5	10	10.5	11						
31		2	3	4	5	6	7	8	9	9.5	10	10.5	11	11.5	12					
32		2	3	4	5	6	7	8	9	10	10.5	11	11.5	12	12.5	13				
33		2	3	4	5	6	7	8	9	10	11	11.5	12	12.5	13	13.5	14			
34		2	3	4	5	6	7	8	9	10	11	12	12.5	13	13.5	14	14.5	15		
35		2	3	4	5	6	7	8	9	10	11	12	13	13.5	14	14.5	15	15.5	16	
36		2	3	4	5	6	7	8	9	10	11	12	13	14	14.5	15	15.5	16	16.5	17
37		2	3	4	5	6	7	8	9	10	11	12	13	14	15	15.5	16	16.5	17	17.5
38		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16.5	17	17.5	18
39		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17.5	18	18.5
40		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18.5	19
41		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19.5
42		2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5
43		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44		3	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5
45		3	4.5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46		3	4.5	6	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5
47		3	4.5	6	7.5	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48		3	4.5	6	7.5	9	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5
49		3	4.5	6	7.5	9	10.5	12	13	14	15	16	17	18	19	20	21	22	23	24
50		3	4.5	6	7.5	9	10.5	12	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5
51		3	4.5	6	7.5	9	10.5	12	13.5	15	16	17	18	19	20	21	22	23	24	25
52		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5
53		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19	20	21	22	23	24	25	26
54		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5
55		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22	23	24	25	26	27
56		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	23.5	24.5	25.5	26.5	27.5
57		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25	26	27	28
58		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	26.5	27.5	28.5
59		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28	29
60		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	29.5
61 plus		3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30

APPENDIX H

WRITTEN STATEMENT ON LOCAL GOVERNMENT PENSION SCHEME EMPLOYERS DISCRETIONS AND KEY PENSIONS POLICY

WEST SOMERSET COUNCIL

April 2016 to 31 March 2017

LGPS (Administration) Regulations 2008

Regulation B30 (2)

The Council will allow individual former employees leaving employment on or before 31.03.14 the option to request early payment of benefits after on or after age 55 and before age 60 which will be considered on a case-by-case basis following the production of a business case. In these cases no additional compensation will be awarded.

Regulation B30 (5)

With regard to the early payment of benefits on or after age 55 and before age 60 made under B30 (2) above the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation B30A (3)

The Council will allow the option to request an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60 which will be considered on a case-by-case including the production of evidential support. This applies to employees leaving service on or before 31 March 2014.

Regulation B30A (5)

With regard to an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60 made under B30A (3) above the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Local Government Pension Scheme Regulations 1997 (as amended) in relation to active councillor members and pre 1.4.08 scheme leavers.

Regulation 31 (2)

The Council will allow a post 31/3/98/pre 1/4/08 leaver the option to request early payment of benefits after on or after age 55 and before age 60 which will be considered on a case-by-case basis following the production of a business case. In these cases no additional compensation will be awarded.

Regulation 31 (5)

With regard to the early payment of benefits made in accordance with Regulation 31 (2) the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation 31 (7A)

The Council will allow pre 1/4/08 employee optants out the option to request payment of benefits at normal retirement date and these will be considered on a case-by-case basis following the production of a business case.

The Local Government Pension Scheme Regulations 2013**Regulation 100 (6)**

It is not Council policy to extend the 12-month limit on transfer of previous pension rights into the LGPS.

Regulation 9 (1) and 9 (3)

It is Council policy to allow employee contribution rates to be determined as changes occur during the financial year.

Regulation 16(2)(e) and 16(4)(d) Funding of Additional Pension

It is not the policy of the Council to fund additional pension and will not enter into a shared cost additional pension contributions arrangement..

Regulation 30(6) Flexible Retirement

The Council will allow benefits to be paid to a member of staff if they reduce their hours/grade (known as flexible retirement) and this is set out in the Council's Retirement Policy. Each case will be decided individually after the consideration of a detailed business case and only applies to those aged 55 and over.

Regulation 30(8)

With regard to flexible retirement and requests from staff aged 55 or over for retirement the Council retains the right to waive the actuarial reduction of benefits on exceptional compassionate grounds.

Regulation 31 Award of Additional Pension

It is not the policy of the Council to award Employer APC for active member leaving on redundancy/efficiency other than by allowing employees leaving on grounds of redundancy/efficiency to use compensation payments to fund additional pensions..

The Local Government (Early Termination of Employment) Discretionary Compensation Regulations 2006

As set out in the Redundancy Policy the Council do not limit redundancy payments to the statutory maximum weekly pay threshold and instead use actual weekly pay of the employee.

The Council does not offer a minimum payment with regard to redundancy. Benefits are calculated using actual weekly pay and the statutory number of weeks as calculated against continuous local government service (and service covered by the Modification Order).

The Council provides up to 30 weeks compensation, in addition to any redundancy payment as set out in both the Redundancy and Retirement Policies.

Where additional compensation is paid the employee has the option to augment pension benefits by using all of the additional compensation.

Forthcoming Employment Legislation Changes – 2016/17

Recovery of Exit Payments

As part of the Small Business, Enterprise and Employment Bill 2014-2015, Regulations will be introduced in April 2016 to require public sector employees or office holders earning more than £80,000 p.a. to repay exit payments on a pro rata basis if they return to the public sector within 12 months.

This has been triggered by evidence that some senior employees re-joined the public sector within a year after receiving redundancy payments from the same or another public sector organisation.

Capping of Public Sector Exit Payments

Following consultation the government has stated that it is planning to introduce a cap on public sector exit payments in summer/autumn 2016. The cap will cover all types of payments made in relation to all exits from relevant employment during a 28 day period including pension strain costs. It is proposed that the cap will be set at £95k. The only exceptions will be payments relating to death, work-related injuries, ill-health retirement and payments made following tribunal claims for unfair dismissal and breach of contract.

Trade Union Bill

This is currently progressing through Parliament and proposes powers to prohibit public sector employers from providing a 'check off' service to its employees'. 'Check off' is the process under which trade union subscriptions are taken from employees' wages through the employer's payroll.

National Living Wage

A new National Living Wage will be introduced on 1 April 2016 of £7.20 per hour, applicable to workers aged 25 and over. This rate is expected to increase on an incremental basis so that by 2020 it reaches 60% of the national median earnings which is currently estimated at £9.35 per hour.

Report Number: WSC 18/16

West Somerset Council

Full Council – 24 February 2016

Heart of the South West Devolution – A Prospectus for Productivity

This matter is the responsibility of Cllr Anthony Trollope-Bellew, Leader of the Council

Report Author: Brendan Cleere, Director – Growth & Development

1 Executive Summary / Purpose of the Report

- 1.1 Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Boroughs and Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks, Clinical Commissioning Groups and the Local Enterprise Partnership.

Our shared Devolution Statement of Intent was submitted to Government on 4 September 2015 in response to announcements in the July Budget and a deadline set by the Chancellor of the Exchequer. The Government subsequently asked partners to produce formal devolution proposals with a view to negotiating a formal deal thereafter. Partners agreed to move forward quickly and after a recent decision to allow more time, complete a prospectus by late January 2016 with a view to subsequent approvals by participating councils in February, followed by submission to Government.

This report introduces the completed prospectus - as set out in **Appendix A**. It is important that members note that the prospectus is not the final devolution 'deal' – it is a deliberately 'high-level' (and evidenced) document, the purpose of which is to open a conversation and negotiation with Government about a potential devolution deal for the Heart of the South West area (ie Devon, Somerset, Plymouth and Torbay). The Prospectus is a first draft 'heads of terms' - not an endgame - and a signal of readiness for serious negotiation with Government. The Prospectus will be submitted at the end of February, and the negotiations with Government will take place over the course of the following months.

Any final devolution deal with Government will be subject to further approval / ratification by all partners individually.

2 Recommendations

- 2.1 That Full Council note the 'Prospectus for Productivity' (Appendix A) and that it be endorsed as the basis for starting a negotiation with Government.
- 2.2 To note that any devolution 'deal' emerging from negotiations with Government will come back to Full Council (and all councils in the Heart of the SW) for approval.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
There is strong competition for devolution deals and some bids are further advanced. Failure to submit a bid or secure a deal may mean losing out on significant new powers and funds, and affect delivery of our ambitions for West Somerset (and our partners in Somerset and Devon in the wider 'Heart of the South West' area).	4	4	16
<i>Implications will be addressed as any devolution deal is developed and agreed. Key risks have been identified and are being managed with Heart of the South West partners.</i> <i>Another risk assessment will be carried out on all aspects of the proposed deal before Council is asked to approve it.</i>			

Risk Scoring Matrix

Likelihood	5	Very likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Very unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Significant	Major	Critical
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Unlikely	Is unlikely to, but could occur at some time	10 – 25%
3. Possible	Fairly likely to occur at some time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The Council has an opportunity to benefit from devolution across a wide range of topics and services. The Heart of the South West devolution prospectus proposes benefits in the following key areas:
- Health, social care and wellbeing
 - Skills and employment
 - Business support
 - Resilience and connectivity
 - Housing and planning
- 4.2 Devolution has clear links to, and potential to enhance the benefit from key strategic work already under way, including broadband roll-out, Hinkley Point C, A303/A358/A30 investment, health and social care integration and flood defence and resilience.
- 4.3 These recommendations continue the approach towards securing authority to submit formal proposals and pursue solutions that help the Council maximise the opportunities of devolution. They do not commit the Council to a formal devolution deal, only to submit proposals and negotiate on the basis of them.
- 4.4 At this stage of the process Full Council is not required to take decisions on the detail of future service provision but instead to endorse the approach and the final bid document.
- 4.5 The Government wishes to devolve powers and budgets from Westminster to local authorities, using Local Enterprise Partnership geographies. The Chancellor of the Exchequer is particularly interested in devolution as a driver of:
- Increased productivity
 - Skills and employment
 - Housing
 - Reducing the cost of the public sector
- 4.6 During August 2015, Heart of the South West Leaders agreed to produce a Statement of Intent outlining a high-level set of ambitions and stating our desire to negotiate a devolution deal with government where we would make improvements to our area in return for increased powers and responsibilities.
- 4.7 The Statement of Intent, signed by all 17 Heart of the South West local authorities, both National Parks, and the Local Enterprise Partnership, was submitted on 4 September 2015. It can be read at <http://somesetnewsroom.com/devolution/> and focusses on:
- Productivity and economic growth
 - Health, social care and wellbeing
 - Improved connectivity, infrastructure and resilience
 - Governance
- 4.8 The Government praised our statement of intent for its clarity and ambition and asked us to move forward swiftly to produce detailed, formal proposals and begin negotiation with them on a formal deal. We worked to complete proposals by mid-January 2016, submit in late February and begin formal negotiation thereafter. This represents a slight lengthening of our lead-in time to allow additional discussion with stakeholders including Members of Parliament and to ensure the bid is not unduly hurried.

4.9 **Producing formal devolution proposals**

At a meeting including Leaders of all authorities on 5 October it was agreed to write the devolution bid by 'themes' so partners could share the load of producing detailed proposals.

4.10 A Programme Management Office has overseen delivery of each chapter and maintained communications between partners. It is important to note that each partner remains responsible for their own governance processes and public/in-house communications.

4.11 This report introduces the Heart of the South West Devolution Prospectus, in **Appendix A**.

4.12 The bid makes proposals across a wide range of themes, brought together in under 'People', 'Business' and 'Place' headings. The overall objective is to increase productivity across the Heart of the South West.

4.13 **Governance**

Leaders considered a number of options for the governance of any devolution deal. No decision will be made on a governance model until the deal is agreed. However a form of Combined Authority is proposed, subject to the nature of the final devolution deal and a formal governance review. As any deal will need to be ratified by the Council, Members will have an opportunity to consider the detail of governance at this time.

4.14 One or more partners may choose not to proceed with a formal bid. This would be unfortunate as there is strength in all partners coming on board however it is possible for a devolution deal to go ahead even if one or more local authorities choose to opt out. Significant discussion between partners has taken place to produce proposals that are acceptable to all.

4.15 Furthermore the Statement of Intent's working principles include an agreement that proposals will do no harm, even if a particular proposal offers no advantage to a given area.

4.16 **Costs**

- At the present time, 23 partners are working together on the Devolution Deal – development costs will therefore be shared.
- It is understood that generating unnecessary bureaucracy, both during the next phase of getting to a devolution deal, and in its implementation should be avoided.
- Costs and next steps are being considered at a very early stage now, so we are able to move quickly once partners have approved the prospectus: what needs to be done, by when, by whom, plus the resource requirements (financial, officers, time).
- Understandably what partners need to contribute will depend on what we are looking to deliver - and this will be agreed through negotiation with government, the deal they offer, and financial (and other) impact assessments we make before Full Council are asked to approve the final deal.
- The intention is to copy other areas and request financial support from Government to 'kick start' planning and delivery. Other successful devolution bids have won seven figure sums to support their set up.
- Finally – if the devolution deal that has been negotiated with Government is not attractive to any of the partners, they may choose to 'opt out' when it comes to them for approval

5 Links to Corporate Aims / Priorities

5.1 Our devolution proposals seek to deliver priorities and targets across all parts of the WSC Corporate Vision and Strategy, namely:

- Vision: “To enable people to live, work and prosper and for business to thrive in West Somerset”
- Key theme 1 – Our communities (increasing availability of homes, retaining young people, the wellbeing of older people)
- Key theme 2 – Business and enterprise (encouraging inward investment, supporting and promoting tourism and agricultural sectors, improving skills, maximising local economic benefits from Hinkley Point C)
- Key theme 3 – Our Place & Infrastructure (keeping West Somerset a place to be proud of, well maintained, welcoming to resident, visitors and businesses)

(NB – this is based on the new WSC Corporate Strategy being considered for approval by Full Council 24 February 2016).

5.2 Devolution covers a wide range of services and plans. Which Service Plans are impacted will emerge as negotiation with Government on a formal deal develops, and the final devolution deal is drafted.

6 Finance / Resource Implications

6.1 Financial implications can only be generalised at this time. They fall into two categories:

- The Government requires devolution to be a fiscally neutral process – power over funding can be transferred but no new government money will be made available except potentially for ‘pump priming’ activity.
- There is potential for savings across the public sector in the Heart of the South West and proposals are being developed with this in mind: the Government will expect any deal to deliver savings for the public purse generally.

A financial assessment will be completed before Council ratifies any devolution deal.

7 Legal Implications

7.1 None at this stage. Implications will be addressed as any devolution deal is developed and agreed.

8 Environmental Impact Implications

8.1 No environmental / sustainability impacts associated with the publication of this report (in itself) have been identified however a key objective of the draft bid concerns sustainability and will be addressed as the detail of the devolution deal is negotiated, ratified and delivered.

9 Safeguarding and/or Community Safety Implications

9.1 No impacts on community safety associated with the publication of this report (in itself) have been identified however they will be addressed as the detail of a devolution deal is negotiated, ratified and delivered.

10 Equality and Diversity Implications

- 10.1 The subject of this report does not identify any impacts on equality and diversity. However as we develop the proposals we will continue to assess if there will be any impact on equality and diversity. If any impacts are identified we will establish if there is an action to minimise or remove this completely.

In some cases this could have a positive impact on equality communities. For example if we improve the infrastructure and connectivity of the area this will have greater impact on disabled people and women. If we improve the support available for smaller businesses then this could have a positive impact on disabled people, women and BME communities who are more likely to be small business owners.

11 Social Value Implications

- 11.1 No impacts on Social Value associated with the publication of this report (in itself) have been identified.

12 Partnership Implications

- 12.1 Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks, Clinical Commissioning Groups, and the Local Enterprise Partnership.

13 Health and Wellbeing Implications

- 13.1 No impacts on health and wellbeing associated with the publication of this report (in itself) have been identified however a key objective of the draft bid concerns health and wellbeing and will be addressed as the detail of the devolution deal is negotiated, ratified and delivered.

14 Asset Management Implications

- 14.1 No impacts on Asset Management associated with the publication of this report (in itself) have been identified.

15 Consultation Implications

- 15.1 The Heart of the South West Devolution Prospectus is a starting point for negotiation rather than a formal plan or strategy, therefore at this time there are no changes to council work requiring public consultation. Any final devolution deal with government will be subject to further approval / ratification by all partners and appropriate consultation on delivery of the deal. Key stakeholders not already involved are being identified and engaged with as proposals take shape, including Members of Parliament.

The Devolution Statement of Intent was published on the Somerset County Council's website. The final 'bid' and devolution deal has also been made public.

Government has set challenging timescales to produce and agree a formal bid and efforts have been made to keep Members informed as the bid has developed through regular updates from the Devolution Programme Office. Any devolution deal arising from negotiations will also be subject to Council approval.

16 Scrutiny Comments / Recommendation(s) (if any)

Not applicable

Democratic Path:

- **Scrutiny / Audit Committee – No**
- **Cabinet – No**
- **Full Council – Yes**

Reporting Frequency : Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices (delete if not applicable)

Appendix A	Devolution for the Heart of the South West – A Prospectus for Productivity

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Devolution

for the Heart of the South West

A Prospectus for Productivity



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Outline Roadmap

The Heart of the South West

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- Key Road Route
- Key Rail Route
- Planned Infrastructure Improvements
- Proposed Infrastructure Improvements

- Principal Growth Areas	- Renewable energy potential	- Universities	- Innovation Centres	- Hinkley Point Nuclear Site
- Secondary Growth Areas	- Enterprise Zones	- Science Parks	- Marine Technology	- Yeovil Aerospace

Executive Summary

In September 2015 the Heart of the South West (HotSW) submitted its devolution Statement of Intent to Government. After considerable further work during autumn 2015, the partners - 17 local authorities, two National Parks, the Local Enterprise Partnership (LEP) and the three Clinical Commissioning Groups - are now in a position to commence detailed negotiations with Government on a devolution deal.

Government has challenged local leadership teams to treat productivity as 'the challenge of our time'. They have asked us to do that by 'fixing the foundations' of infrastructure, skills, and science through a devolution revolution delivering long-term public and private investment.

Heart of the South West productivity continues to lag behind national productivity and is currently under 80% of the UK average. To redress this we need more, better jobs, a healthier, higher skilled labour market and new homes for our growing population.

With Government support for our proposition, by 2030 the Heart of the South West can accelerate delivery of 163,000 new jobs, 179,000 new homes and an economy of over £53bn GVA. To put this in context, this is more growth over the next fifteen years than Bristol, Birmingham and Nottingham (the three non-'Powerhouse' core cities) have delivered in the last fifteen.

To do this we will exploit and deliver our Golden Opportunities around investment in nuclear energy at Hinkley, across the peninsula in marine, aerospace, advanced manufacturing and environmental futures. We will connect our rural communities to these transformers and address the challenges of ageing and health-related worklessness with unprecedented

health and care integration.

We will take responsibility for fixing our foundations. We seek Government's support to do this through negotiation and delivery of a far reaching devolution deal for the Heart of the South West.

Our approach to delivering this transformation focuses on a comprehensive Productivity Plan:

- **For people:** we will build on Government's own national reconfiguration of the skills system to supply business with the skills it needs and a labour market able to deliver productivity per job and per hour at 'Greater South East' levels (outside Inner London). Our plans for health and care integration will support a significant proportion of our non-working population into work.
- **For business:** our Growth Hub will enable business growth and internationalisation following closure of the national Business Growth Service. We will augment this with specific policies and initiatives to realise national priorities implicit in our Golden Opportunities.
- **For place:** we will provide the infrastructure and housing required and make the Heart of the South West investment ready. We also recognise that much of our growth will occur in specific sub-regional economic geographies. We will plan and manage change in these sub-regions to ensure their connectivity with each other, with the rest of the country and globally. We will make sure that rural areas access and leverage these opportunities and build on Government's 10 point plan for rural productivity geographies.¹

¹ The Heart of the South West's economic transformational opportunities were identified and agreed in our Strategic Economic Plan, March 2014.



Cohesive, coherent leadership and governance of this transformation is crucial. We propose to establish a Combined Authority to provide leadership, supported by sub-regional delivery mechanisms so powers and resources are deployed on the scale at which our economy functions. These arrangements will develop new ways of working to address priority issues.

Our proposals build upon successful and strong business leadership through our Local Enterprise Partnership: we cannot deliver effective economic interventions without a strong business voice.

If we do not act, the Heart of the South West will not be able to contribute to the Government's ambition to meet the national productivity challenge as set out in Fixing the Foundations.

This document outlines our position and objectives. An early agreement on heads of terms for a devolution deal will trigger the start of our governance review and formulation of our Productivity Plan.



New housing across the Heart of the South West



Bridgwater Enterprise and Innovation Centre

Our Vision and Goals

Government recognises that fixing the foundations and devolution are the projects of a generation. Our key challenges are:

- An insufficiently skilled workforce and limited pool of available labour: many young people move away to live and work, rather than stay or move into our area.
- A need for more infrastructure to support our existing businesses and workers and to attract new ones. We need better and more resilient infrastructure: roads, railways, broadband and housing.
- Enabling a more effective, far-reaching support environment for businesses to sustain those we already have and make the area more attractive to inward investment and home-grown entrepreneurs.
- Managing the significant and increasing cost of health and social care, which combined with our ageing population threatens the viability of public services unless radical reforms are completed.

Productivity-led growth in the Heart of the South West will have three dimensions:

- **People:** who are healthy, with the skills they need to access higher value jobs and grow their careers.
- **Business:** more businesses creating new jobs and increasing productivity.

- **Place:** sustainable growth across the geography, supported by modern infrastructure and accelerated housing delivery.

We signalled our intention to meet these challenges with our Statement of Intent. The submission of this more detailed proposition shows how serious our intent is. We believe the proposals we have committed to developing will realise our local ambitions and make decisive, important contributions to Government's national priorities.

With Government support for our proposals we will redress our productivity gap and help us manage demographic challenges more effectively. Key outcomes we will achieve by 2030 include:

- £4bn additional in GVA for the UK economy.
- 163,000 new jobs.
- Infrastructure that supports our ambitious plans.
- 179,000 more homes, and accelerated delivery in major growth points.
- Wage levels higher than the national average.
- Additional tax revenue for the Treasury of £113million per year.
- Apprenticeship starts increased by 400%.
- Every young person in education, employment or training.
- £1bn per year welfare benefits savings as more people enter employment.
- 60% of our workforce qualified to NVQ level 4 or above.
- Faster more reliable rail services with greater capacity.
- Faster and more reliable journey times on our road network, with less congestion.
- 100% superfast broadband coverage.



The Heart of the South West has a strong track record of delivering in partnership for residents and businesses:

- Securing and supporting major national and international investment in the future of the nuclear industry at Hinkley Point.
- Plymouth and South West Peninsula City Deal.
- A total of £195.5m secured through Growth Deals – including the highest Growth Deal 2 settlement of any LEP area in the country – to deliver a comprehensive programme of projects in pursuit of growth.
- Exeter University, Science Park, Innovation Centre and Innovation Zone.
- Connecting Devon and Somerset superfast broadband.
- Three Enterprise Zones: South Yard in Plymouth to support innovation and growth in marine industries, Huntspill Energy Park near Bridgwater to support the growth of a new nuclear cluster catalysed by investment in Hinkley and east of Exeter sites aligned to opportunities in environmental sciences and big data.
- Delivery of Plymouth Science Park by Plymouth City Council and Plymouth University, now entering phase 5, creating the largest science park in the south of England.
- Better, more reliable roads, including major improvements to A303, A358, A30 corridor, M5 Junctions and A361 North Devon Link.
- The Peninsula Rail Task Force.
- Connecting communities in rural areas.
- Exeter and East Devon Growth Point.
- A high quality and thriving Further Education Sector.
- Health and social care initiatives including Somerset's 'Symphony Vanguard' project, Exeter 'ICE', Torbay's Integrated Care Organisation and 'One System One Budget' in Plymouth.

We can scale up and build on these experiences. However, without the comprehensive framework that our governance proposals will deliver, the Heart of the South West and national Government will miss out on the solutions, linkages, and effectiveness that collective leadership can achieve.

A Heart of the South West devolution agreement with robust governance structures, accelerated delivery, and more focused use of scarce resources is the optimal way for Government to assure itself that the national Fixing the Foundations plan is being proactively and consistently led and delivered across the Heart of the South West.

In this prospectus we set out our goals for 2016-2030 and how we will deliver the long-term and evolutionary work required to achieve our devolution revolution.



FlyBe Academy

National Context

Government set out its long-term ambitions for the UK economy in 'Fixing the Foundations', its productivity plan for 2015-2020. This framework outlined how long-term investment and a dynamic economy could raise productivity and lift living standards. Government's invitation to areas to propose ways that devolution could contribute to this agenda led to our Statement of Intent being submitted on 4th September 2015.

With policy developments in the autumn, and the Spending Review, Government has firmed up the financial intentions behind the productivity plan. In terms of local contributions leadership teams need to deliver an extensive portfolio of reforms:

- In skills and employment, 2016-20 will see major reforms of the post-16 and adult skills systems (both of colleges and providers on the supply side, and of loans for learners on the demand side). Post-16 Area Reviews and introduction of the Apprenticeship Levy offer opportunities to transform the delivery of local labour market skills, however the demands of transition may be acute.
- Physical investment will need to be managed in the context of higher performance expectations for planning regimes, new approaches to housing supply (especially starter home ownership) and proactive asset management at a public estate as well as local authority level. Local leadership teams will also need to play into the revision of the National Infrastructure Plan with new commitments to flagship schemes like HS2 and nuclear energy.

- As the national Business Growth Service closes by March 2016, new pressures will be placed on emerging local Growth Hubs. For innovation, local and regional Science and Innovation Audits will seek to shape national priorities as Research Councils and Innovate UK come together in Research UK with a range of new products.
- These agendas, and others, need to be delivered without diverting attention from existing commitments. These include City Deals, local Growth Deals, the European Structural and Investment Fund programmes, and other legacy programmes, such as the Regional Growth Fund, Growing Places Fund, existing and newly announced Enterprise Zones.

These agendas sit alongside, and will be enabled by, devolution and fiscal reforms and managed in the context of continued public sector expenditure constraint.

The challenge for the Heart of the South West is to shape these national priorities to our unique circumstances. We have drawn on our Strategic Economic Plan to describe the causes of our productivity challenge, identify our key Golden Opportunities and understand how to build on our track record of success.



Hinkley Point C, Somerset

Local Context

The Heart of the South West covers most of the south west peninsula. Its 1.7 million residents live in a mixture of rural and urban settings served by a stunning natural environment and rich cultural heritage.

Most of our businesses are small and medium sized enterprises (SME) employing fewer than five people, providing excellent potential for growth and innovation. We are also home to cutting edge engineering and manufacturing industries including companies of global significance:

- Aerospace and advanced engineering industries employ more than 23,000 people and contribute over £1billion to the economy. Businesses in the area also have specialisms in advanced electronics/photonics, medical science and wireless and microwave technologies.
- Analysis of the comparative advantages of our local assets has identified that the Exeter City Region can make a unique contribution by becoming a globally recognised centre of excellence in weather and environment-related data analytics. Exeter is home to the Met Office, the city leads Europe in combined environmental science, data and computational infrastructure, hosting 400 researchers in environmental and sustainability science. From 2017, it will also host the most powerful supercomputer in Europe.

- The first of the UK's new generation of nuclear reactors being constructed at Hinkley Point will deliver substantial economic benefits across the south west. It is part of our growing low carbon and energy sector and offers £50billion worth of business opportunity in the nuclear sector within a 75-mile radius of Hinkley Point.

- We are a global centre of excellence for marine science and technology, including Plymouth University's Marine Institute and the Plymouth Marine Laboratory.

- There are 30 working fishing ports across the Heart of the South West, including the two largest fishery landings in England at Brixham and Plymouth.

- The South West Marine Energy Park, the country's first, serves the wider south west peninsula, and offers direct access to superb physical assets and resources including the north Devon and north Somerset marine energy coasts for opportunities in wind, tidal and nuclear energy.

Our mixed economy also serves our traditional strengths. Our tourist and visitor economy attracts millions of visitors per year and our food and drink sector has a significant impact on national GVA (4.2% in 2011).

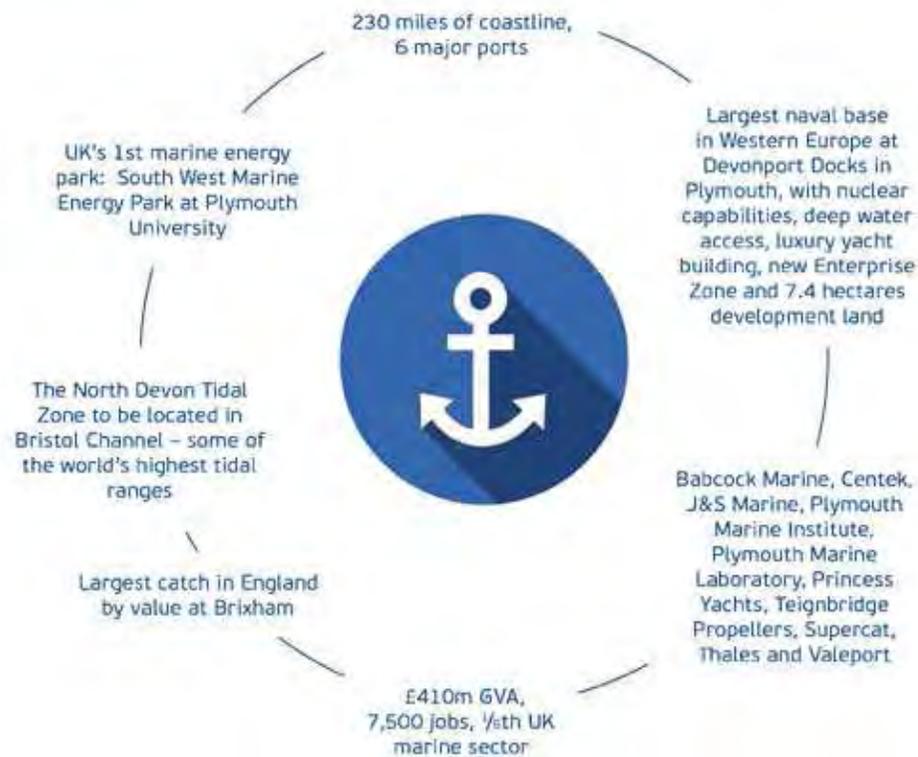
Whilst our largest employment sectors remain public administration, health and education, our Local Enterprise Partnership's Strategic Economic Plan recognises our area as having 'New World' potential if opportunities can be capitalised upon and the right conditions for growth created.



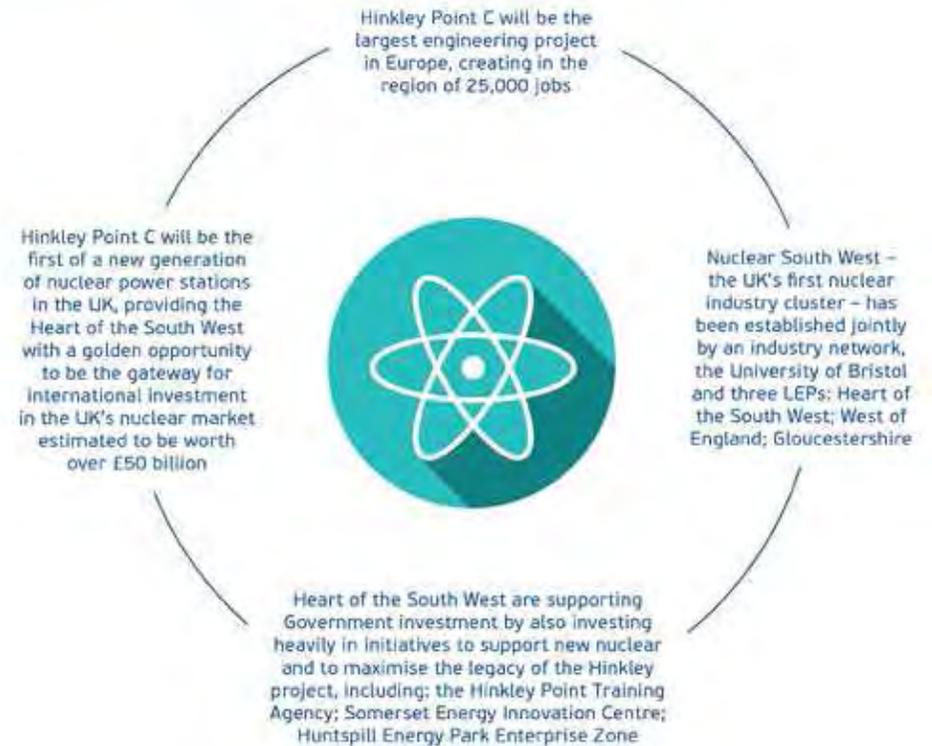
Golden Opportunities

We have identified six Golden Opportunities that we will use to drive productivity and economic growth whilst continuing to support our diverse economy and taking advantage of new opportunities as they emerge.

Marine



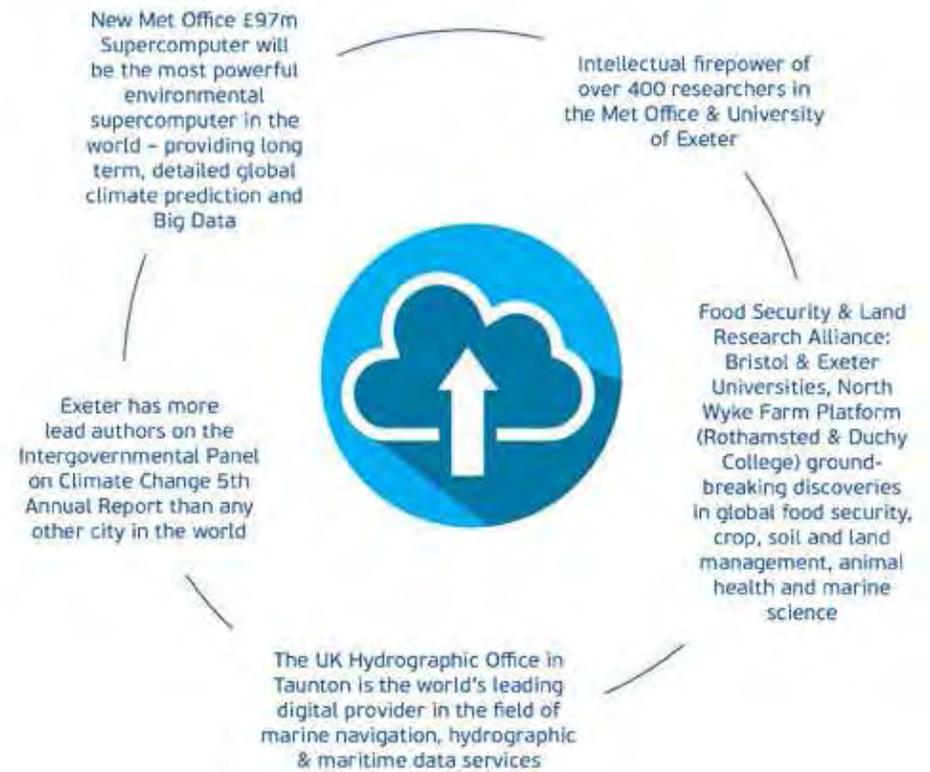
Nuclear



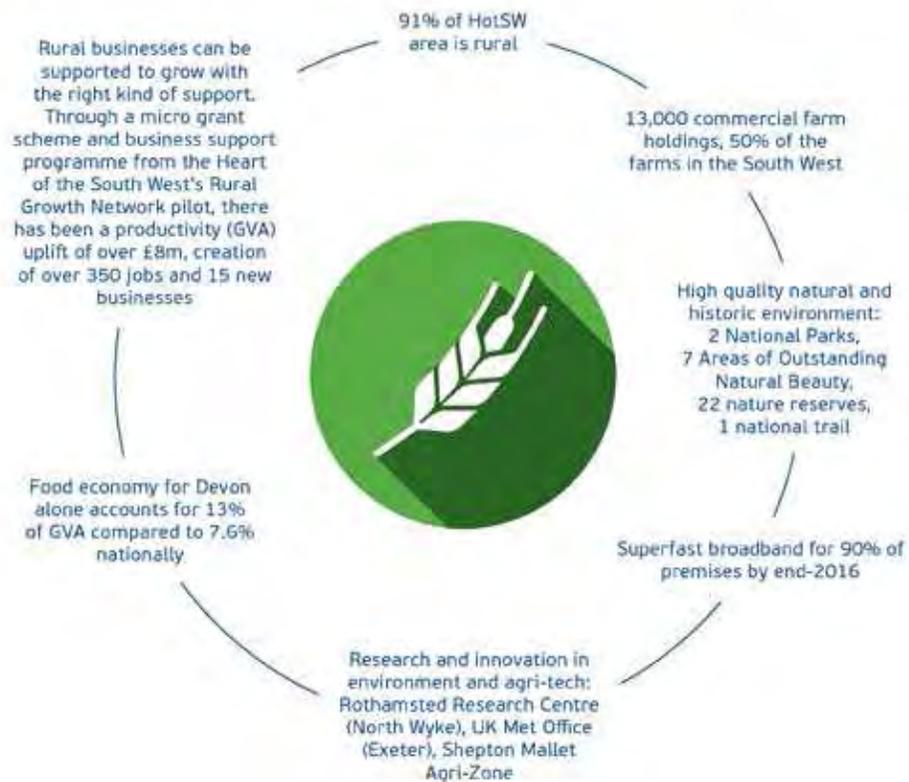
Aerospace and Advanced Engineering



Data Analytics



Rural Productivity



Health and Care



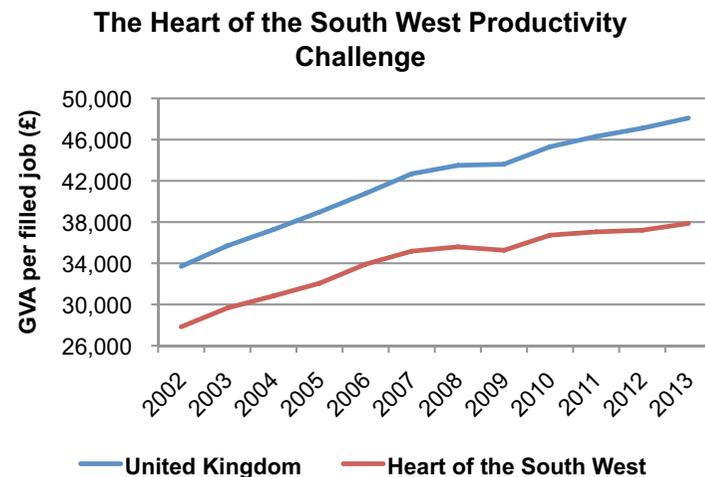
From six Golden Opportunities to six Key Challenges

Realising our vision, goals and targets requires us to address and solve six major, interrelated economic and societal challenges:

1. Our productivity is too low and growing too slowly

Whilst not uniform across the area, in 2013 our productivity per job filled was below 80% of UK averages, a fall of around 3% over the last decade. Our forecasts suggest that unless we unlock our emerging transformational opportunities our productivity will continue to lag behind the rest of the UK.

This performance is a manifestation of poor comparative skills levels, labour market shortages, insufficient infrastructure, and poor connectivity, the human and financial cost of ill-health, a lack of joined-up support for business and need for higher value industrial densities.



2. Our labour market is limited in size and skills levels

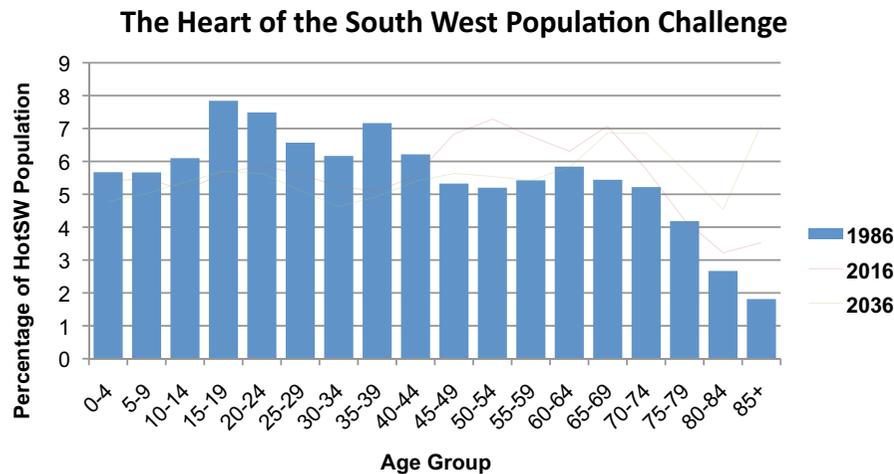
A key factor in our low productivity is a shortage of workers and a shortage of skills. Low unemployment means businesses have a limited labour pool from which to draw recruits. Higher level skills attainment is below national averages and out-migration of our talent to London and other metropolitan centres means that employers regularly report labour shortages and recruitment difficulties.

3. Our enterprise and innovation performance is inconsistent and needs to improve

Evidence shows that businesses that take up support do better than those who don't. However, the business support landscape is complex and confusing and short-term Government funding for programmes creates uncertainty. The Heart of the South West ranks 38th out of 39 LEP areas on many measures of innovation including patent registrations and Innovate UK funding. We cannot resolve these science and innovation issues without more highly skilled workers and a stronger innovation environment, particularly around our Golden Opportunities.

4. We are a leader in facing the challenges of an ageing population

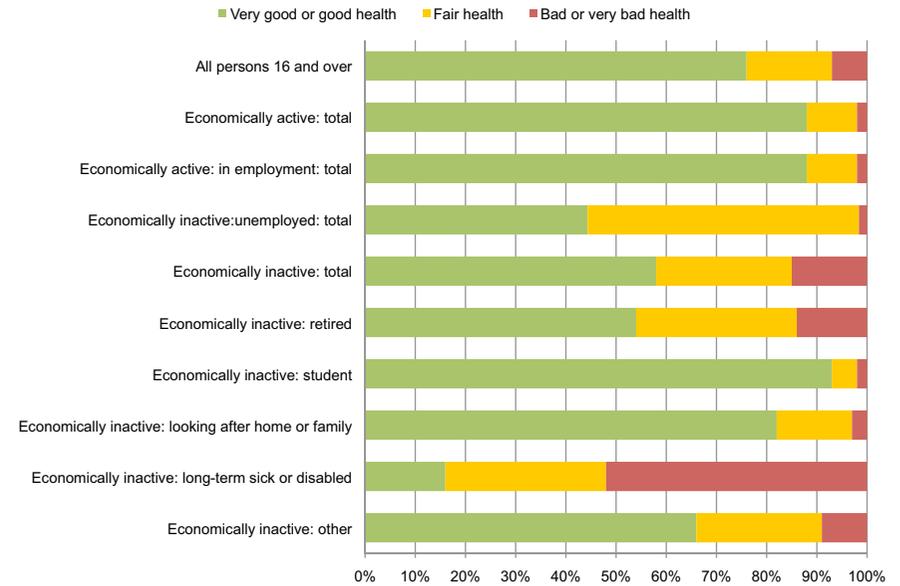
Our population profile shows a significant increase in the proportion of our residents aged 65 or over and a corresponding decrease in the proportion of working age people under 45. By 2036, 17% of our population – more than 327,000 people – will be over 75 years of age.



5. We are a leader in facing the challenges of health and care integration

Particularly related to our demography, our health and care system needs to be reshaped to meet social, economic and financial pressures. Our area performs poorly for mental health outcomes when compared to national figures, making this a key priority.

Heart of the South West Economic Activity by General Health



A healthier population means lower public sector costs and increased economic activity. To fill 163,000 more jobs we must engage the non-working population in the labour market which will require a significant health and care contribution.

Employment of people with physical disabilities, learning disabilities, mental health issues and other long-term conditions is strongly correlated with their achieving better outcomes and being less dependent on publicly funded health and care services. This represents considerable productive potential.



6. Our infrastructure and connectivity needs to be modernised and more resilient

More infrastructure especially housing, transport links, broadband, mobile connectivity and energy grid improvements are required to make our area more attractive to investors and viable for the future. Improving these conditions are key to giving businesses in our area the tools they need to compete in global markets, attract future entrepreneurs and secure investment. We must overcome these barriers if we are to capitalise on our transformational opportunities.

Fixing the Heart of the South West and our contribution to fixing the national foundations

The current landscape of funding and decision-making has only taken us so far. Despite our achievements to date we need freedom to act more decisively. A devolution agreement means we can take responsibility for our unique challenges and capitalise on our Golden Opportunities.

The dividend for the National Productivity Plan is considerable. Besides the specific metrics identified in our goals, the UK will benefit from global and national energy investments and security, environmental futures and big data capabilities, an at-scale set of solutions to health and care integration and public service reforms.

This negotiating prospectus lays out the heads of terms of an agreement to create the foundations for a transformational jump in productivity. It will deliver quick wins this decade whilst planning for the medium and long-term.

Fingle Bridge, Devon



Improvements by Rail



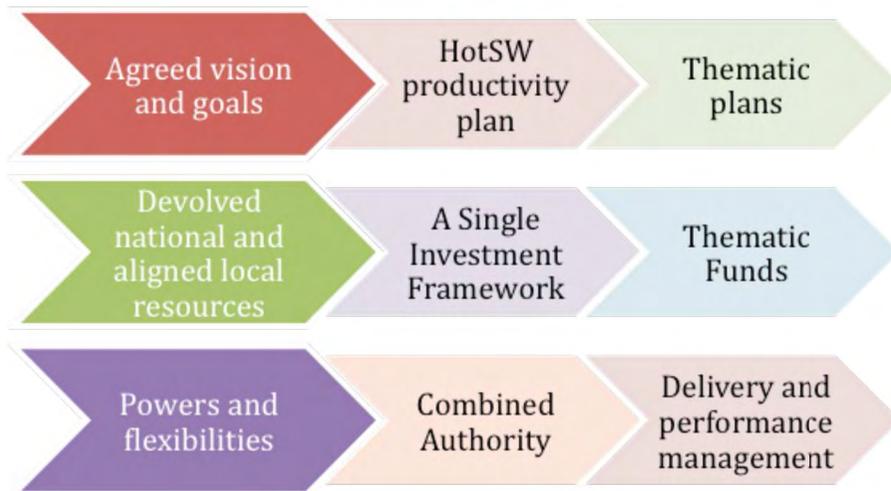
Met Office, Exeter

Our negotiating prospectus

We wish to agree with Government a shared commitment to building three pillars of a devolution deal for the Heart of the South West.

Foundation 1: The Productivity Plan

The Productivity Plan will be our instrument for fixing our foundations. It will incorporate the refresh of our Strategic Economic Plan and scale up local growth agendas for 2016-20 incorporating Spending Review and public service reform priorities. It will include proposals for our Strategic Labour Market Plan and Strategic Infrastructure Plan. It will also reflect our ambitions for integration of health and social care where they link to our devolution deal.



Foundation 2: The Single Investment Framework

The Single Investment Framework will set the financial parameters of our agreement and encompass devolved funds and locally aligned resources. It is likely to include:

1. A single infrastructure fund to provide the physical investment for backbone, nationally-significant infrastructure.
2. A housing delivery instrument to accelerate housing delivery by unlocking key sites and stimulating market activity.
3. Skills and employment allocations to enable remodelling of the skills and employment landscape.
4. Devolved health and care budgets delivering agreed business cases with NHS England and other partners.

We believe agreement to formulate these two foundations will enable early delivery of accelerated housing development, skills reform, and improved business support, with health and social care reform and infrastructure development taking place in parallel.

These two foundations will be overseen and assured by a Combined Authority arrangement. This will, once established, provide the Heart of the South West counterpart to Government for planning and management of our devolution deal. It will take responsibility for the powers, resources and deliverables outlined below.

People

A highly skilled, high productivity labour market meeting businesses' employment priorities

We are clear that without proactive leadership and intervention our skills profile will remain a chronic block to fixing our foundations and delivering our vision.

We intend to use national reforms, led and shaped locally, to deliver a labour market capable of achieving productivity at Greater South East levels (excluding the distorting effect of Inner London).

Government's expectations of local leadership teams for 2016-20 as laid out in existing devolution agreements, the 2015 Spending Review and other policies include:

- Planning and management of phased devolution of post-19 public sector adult skills budgets, leading to full commissioning and funding of providers from 2018-19.
- Chairing and facilitation of successful Area Reviews of post-16 education and training, implementation of review recommendations including reshaping provision where required.
- Co-design of apprenticeship reforms including introduction of the levy and deployment of Apprenticeship Grant for Employers.

- Co-design of future employment support programmes with DWP and performance management regimes.

The Combined Authority will take responsibility for delivering these agendas, augmented by specific asks around:

- Specification and delivery management of Careers, Education Information, Advice and Guidance in schools and colleges.
- Support from Government to deliver a wider Higher Education offer for Somerset, including a new university.

Our Offer	Our ask of Government
Responsibility for reshaping the skills and employment system. Delivered through formulation, agreement, resourcing and delivery management of a business-led Strategic Labour Market Plan.	Full devolution of powers to the Combined Authority, phased over a number of years, with relevant skills, education and employment budgets into the Single Investment Framework. Government departments and agencies to co-design and co-deliver the Strategic Labour Market Plan.

Why is this important?

Our analysis has shown:

- Young people are not getting the independent, quality careers and education advice and guidance to help them make informed decisions on their education and training.
- Employer productivity improvements are held back by shortages and lack of skills in local labour markets.
- The national provider system is poor at anticipating and securing future skills needs.
- Support for the workless is ineffective for those furthest from the labour market. Our evidence shows a distinct lack of progress for those in receipt of Employment Support Allowance despite significant investment and reform.

Key outcomes

With the powers and funding outlined above we believe a devolution deal will allow us to deliver the skilled workforce our productivity ambition requires. We will work with Government to design system reforms that deliver:

- 40,000 people helped to move from benefits into paid work.

- Benefit bill savings to Government of £1bn per year.
- Additional money earnings locally per year of £800m.
- Additional tax income for Government of £113m per year.
- All young people in employment, education or training.
- Apprenticeship starts increased by 400% and aligned to our six Golden Opportunities.
- Parity of esteem between vocational and academic pathways.
- Maximised links between Golden Opportunities and skills development to encourage young people into our area's high tech industries.
- A university for Somerset.



Babcock Training

A national demonstrator of effective health and care integration for improved wellbeing

The Heart of the South West already has well established and innovative local approaches to health and care integration, however our system continues to be under demographic pressure. We now have an opportunity to bring together resources across the public sector to deliver the systemic reform needed by the health and care system and through strong local leadership can engage communities and voluntary sector in that enterprise. We want to create a system where prevention and early intervention are an integral part and which rethinks its approach to mental health and wellbeing. In summary:

Our Key Offer	Our ask of government
Building on the NHS 5-Year Forward View, we will deliver a 'whole system' approach to health and care.	Devolution of 5-year place-based population budgets for health, care, and public health
This will include:	
Devolved commissioning of primary and associated specialist care services including mental health.	
Flexibility in regulation and budgeting, including freedom for partners to pool resources.	
Greater emphasis on public health and the link between health and housing.	
Capitation-based payments.	
Support to address skills shortages.	

Why is this important?

We want people to lead longer, healthier, more productive and fulfilling lives while ensuring the sustainability of our health and care services.

Health outcomes are generally good and life expectancy is high, but too many people develop avoidable long-term multiple conditions which affect both the quality of their lives and their ability to work. People with mental health conditions are in too many cases poorly served by a fragmented system in which there is no effective link between preventive, primary care and acute services.

Health and care is the second largest sector in our economy but productivity lags behind other areas and there are workforce and skills shortages which affect both the quality and cost of provision. These issues can only be tackled through whole-system reform and a closer matching of strategy and resources to local need.

Our ageing population demography is ahead of many other areas meaning we have an opportunity to lead the way in tackling the associated health, care and economic challenges.

Key outcomes

Devolution will help us create a health and care system that supports a healthier population, greater personal independence and wellbeing, and improved workforce productivity:

- Better physical and mental health outcomes.
- A system that is integrated and financially sustainable, offering a whole system approach, and is a test-bed for Government innovation.
- People of all ages encouraged and supported to make healthy lifestyle choices and manage their own care, therefore diverting or delaying dependency.

Devolution offers the potential for us to go further, faster, and bring reform initiatives together at a scale and with a scope that can provide a demonstrator (given our advanced demographic profiles) to health and care reforms in other parts of the country:

- The NHS 5-year Forward View and the requirement on areas to develop transformation plans for local areas.
- The financial settlement for local government, including the requirement to submit integration plans by 2017.
- Changing Better Care Fund guidance and the option to work across local authority areas to plan and deliver it.
- The 'Success Regime' applying to NEW Devon Clinical Commissioning Group and its impact on, and learning for, other health and care economies.



Improved health care and wellbeing.

Business growth and innovation

Government expectations of local leadership teams for 2016-20 includes sustaining and developing support for business growth after closure of the Business Growth Service, as well as enabling distinctive contributions to national research and innovation-led growth priorities. For us this means scaling up the reach and impact of our Growth Hub and realising the full potential of our Golden Opportunities.

To deliver this Heart of the South West partners already have primary responsibilities for:

- Operation and performance management of the Growth Hub and shaping of national agency (eg UKTI) access and support to Heart of the South West business.
- Strengthening the coherence and effectiveness of local innovation eco-systems around our Golden Opportunities - notably the marine cluster anchored by Plymouth, the environmental futures cluster anchored by Met Office investments in Exeter, the UK Hydrographic Office's long-term commitment to Taunton, the nuclear cluster catalysed by Hinkley Point C, and the broader South West aerospace cluster with its major growth node in South Somerset.

Our skills and infrastructure proposals provide a number of interventions to address these challenges. These will feed into and through the Growth Hub so our business growth and innovation strand, in summary, will:

Our Key Offer	Our ask of Government
<p>Scale up and assure a Growth Hub providing a seamless approach to business growth support.</p> <p>Strengthen a network and cluster of 'innovation eco-systems' anchored by each of our Golden Opportunities</p>	<p>An increased devolved revenue pot for at least 5 years which can draw if required on the Single Investment Framework.</p> <p>Co-commissioning of all remaining national business growth and internationalisation services.</p> <p>Commitment to bespoke agreements with national agencies to realise the UK and local growth dividends of each of the Golden Opportunities - underpinned by an early Science and Innovation Audit undertaken by a consortium of south west LEPs and universities.</p>
<p>This strand will include: Collaboration with neighbouring LEPs on a cluster approach to inward investment.</p>	

Why is this important?

Discharge of these primary responsibilities is impeded by national pressures which manifest themselves locally. Analysis shows:

- SMEs and early stage entrepreneurs find national and local systems fragmented, opaque and bureaucratic. This leads to low rates of business growth support take-up and entrepreneurial/start-up activity.
- Inward investment, internationalisation and trade, and our visitor economy are held back because the South West is perceived to be a distant periphery. Offers are poorly joined-up and we have a low national profile, and are a low priority for UKTI, VisitEngland and other agencies.
- National science and innovation products and services are not accessed consistently by existing business. Furthermore our national offer is not investment-ready so cannot easily take advantage of the potential of our Golden Opportunities.

We need more certainty of investment and freedom from national funding cycles so we can operate our proposed Single Investment Framework and ensure the right interventions are made at the right time to support our economic opportunities.

Key outcomes

Our Golden Opportunities and distinctive assets have the potential to

release major productivity gains for us and for the national economy. Business support devolution will drive productivity through:

- More businesses taking up the support they need.
 - 20% of business stock informed about business support
 - 3,000 businesses supported
 - 750 business accounts managed
 - 10 Operational Level Agreements signed between business support delivery partners
 - 360 businesses receiving intensive support
 - 36 events to co-ordinate network businesses support delivering with the aim to simplify business support customer journey
- Significantly increased levels of inward investment.
- Heart of the South West businesses competing strongly in the global economy.
- Better engagement with business and an entrepreneurial culture.
- Double the number of international tourists to the Heart of the South West and more national tourists.
- Greater levels of science and innovation in our economy: double the uptake of Innovate UK support, and increased research and development.



Place

Government expectations of local leadership teams over 2016-20 include:

- Adoption and implementation of Local Plans with demonstrable collaboration across functional economic areas to drive physical investment.
- A performance regime that accelerates housing and employment growth.
- Devolved local transport budgets and plans including both development and regulatory functions, to improve system performance locally and add value to national infrastructure investments and programmes.
- Contributions to specific national and pan-regional infrastructure priorities, including Hinkley energy agreements and recommendations of the Peninsula Rail Task Group.
- Proactive delivery management of Starter Homes, housing investment pots and local authority contributions to new housing.
- Completion of backbone superfast broadband infrastructure and increasing take-up to support the digital economy and wellbeing.
- Local authority and other public sector land disposal, development and rationalisation strategies.

Our proposals will enable us to take responsibility for delivering these agendas, including, in summary:

Our Key Offer	Our ask of Government
Establishment of an Infrastructure Commission to formulate a new Strategic Infrastructure Plan with implementation overseen by the Combined Authority.	<p>Support to develop, fund and deliver the Strategic Infrastructure Plan.</p> <p>A commitment to create a flexible funding model to support accelerated housing delivery, targeting locally identified growth areas.</p>

This will include Government commitments to:
<ul style="list-style-type: none"> • Existing and new infrastructure development, including the A361 North Devon Link, A303/A358/A30 improvements and Peninsula Rail Task Force 20-year plan. • Match funding and co-production to deliver 100% superfast broadband coverage • Use the two National Parks as test beds for integrated land management and rural productivity. • Inclusion of Plymouth on the Strategic National Corridor network.



This will include Government commitments to:

- Devolved Air Passenger Duty from Exeter Airport.
- Support to develop and sustain new energy initiatives including wind, sub-sea and grid improvements.
- A National Policy Statement for renewable energy generation in the Bristol Channel and Severn Estuary.

Why is this important?

Long-term investment in our infrastructure is critical to unlocking growth and delivering our productivity targets. Our Strategic Infrastructure Plan will set out where and when investment is required. We need to accelerate housing and employment land allocations, electronic communications for our businesses, more housing for our workers, and improved transport links to allow faster movement of our workforce, goods and services. This infrastructure underpins growth and is the key to our future productivity.

Despite recent successes we are underfunded compared to other areas. Long-term investment is vital to provide confidence for developers and to drive productivity through faster, more reliable transport and digital connectivity. Investment in resilience is essential to minimise disruption and financial loss during a crisis. There is considerable untapped resource and market opportunity for the Heart of the South West to contribute more to the energy supply of the nation. We have the potential to become a leader in low carbon energy and renewables, however current grid infrastructure is limiting deployment.

Key outcomes

To support productivity growth, infrastructure devolution will deliver:

- 179,000 new homes, and a new Garden Town in Somerset.
- Accelerated housing and employment growth in the identified growth areas of Greater Exeter, Hinkley Growth Zone, Plymouth, Taunton, and Torbay.
- Faster rail connections to London, the South East, and Midlands.
- 100% superfast broadband availability and reliable mobile phone connectivity.
- Prioritised and sequenced infrastructure projects to maximise the value of investments.
- Innovation in energy development and supply to support the national energy strategy.
- Greater resilience of our infrastructure.
- Innovative approach to environmental management, increasing productivity, improving resilience, and growing our rural economy.

Foundation 3: Towards a Combined Authority

The partners to this proposal recognise that leadership and governance of delivery of our deal will require transparent, robust, and efficient structures and processes commanding the confidence and support of Government, local communities, and business.

We also recognise Government's preferred model of choice for this vehicle is the Combined Authority (CA), with Mayoral leadership in the case of Core City Regions.

We will create a Combined Authority with appropriate strong leadership and accountabilities. We will carry out a Governance Review to identify the most effective structure and processes for putting this commitment into effect, ideally with an inception date of either April 2017 or April 2018.

The Governance Review shall draw on the principles outlined in our Statement of Intent as a starting point. The review will proceed in tandem with both the enactment of the Cities and Local Government Bill, and the progress of our devolution agreement negotiations and requirements of its effective implementation.

The Governance Review will set out the powers, roles, functions, and operational arrangements for the Combined Authority - and propose its relationships with and to key delivery partners nationally, locally and with neighbours.

At a minimum, the Heart of the South West LEP, CCGs and others as appropriate will become full non-constituent members of the emerging

Combined Authority, playing leadership roles where appropriate in its sub-structures, for example to build on the LEP's business credentials.

In addition, we consider there will be a number of collaborative arrangements that we shall wish to progress with variable consortia of South West neighbours. These may include a 'Transport South West' proposition, the in-train Science and Innovation Audit consortium with neighbouring LEPs and national clusters in areas such as nuclear, renewables energy,

Similarly, our prospectus recognises that specific sub-regional geographies will accommodate significant shares of the growth to be delivered. Bespoke arrangements to plan and manage these changes will build on or adapt existing arrangements including The Greater Exeter Group, The Plymouth and South West Peninsula City Deal, the emergent Hinkley, Taunton and Bridgwater triangle. Options for strengthening and adapting these arrangements (or elaborating new place-based governance) may include Development Corporations, Special Economic Zones, Accelerated Development Zones, or other models.



Next Steps

Delivering devolution requires careful sequencing. A high level roadmap for developing and delivering our deal is outlined below.

A Heart of the South West partners group will launch shadow Combined Authority arrangements and a formal Programme Management Office (PMO) upon agreement from Government of serious intent to progress towards a devolution agreement. The PMO will be resourced to support devolution agreement workstreams with business case and financial management capacity, including assuring fiscal neutrality.

The shadow Combined Authority and PMO will work with Government to deliver six co-produced workstreams by early 2017:

1. The Governance Review will apply the processes required under legislation to specify, agree and launch the form of Combined Authority eventually determined. This work will include the role and voice of business and sub-regional geographical arrangements.
2. The Productivity Plan will elaborate the evidence base, strategies and performance management required to deliver the vision and goals of the devolution agreement.
3. We are seeking Government agreement to establish a Joint Skills Commission to oversee national policy requirements and the process of localising these under the terms of our devolution deal.
4. The local leadership team will work with our successful health integration exemplars, NHS England, and other local, regional and

national partners to identify wider opportunities to contribute to the Productivity Plan and national health and care integration priorities.

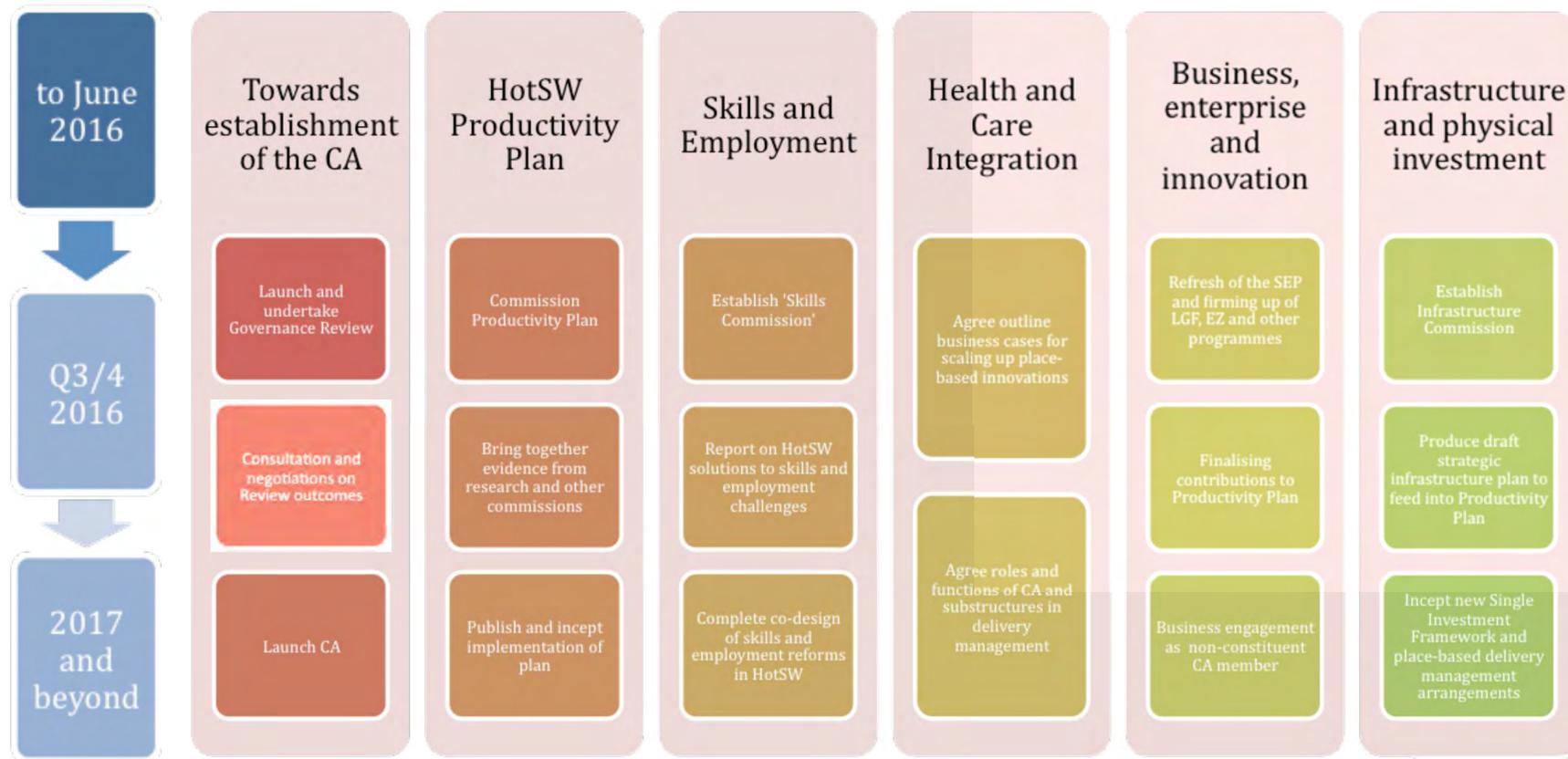
5. The LEP will ensure existing local growth commitments are delivered effectively, that the refresh of the Strategic Economic Plan feeds into the wider Productivity Plan and that business engagement in the establishment and operation of the Combined Authority and its priorities is strong.
6. We are seeking Government commitment to establish a Joint Infrastructure Commission to firm up the physical investment needs identified in national and Heart of the South West priorities and how the Single Investment Framework will resource these.

This process will allow early wins to be made, including accelerated housing development and initial skills and business support reform, whilst specifying and agreeing the structures needed to deliver the medium and long-term outcomes of our devolution agreement.

In anticipation of a positive outcome from negotiations on our deal we seek early agreement from Government on a match-funded budgetary contribution to co-deliver these workstreams.

We invite Government to begin formal negotiation with us on our proposals and the detail behind them with a view to signing a deal during the first half of 2016.

Outline Roadmap





Royal William Yard, Plymouth



Report Number: WSC 24/16

Presented by: Cllr M Chilcott, Lead Member for Resources

Author of the Report: Sue Williamson, Principal Accountant - Corporate

Contact Details:

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Report to a Meeting of: Full Council

To be Held on: 24th February 2016

Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: N/A

TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MRP POLICY 2016/17

1. PURPOSE OF REPORT

- 1.1 To obtain approval by Council of the proposed Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy for 2016/17 in line with the statutory and regulatory guidance.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 None directly in relation to this report, however it is a statutory requirement that the Treasury Management Strategy, Annual Investment Strategy, and Minimum Revenue Provision Policy for 2016/17 is approved prior to 1 April 2016 when the new financial year starts.

3. RECOMMENDATIONS

- 3.1 Full Council approves the Treasury Management Strategy Statement (TMSS), Annual Investment Strategy and Minimum Revenue Provision Policy for 2016/17 as included with this report.
- 3.2 Full Council approves the Prudential Indicators included within the TMSS which include limits for borrowing and investment.
- 3.3 Full Council approves the change to the Council's Minimum Revenue Provision (MRP) Policy.

4. **RISK ASSESSMENT**

Risk Matrix

Description	Likelihood	Impact	Overall
The Treasury Management Strategy and associated policies are not approved by Full Council in advance of the new financial year and become outdated.	Possible (2)	Major (4)	Medium (8)
<i>The Treasury Management Strategy is approved by Full Council in March 2016 at the latest.</i>	Rare (1)	Minor (2)	Low (2)

The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

5. **BACKGROUND INFORMATION**

5.1 The full Treasury Management Strategy Statement (TMSS), Annual Investment Strategy (AIS) and Minimum Revenue Provision (MRP) Policy are attached to this report. Due to the nature of the subject, and also in order to comply with both legislative and policy requirements, the documents contain a significant amount of technical detail and data.

5.2 The TMSS and related policies have been prepared taking into account the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the Code") and CLG Guidance on Local Government Investments ("the Guidance").

5.3 The key principles of the Code are as follows:

- Ensuring that public bodies put in place the necessary framework to ensure the effective management and control of treasury management activities;
- That the framework clearly states that responsibility for treasury management lies clearly within the organisation and that the strategy clearly states the appetite for risk;
- That value for money and suitable performance measures should be reflected in the framework.

5.4 The Code also identifies four clauses to be adopted and these are as follows:

- The creation and maintenance of a policy statement and suitable treasury management practices which set out the means of achieving the policies and ensuring management and control.
- The minimum reports (to the body that approves the budget) should be an annual strategy and plan prior to the start of the financial year, a mid-year review and an annual report after its close. A local authority should ensure that its' reporting enables those responsible for treasury management to effectively discharge their duties.

- Details of delegated responsibility for implementation and monitoring of policies and for the execution and administration of treasury management decisions. For this Council the delegated person is the Section 151 Officer.
- Details of the body responsible for the scrutiny of treasury management strategy and policies. For this Council the delegated body is the Audit Committee.

- 5.5 The Council's finance officers have worked closely with Arlingclose, our treasury advisor, to consider the requirements of the Code and Guidance and determine the proposed TMSS, AIS and MRP Policy that ensure compliance and provide a set of 'rules' for the Council to follow in dealing with investments, borrowing and cash flow management.
- 5.6 The current core principles remain in place within the proposed TMSS for 2016/17, which is to prioritise security (avoiding loss of council funds) and liquidity (quick access to cash) over return (interest costs and income).
- 5.7 However the TMSS for 2016/17 also recognises the increasing risks due to the new regulations in respect of 'bail in' for banks – explained in the TMSS. In response to this risk and the wider ongoing risks in the financial sector the treasury strategy has been updated to build in greater "diversification" – so that we will hold surplus funds in a wider range of investments/accounts i.e. we are spreading the risk. Table 2 within the TMSS sets this out in a useful summary.
- 5.8 A draft of the TMSS and Investment Strategy was presented for review at the Audit Committee on 1 December 2015. The Committee supported the draft TMSS at that stage. The fundamental principles within this final TMSS report are in line with the initial draft, and this report updates to reflect latest forecasts and information included in the final proposed revenue and capital budgets for 2016/17, as well as the revised MRP policy.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 As set out in the report.

7. COMMENTS ON BEHALF OF THE SECTION 151 OFFICER

- 7.1 This strategy is prepared in continuing challenging and uncertain economic times. The current economic outlook has a several key treasury management implications:
- Investment returns are likely to remain relatively low during 2016/17;
 - Borrowing interest rates are currently attractive and are likely to remain low for some time.
 - The timing of any borrowing will need to be monitored carefully; there will remain a cost of carry – any borrowing undertaken that results in an increase in investments is likely to incur a revenue loss between borrowing costs and investment returns.
- 7.2 Council approves the strategy in advance of the new financial year (this was introduced in 2010) and receives annual and mid-year reports, in accordance with the code.

- 7.3 The Audit Committee will scrutinise the performance against the strategy on a 6-monthly basis thereafter, strengthening its role and accountability by the Council.
- 7.4 With regard to the Council's Capital Financing Requirement and Minimum Revenue Provision, I believe it is worth detailing a brief explanation below of what the terms refer to and what they mean to West Somerset Council.
- 7.5 The Capital Financing Requirement (CFR) refers to historic capital spend made by West Somerset which has not yet been fully financed. However, the plan to set aside capital receipts in order to reduce the CFR is currently being reviewed in light of the ongoing financial pressures and limited available of surplus capital resources needed to support transformation and financial sustainability.
- 7.6 The debt is where the Council has borrowed against its own reserves and working capital to finance capital spend i.e. the Council has used money sitting in its bank account to finance spend instead of borrowing it. This money has to be found and paid back in future as the money was being held for a purpose e.g. reserves and to pay our creditors. The repayment can be either through further asset sales or by making an annual "minimum revenue provision" to reduce the capital financing requirement. If nothing is done in the long term WSC will need to borrow money as it uses up its reserves.
- 7.7 The Minimum Revenue Provision (MRP) is an amount charged to revenue every year to cover the CFR (e.g. pay it back). Included within the current draft budget estimates for 2016/17 is the impact of the proposed new policy as described in Appendix D of this report. This re-sets the annual MRP requirement to £143,100 per year. For the Financial years 2015/16, 2016/17 and 2017/18 it is propose to use capital receipts to reduce the CFR by the MRP value, which in turn means there will be no requirement to charge the Revenue Budget for MRP in these years. The Council's budget projections assume MRP will be funded through the Revenue Budget again from 2018/19 onwards.
- 7.8 As mentioned above the other option is to sell assets to fund the CFR, as is being done to fund the external debt. This would mean that asset sales cannot be used to fund further capital expenditure.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for:
- Eliminate discrimination, harassment, victimisation
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- 8.2 There are no equality impacts or issues in respect of this report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None in respect of this report.

10. CONSULTATION IMPLICATIONS

10.1 None in respect of this report.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 None in respect of this report.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

12.1 None in respect of this report.

13. HEALTH & WELLBEING

13.1 Demonstrate that the authority has given due regard for:

- People, families and communities take responsibility for their own health and wellbeing;
- Families and communities are thriving and resilient; and
- Somerset people are able to live independently.

13.2 There are no health and wellbeing impacts or issues in respect of this report.

14. LEGAL IMPLICATIONS

14.1 None in respect of this report.

**West Somerset Council
Treasury Management Strategy Statement
And Annual Investment Strategy 2016/17**

Introduction

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

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

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

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

External Context

Economic background: Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

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

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The

Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions point have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

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

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

Interest rate forecast: The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

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

Local Context

The Council currently has £1m of borrowing and £16.609m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £'000	31.3.16 Estimate £'000	31.3.17 Forecast £'000	31.3.18 Forecast £'000	31.3.19 Forecast £'000
General Fund CFR	5,633	5,490	5,347	5,204	5,061
Less: External borrowing *	(1,000)	0	(2,000)	(2,000)	(2,000)
Internal borrowing	4,633	5,490	3,437	3,204	3,061
Less: Usable reserves	(5,543)	(3,461)	(3,302)	(1,889)	(1,889)
Investments or (New borrowing)	(910)	2,029	45	1,315	1,172

* shows only loans to which the Council is committed and excludes optional refinancing

Note: Table 1 shows an annual reduction in the CFR each year based on the proposed annual MRP of £143,100. It is proposed the CFR is reduced by this amount in 2015/16, 2016/17 and 2017/18 by using capital receipts instead of an MRP charge to the Revenue Budget.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2016/17.

The Director of Operations and Deputy CEO / S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Borrowing Strategy

On advice from Arlingclose the Council repaid external borrowing of £1m in February 2016 as it had sufficient internal funds available to make this possible. However, as part of its strategy for funding previous years' capital programmes the Council may need to borrow externally in 2016/17 and in addition may choose to borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £10 million. Current forecasts suggest we may need to externally borrow up to £2m before the end of 2016/17 as reflected in Table 1 above.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving

certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

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

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Sources: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Somerset Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- UK local authorities

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

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

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

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption

terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's average core investment balance has been around £15 million, of which around £10 million is section 106 monies received from EDF in respect of the proposed Hinkley Point C development. Similar levels are expected to be maintained in the forthcoming year.

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

Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2016/17. All of the Council's surplus cash is currently invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a change in strategy over the coming year.

Approved Counterparties: The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£1m 5 years	£2m 20 years	£2m 50 years	£1m 20 years	£1m 20 years
AA+	£1m 5 years	£2m 10 years	£2m 25 years	£1m 10 years	£1m 10 years
AA	£1m 4 years	£2m 5 years	£2m 15 years	£1m 5 years	£1m 10 years
AA-	£1m 3 years	£2m 4 years	£2m 10 years	£1m 4 years	£1m 10 years
A+	£1m 2 years	£2m 3 years	£1m 5 years	£1m 3 years	£1m 5 years
A	£1m 13 months	£2m 2 years	£1m 5 years	£1m 2 years	£1m 5 years
A-	£1m 6 months	£2m 13 months	£1m 5 years	£1m 13 months	£1m 5 years

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
BBB+	£500k 100 days	£1m 6 months	£500k 2 years	£500k 6 months	£500k 2 years
BBB	£500k next day	£1m 100 days	n/a	n/a	n/a
Unrated	£500k 6 months	n/a	£2m 25 years	£50k 5 years	£1m 5 years
Pooled funds	Up to 50% of total investments limited to £2m each fund				

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Council's current account bank National Westminster Bank plc.

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

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

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

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

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

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

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

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

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

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

bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: The CLG Guidance defines specified investments as those:

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

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

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£10m
Total investments without credit ratings or rated below BBB+	£4m
Total non-specified investments	£14m

Investment Limits: The Council’s revenue reserves available to cover investment losses are forecast to be £2.970 million on 31st March 2016. In order that no more than £2 million of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £2 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below.

Table 4: Investment Limits

	Cash limit
Any single organisation, including Supranational and Sovereign Agencies, except the UK Central Government and UK Local Authorities	£2m each

	Cash limit
UK Central Government	Unlimited
Any group of organisations under the same ownership (except UK Government)	£2m per group
Any group of pooled funds under the same management	£2m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign Banks (excluding Supranational Organisations)	£2m per country
Registered Providers	£5m in total
Loans to unrated corporates	£2m in total
Money Market Funds	£10m in total

Approved Instruments: The Council may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Council may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £2 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

Liquidity Management: The Council uses a spreadsheet which details the Council's cash flow on a daily basis to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

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

	Target
Portfolio average credit rating	A-

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target
Total cash available within 3 months	£3.5m

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

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

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

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
50 years and above	100%	0%

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

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£6m	£6m	£6m

Other Items

There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

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

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

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

Investment Training: The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

Investment Advisers: The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by holding quarterly meetings and tendering periodically. The last tender was completed in March 2014.

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

The total amount borrowed will not exceed the authorised borrowing limit of £10 million. The maximum period between borrowing and expenditure is expected to be two years,

although the Council is not required to link particular loans with particular items of expenditure.

Financial Implications

The budget for investment income in 2016/17 is £15k. The budget for debt interest paid in 2016/17 is £15k. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Operations and Deputy CEO / S151 Officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Arlingclose Economic and Interest Rate Forecast December 2015

Underlying assumptions:

- The global economy is facing a [period of slower growth, as China reorients slowly towards domestic demand. Lower demand for raw materials will depress growth in mainly developing countries where extraction is the primary industry and countries particularly reliant on exports will also face more challenging conditions.
- Countries with stronger domestic demand, such as the UK and US, will be able to weather a temporary global slowdown, helped by lower commodity prices. However, persistently slower growth will have economic repercussions for these countries.
- Additional US monetary policy tightening will be gradual and not pre-planned. The US economy will absorb the rise in interest rates without choking off growth.
- UK economic growth will slow further but remain within the long-term trend range. Economic growth softened in Q3 2015 but remained reasonably robust at 2.3% year-on-year.
- Inflation is currently very low and, will likely remain so over the next twelve months, on the back of low commodity prices and expectations that UK monetary policy will be tightened (strengthening sterling). The CPI rate will rise towards the end of 2016.
- Domestic demand is key for UK growth. Household spending has been and will remain the key driver of GDP growth through 2016. Consumption will continue to be supported by real wage and disposable income growth.
- On the back of strong consumption, business investment has strengthened, which should drive some productivity growth. However, the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Annual average earnings growth was 2.4% (including bonuses) in the three months to October. With low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term and may alleviate the wage pressure on companies. The development of wage growth is one of the factors being closely monitored by the MPC.

- Longer term rates will be tempered by international uncertainties and weaker inflation pressures.

Forecast:

- Arlingclose maintains its projection for the first rise in Bank Rate in Q3 2016. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate. The appropriate level for Bank Rate will be lower than the previous norm and will be between 2 and 3%.
- Arlingclose project medium term gilt yields on a shallow upward path in the medium term, with interest rate and inflation expectations remaining subdued.
- The uncertainties surrounding UK and US monetary policy, and global growth weakness, are likely to continue to prompt short term volatility in gilt yields.

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Average
Official Bank Rate														
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.31
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.12
Downside risk				-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-0.73
3-month LIBID rate														
Upside risk	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.36
Arlingclose Central Case	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.50	1.60	1.65	1.70	1.75	1.24
Downside risk		-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20	-1.20	-0.83
1-yr LIBID rate														
Upside risk	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.41
Arlingclose Central Case	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15	2.15	1.82
Downside risk	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25	-1.25	-0.88
5-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.30	1.38	1.45	1.53	1.60	1.68	1.75	1.83	1.90	1.98	2.05	2.13	2.20	1.75
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
10-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45	2.50	2.20
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
20-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.53	2.55	2.58	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.65
Downside risk	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20	-1.20	-0.89
50-yr gilt yield														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.55	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.83	2.85	2.69
Downside risk	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15	-1.15	-0.84

Existing Investment and Debt Portfolio Position

	18/11/2015 Actual Portfolio £'000	18/11/2015 Average Rate %
External Borrowing:		
Police & Crime Commissioner for West Yorkshire	1,000	0.62
Total External Borrowing	1,000	0.62
Investments:		
Short term	16,609	0.50
Total Investments	16,609	0.50
Net Debt / Investment	15,609	

Appendix C

Prudential Indicators 2016/17

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows:

Capital Expenditure and Financing	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Assets	452	0	0	0
Plant and Equipment	130	18	0	0
Disabled Facilities Grants	291	358	0	0
Information Technology	72	0	0	0
Transformation Costs (WSC/TDBC)	346	0	0	0
REFCUS (Capital Spend on Non WSC Assets)	2,354	0	0	0
Total Capital Expenditure	3,645	376	0	0
Capital Receipts	(892)	18	0	0
Capital Grants	(2,645)	358	0	0
Revenue Reserves	(108)	0	0	0
Total Capital Financing	(3,645)	376	0	0

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	31.03.15 Actual £'000	31.03.16 Revised £'000	31.03.17 Estimate £'000	31.03.18 Estimate £'000	31.03.19 Estimate £'000
General Fund	5,633	5,490	5,347	5,204	5,061

The CFR is forecast to fall by £572km over the next four years as capital expenditure financed by debt is outweighed by resources put aside for debt repayment.

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 Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.16 Revised £'000	31.03.17 Estimate £'000	31.03.18 Estimate £'000	31.03.19 Estimate £'000
Borrowing	0	2,000	2,000	2,000

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring.

Operational Boundary	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	7,700	7,700	7,700	7,700

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	10,000	10,000	10,000	10,000

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	0.32	0.00	0.00	2.24

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	0	0	0

Adoption of the CIPFA Treasury Management Code: The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in March 2012.

Appendix D

Annual Minimum Revenue Provision (MRP) Statement 2015/16 and 2016/17

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP) although there has been no statutory minimum set aside since 2008. The Local Government act 2003 requires the Council to have regard to the Department for Communities and Local Government Guidance on Minimum Revenue Provision (the DCLG guidance most recently issued in 2012).
2. The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The CLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. Amendment regulation 4(1) of the 2008 Capital Financing and Accounting Regulations which details the MRP rules, revised the former regulations and replaced them with a basic duty for a council each year to make an amount of MRP which it considers to be “**prudent**”. The regulation does not in itself define “prudent provision”, however, the MRP guidance makes recommendations to authorities on the interpretation of that term.
4. The MRP methodology has been reviewed this year to ensure that our approach is appropriate for our financial stability and is robust and prudent for future capital expenditure.
5. A number of options were considered and the most appropriate is that of the Equal Instalment Method whereby MRP is linked to weighted asset life. This has meant for West Somerset Council that the repayments have been extended to a 39.38 year period.
6. On balance the weighted average useful life approach appears to be a prudent approach and takes into consideration the materiality of each asset and its recorded remaining useful life. The weighted average is then applied to the class of asset then applied across the whole fixed asset base. This should give a robust basis to support the asset life applied to MRP calculations and be appropriate for audit scrutiny.
7. In forthcoming years this base calculation will stay the same but any additional CFR will be calculated separately and added to the MRP as a distinct calculation thus protecting the original calculation and adding to it where appropriate.

<i>Report Number:</i>	WSC 25/16
<i>Presented by:</i>	<i>Cllr. Mandy Chilcott, Lead Member for Resources & Central Services</i>
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<i>To be Held on:</i>	24 th February 2016
<i>Date Entered on Cabinet Forward Plan Or Agreement for Urgency Granted:</i>	Not Applicable

CAPITAL PROGRAMME 2016/17

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is for Full Council to approve the recommended Capital Programme for 2016/17 including the proposed funding arrangements.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The development of an affordable and deliverable Capital Programme is a key element of the financial strategy encompassing revenue requirements, capital requirements and treasury management plans. Setting an affordable programme and having robust capital resource plans are important steps in delivering financial sustainability of the Council and the valuable services it delivers to the community of West Somerset.

3. RECOMMENDATIONS

- 3.1 That Full Council approves the 2016/17 Capital Programme Budget totalling £375,500, funded through a combination of capital receipts reserves and external grant funding.
- 3.2 Cabinet approves a Supplementary Estimate to increase the 2015/16 Capital Programme by £15,000 to accurately reflect total asset disposal costs of land in Minehead.

4. RISK ASSESSMENT

- 4.1 The preparation of the proposed capital programme is based on a low risk approach to committing capital expenditure in view of the current and forecast financial resilience challenges faced by the Council. Only very limited capital expenditure is proposed using the Council's own capital reserves, with the largest item being funded through external grant funding.

- 4.2 There is likely to be further capital investment required in future both to support transformation of services and support essential asset management activities.

Risk Matrix

Description	Likelihood	Impact	Overall
Assumptions regarding the availability of capital resources are inaccurate, affecting the affordability of the capital programme.	Possible 3	Major 4	Medium 12
<i>The delivery of asset disposals is actively managed, capital receipts are monitored closely, and expenditure plans are controlled to reflect the actual timing and amount of receipts.</i>	Unlikely 2	Moderate 3	Low 6
Asset management information is incomplete or inaccurate, resulting in ineffective asset management prioritisation	Possible 3	Major 4	Medium 12
<i>The Asset Management Group carefully controls and monitors planned and unplanned works. The council is in the process of updating asset condition information to better inform plans in future.</i>	Unlikely 2	Moderate 3	Low 6

5. BACKGROUND INFORMATION

- 5.1 The current capital programme approach was approved by Full Council on 26th March 2014. A key part of the strategy concerns the approach to funding the capital programme and states that it will be through:
- a) the disposal of land and buildings;
 - b) by maximising third party contributions from grant funding or private sector investment; and
 - c) borrowing, as a last resort, in accordance with the Prudential Code and with full regard of the impact on the revenue budget.
- 5.2 The Council's capital reserves have improved in the last year through the completion of two significant asset sales, but continues to have limited capital resources pending the completion of various asset disposals, and it is proposed to continue to prioritise only essential spend in the short term. In line with the current year strategy it is proposed that the prioritisation of capital bids continues to be based on the following criteria:
- 1) Business Continuity (corporate / organisational)
 - 2) Statutory Service Investment (to get to statutory minimum / contractual / continuity)
 - 3) Transformation
 - 4) Invest to Save
 - 5) Other
- 5.3 Cabinet Members have considered a review of the previously agreed strategy of reducing historic capital debt by using capital receipts to reduce the debt balance. There are links with both: (i) the Treasury Management Strategy Statement and MRP Policy, which is due to be reported separately to Full Council in February; and (ii) the recommended Revenue Budget for 2016/17 included in a separate item on this

agenda. Further information is included in the capital receipts section of this report below.

- 5.4 Members are also reminded of a proposed additional flexibility included within the Provisional Finance Settlement from Government received on 17 December 2015, and referred within the Budget Consultation Pack issued to all Members at the end of December. This indicates a proposal to allow authorities to use future capital receipts to fund up-front revenue costs of transformation. This is also covered later in this report.
- 5.5 The current Capital Programme in 2015/16 includes approved projects totalling £1,543,462. A copy of this year's programme is included in Appendix A for background information, and includes £240,000 for investment in superfast broadband where the costs are likely to be incurred within the next 2-3 years. The Capital Programme in this report adds to the current approved expenditure total.

6. CAPITAL PROGRAMME 2016/17

- 6.1 In view of the limited capital resources, only bids for essential spend or those that are funded through grants and contributions have been sought from services. Table 1 sets out the proposed capital schemes for 2016/17 and suggested funding for these schemes.

Table 1: Proposed Capital Bids and Funding Plan

Scheme	Priority	Cost £	Funding		
			Capital Receipts £	Grant £	Total Funding £
Offsite Backup Facility	1	15,000	15,000		15,000
IT Hardware Replacement	1	2,500	2,500		2,500
Disabled Facilities Grant	2	358,000		358,000	358,000
Total		375,500	17,500	358,000	375,500

Offsite Backup Facility £15k

- 6.2 This will enable automated offsite backups of the Council's data to be taken every night rather than the weekly manual tape based process at the moment. The solution consists of a hardware back up 'appliance' that would be situated remotely – not at West Somerset House. This proposal also requires an ongoing revenue commitment of £1,500 per annum for five years (the estimated useful life of the asset). The cost of the current tape-based system is £8k per annum (mainly cost of staff time), this would potentially produce a revenue saving in the longer term.

Annual Hardware Replacement £2.5k

- 6.3 This provides a limited contingency budget for essential desktop and laptop computer replacements over four years old to ensure staff work efficiently and effectively to reduce the number of helpdesk calls regarding the usage of old computers. It is envisaged further investment will be needed as part of services and IT transformation and this will be incorporated within the business planning for transformation.

Disabled Facilities Grants (Private Sector) £358k

- 6.4 The Council has a statutory duty to provide grants to enable the adaptation of homes to help meet the needs of disabled residents. The grants are means-tested and the

Council has received notification of the 2016/17 allocations since the Cabinet meeting on 3 February 2016, therefore the proposed budget has been updated to reflect this. West Somerset have been allocated £358k in 2016/17 compared with £241k in 2015/16, an increase of £117k. Again this grant will be received from Somerset County Council's Better Care Fund, providing the necessary funding to make this scheme affordable.

Contingent Costs

- 6.5 It is possible that during 2016/17 the Council could be obliged to purchase houses at Clanville Grange, Minehead which were formerly part of a low cost home ownership scheme. The Council has a legal obligation to buy these houses if they are put up for sale and no other vendor can be found. It is difficult to predict how many houses may come up for sale, and it is proposed to continue with the current strategy whereby any acquisition is subject to a separate budget approval report to Council during the year. The intention is to remove further obligation on the Council following acquisition and to dispose of the properties within a short time scale, however there is a short term financing risk under the scheme.

Asset Management and Transformation

- 6.6 It is important to highlight that there is ongoing work to determine the condition of our assets to inform a new Asset Management Plan, and there is a possibility that further proposals in respect of capital priorities will be presented for Members' consideration in the coming months. This could include:
- Confirmed capital maintenance requirements (following appropriate surveys and assessments)
 - Asset improvement works
 - "Invest to save" capital investment opportunities
- 6.7 In addition it is recognised that the Council will be developing programmes to support future transformation of services, and whilst we have some reserved funds to support this it is almost certain that additional funding will be required for this purpose.
- 6.8 On this basis, whilst the proposed programme includes currently identified 'essential' schemes, Members should consider the potential future investment requirements when prioritising both revenue and capital resources.

7. 2015/16 SUPPLEMENTARY ESTIMATE

- 7.1 Cabinet is also requested to approve a supplementary estimate of £15,000 in 2015/16 to uplift the budget for disposal costs related to sale of land in Minehead reflecting the final costs of disposal. It is proposed to fund this sum from capital receipts reserves, utilising income generated from the asset sale.

8. FUNDING THE CAPITAL PROGRAMME

Sources of Funding

- 8.1 Funding for capital investment by the Council can come from a variety of sources:

- Using capital receipts from sale of assets
- Capital grants from government and other bodies
- Contributions from third parties e.g. developer contributions such as S106 planning obligations
- Use of revenue funds such as annual budget contributions or reserves
- Private sector and partnership funding
- Borrowing

Capital Receipts

- 8.2 These are monies received from the sale of the Council's surplus assets. The following table summarises the current and forecast Capital Receipts Reserve balance including proposed funding the draft 2016/17 Capital Programme and a proposed allocation to fund a Minimum Revenue Provision (MRP) "holiday" as explained in section 9 below.

Table 2: Capital Receipts Reserve

	£	£
Balance 1 April 2015		896,581
<i>Income:</i>		
7 Clanville Grange	100,000	
20 Clanville Grange	93,750	
Roughmoor Enterprise Centre / Watchet Marina	1,858	
Sale of 'leisure' land – Seaward Way	1,063,002	
Sale of former Aquasplash site – final instalment	600,000	
Total Income	1,858,610	
Total Capital Receipts Available in 2015/16		2,755,191
2015/16 Capital Programme approved funding	-1,153,549	
2015/16 Supplementary Estimate: Land Disposal Costs	-15,000	
Total Uncommitted Balance		1,586,642
<i>Proposed Use of Capital Receipts Reserves:</i>		
2016/17 Capital Programme	-17,500	
Ring-fence to fund of MRP holiday in 2015/16, 2016/17 and 2017/18 (3 years x £143,100)	-429,300	
Forecast Remaining Uncommitted Balance		1,139,842

- 8.3 The Council continues to actively seek appropriate disposal of assets both to ease the burden on the revenue budget and to generate additional capital resources. Asset disposals currently being progressed include land at Seaward Way Minehead plus two Clanville Grange properties. A sizeable receipt is potentially available from the former, subject to planning consent. In view of the proposals with the Revenue Budget options to transfer or close public conveniences it is feasible there will be further capital receipts from the sale of surplus property. Other options to identify and dispose of surplus assets are currently being explored. It is feasible that future capital receipts could range from £1m to £3m+ in the next 2-4 years, subject to market demand and price risk.

Capital Grant Income

- 8.4 The availability of capital grant funding from Central Government has reduced significantly in recent years.

- 8.5 The Council's only grant funding projected for 2016/17 is for disabled facilities grants, which has been confirmed mid-February as £358,000. This funding is passported to us by Somerset County Council from the Better Care Fund.

Capital Contributions

- 8.6 This could take the form of capital contributions from other councils or developers in the form of Section 106 funding. S106 monies can usually be used to fund either revenue or capital expenditure, and proposals to spend available resources will be reported separately as relevant projects arise. The Planning Obligations Group and Planning Obligations Board would consider schemes to be funded from these balances, for consultation and recommendation to Members in line with agreed delegations.

Revenue Funding ("RCCO")

- 8.7 Revenue Contributions to Capital Outlay (RCCO) can either come from the Council's annual revenue budget or from general or earmarked revenue reserves. The Capital Programme does not include any proposed funding via RCCO, and as a result a RCCO budget is not required in 2016/17. This is reflected within the Revenue Budget report to Cabinet.

Private Sector / External Funding

- 8.8 Councils can explore opportunities to secure funding for public / community assets through private sector or external funding. This is less common.

Borrowing

- 8.9 Capital expenditure that is not funded from cash resources (capital receipts, grants and contributions, revenue funds) is funded through borrowing. Borrowing can be supported by physical loans e.g. from the money markets or through the Public Works Loans Board (PWLB) ("External Borrowing") and/or by temporarily using cash balances from reserves and working capital ("Internal Borrowing"). External borrowing would incur interest costs chargeable to the revenue budget. Internal borrowing would reduce the ability to generate interest income through investments.
- 8.10 The Council does not currently plan to support new capital investment in 2015/16 or 2016/17 through additional borrowing - see section 9 below.

Funding Strategy

- 8.11 As set out in the background for this report, the capital funding strategy for the Council relies largely on generating capital receipts from asset sales, and supporting spend through external funding (grants and contributions). Current estimates indicate that there is a total of £1.586m of capital funding available within the Council's capital reserves plus a further £0.358m anticipated grant funding. This does not include S106 or Hinkley funds that may be used to support revenue or capital projects, and does not take into account any possible under- or overspend in the current financial year.
- 8.12 After funding the Capital Programme and the proposed MRP "holiday" there would be a projected uncommitted balance of £1.14m in capital reserves.
- 8.13 It is considered a prudent strategy to retain the projected balance of unallocated receipts, to provide some flexibility to fund unplanned / unavoidable additional costs

that may arise during the year; to provide resources to fund future capital programmes; and to support capital investment required to transform services and deliver ongoing revenue savings.

Flexible Use of Capital Receipts

- 8.14 Through the Autumn Statement in November and subsequent Provisional Finance Settlement issued in December, the Government has indicated its intention to introduce new powers which will “let councils spend 100% of the receipts the assets they sell to improve local services”.
- 8.15 The guidance includes a new statutory requirement to approve an Efficiency Statement – as part of the revenue budget process each year – and in doing so authorities will be permitted to treat revenue expenditure “incurred on projects designed to reduce future revenue costs and/or transform service delivery” as capital expenditure during the three financial years from 2016/17 to 2018/19. This may only be funded from new capital receipts arising from asset sales after 31 March 2016.
- 8.16 At the time of writing, we await further guidance from Government on what is required in terms of governance and content for the adoption of an Efficiency Statement. Further information will be provided to Members when the requirements are known. On the face of it, such flexibility will be welcome given the aspirations – and need – for this council to transform and deliver significant ongoing revenue savings.

9. CAPITAL BORROWING AND MINIMUM REVENUE PROVISION

- 9.1 The capital borrowing position is formally described as the “Capital Financing Requirement” (CFR) – this essentially is the balance of historic capital spending that has been funded through borrowing thus representing the Council’s capital debt balance. As highlighted earlier in this report, this can include a combination of ‘internal borrowing’ and ‘external borrowing’. Table 4 below summarises the projected Capital Financing Requirement for 2015/16 to 2017/18. This information will also be incorporated within the Treasury Management Strategy Statement which will be considered for approval at the same meeting as this report.
- 9.2 It is also worth noting that the CFR position is included in the Council’s annual Statement of Accounts which is presented to Audit Committee for approval each year, and will also be included within the Financial Outturn report that is presented to Scrutiny and Cabinet after each year end.

Table 3: Capital Financing Requirement (CFR)

	2015/16 £	2016/17 £	2017/18 £
CFR Balance Brought Forward:			
External borrowing	1,000,000	0	2,000,000
Internal borrowing	4,632,700	5,489,600	3,346,500
Total CFR	5,632,700	5,489,600	5,346,500
[A] Add: Capital Programme Expenditure	1,846,759	375,500	?
[B] Less: Funding used from cash resources (capital receipts, grants and contributions, revenue funding)	-1,846,759	-375,500	?
Additional borrowing required [A-B]	0	0	?
Repayment of borrowing using revenue funding ("MRP") – MRP "holiday" proposed to 2015/16- 2017/18	0	0	0
Repayment of borrowing using capital receipts in lieu of MRP "holiday"	-143,100	-143,100	-143,100
CFR Balance Carried Forward:			
External borrowing	0	2,000,000	2,000,000
Internal borrowing	5,489,600	3,346,500	3,203,400
Total CFR	5,489,600	5,346,500	5,203,400

9.3 The approach in recent years has been to reduce outstanding capital debt significantly by using capital receipts income to repay loans. When the 2015/16 budget was set the intention was to use a further £1.7m of surplus capital receipts to reduce debt. This strategy has been reconsidered by Cabinet Members in recognition of the need to hold adequate capital reserves to meet future capital investment requirements such as for transformation projects that will produce ongoing revenue savings. Instead of using £1.7m of capital reserves, the proposal is to use £429,300 between 2015/16 and 2017/18 to fund an MRP "holiday" and thus provide revenue budget savings during this period. This approach has been considered alongside a review of the approach to calculating MRP, and this is explained within the Revenue Budget report.

9.4 The above table shows that the majority of the CFR balance is held as 'internal borrowing'. This takes advantage of temporary cash flow surpluses that reduced the need to take out physical loans. It is currently projected that there will be a period of 9-12 months spanning the currently financial year end where no external borrowing is required, however it is expected that external borrowing will be required again towards the end of 2016 when the full impact of the Hinkley B business rates refund affects underlying cash flow balances.

10. FINANCIAL/RESOURCE IMPLICATIONS

10.1 The financial and resource implications are set out in the main body of this report.

11. COMMENTS ON BEHALF OF SECTION 151 OFFICER

11.1 As highlighted in the 'Background Information' section of this report, it is proposed that Members consider a small Capital Programme for 2016/17, prioritising only essential and externally-funded spending. The draft Capital Programme as set out in

this report is affordable based on the capital receipts and other funding that are expected to be in place.

- 11.2 The strategy to generate capital receipts to both repay capital borrowing (or fund and MRP “holiday”) and support new spending remains sound, and the capital plans set out within this report reflect this approach. Members will be aware, but are reminded, that the planned disposal of assets is subject to complex commercial negotiations, which brings some risk and uncertainty to our resource planning.
- 11.3 The Council has approved work during 2015/16 to be undertaken by our Property Services team to update our information related to the council’s assets, for example the completion of an up to date condition survey. This information will be crucial in support future asset management planning, which will inform our capital strategy and investment prioritisation. At this stage there remains a risk that unplanned asset maintenance will require capital funding that is not included within the Initial Capital Programme or currently identified capital bids from services.
- 11.4 Members are also advised of the potentially significant investment required in support of council-wide and service transformation. Such investment will be crucial to the future viability of council services, therefore the approach of holding a balance of uncommitted capital reserves at this stage is responsible financial planning. Proposals for transformation will be presented to Members in the near future.

12. EQUALITY & DIVERSITY IMPLICATIONS

- 12.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the Council must have due regard for:
- Eliminate discrimination, harassment, victimisation
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- 12.2 An Equality Impact Assessment is included with this report for the increased Disabled Facilities Grants budget and is included in Appendix B to this report.

13. CRIME AND DISORDER IMPLICATIONS

- 13.1 There are no implications directly associated with the recommendations in this report.

14. CONSULTATION IMPLICATIONS

- 14.1 There are no implications directly associated with the recommendations in this report.

15. ASSET MANAGEMENT IMPLICATIONS

- 15.1 The recommended Capital Programme does not include any financial provision for capital maintenance or improvements of assets. Such requirements will be assessed through the completion of an up to date Asset Management Plan. The Council has committed significant resources during 2015/16 in asset compliance. The current

capital reserves balance provides the Council with potential contingency funding to address essential unplanned works that are not currently approved.

16. ENVIRONMENTAL IMPACT IMPLICATIONS

16.1 There are no direct implications with the recommendations in this report.

17. HEALTH & WELLBEING

Demonstrate that the authority has given due regard for:

- *People, families and communities take responsibility for their own health and wellbeing;*
- *Families and communities are thriving and resilient; and*
- *Somerset people are able to live independently.*

17.1 The recommended Capital Programme includes a proposed budget for Disabled Facilities Grants, which contributes to the wellbeing of residents with accessibility and mobility issues within their own homes.

18. LEGAL IMPLICATIONS

18.1 There are no implications directly associated with the recommendations in this report.

APPENDIX A**FOR INFORMATION – APPROVED CAPITAL PROGRAMME 2015/16**

Capital Scheme	Approved Carry Forward 2014/15 £	Proposed Funding		
		Capital Receipts £	Grants £	Revenue Funding £
General Funded Schemes				
Dulverton Weir	2,191	2,191		
Seaward Way (Housing Land) Disposal Costs	21,500	21,500		
Seaward Way (Leisure Land) Disposal Costs	7,208	7,208		
Watchet Harbour Impounding Wall	18,330	18,330		
Watchet Harbour Concrete Columns	23,574	23,574		
Watchet Harbour Ladder	3,000	3,000		
Street Cleaning Vehicles	138,000	138,000		
Former Aquasplash Site Disposal Costs	13,900	13,900		
Former Visitor Information Centre Disposal Costs	4,200	4,200		
Disabled Facilities Grants	72,280		72,280	
Shared Service Costs With TDBC (JMASS IT)	124,595	124,595		
East Wharf Scheme	64,684	64,684		
Sub Total 2014/15 Carry Forward Requests	493,462	421,182	72,280	0
Capital Scheme	Approved 2015/16 £	Proposed Funding		
		Capital Receipts £	Grants £	Revenue Funding £
Superfast Broadband	240,000	240,000		
Shared Services ICT Projects	221,000	221,000		
Disabled Facilities Grants	241,000		241,000	
7 The Esplanade, Watchet	15,000			15,000
Microsoft Licence Fee	12,000			12,000
IS Annual Projects	61,000	11,367		49,633
Sub Total 2015/16 Original Budget	790,000	472,367	241,000	76,633
Capital Scheme	Supplementary Estimates 2015/16 £	Proposed Funding		
		Capital Receipts £	Grants £	Revenue Funding £
Clanville Grange Property	93,000	93,000		
Clanville Grange Property	117,000	117,000		
Demolition – Watchet Cargo Shed	50,000	50,000		
Sub Total 2015/16 Supplementary Estimates	260,000	260,000	0	0
Current Approved General Fund Capital Budget 2015/16	1,543,462	1,153,549	313,280	76,633

Equalities Impact Assessment – Disabled Facilities Grants

EQUALITY IMPACT ASSESSMENTS 2016/17

• Private Sector Housing Capital Budget) Equality Impact Assessment – Private Sector Housing 2016/17 Capital Bids

Responsible person	<i>Christian Trevelyan</i>	Job Title: Partnership Manager – Somerset West Private Sector Housing Partnership
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	
	Budget/Financial decision – MTFP	√
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	The Council is being asked to support the disabled facilities grants programme in 2016/17.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<i>The strategic objectives of private sector housing work are to: improve the health and wellbeing of vulnerable people; reduce fuel poverty; bring empty properties back into use; increase the supply and affordability of good quality private rented accommodation; reduce the number of households with preventable ill health and housing inequalities; improve housing conditions; deal with inadequate energy efficiency and carbon emissions ratings; and ensure local people have sufficient choices of housing to meet their needs, at a standard and price they can afford, where they want to live.</i>	
Which protected groups are targeted by the policy?	<i>The 2016/17 private sector housing capital budget is designed to support and meet the needs of a wide customer base, and is targeted at all the protected groups including: Age; Disability. Gender Reassignment; Pregnancy and Maternity; Race; Religion or belief; Sex; Sexual Orientation; Marriage and civil partnership.</i>	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Evidence and Data used for assessment <ul style="list-style-type: none"> • Private Sector housing staff performance data • Joint Strategic Needs Assessment 2013/14 • Older Persons Evidence 2012 ongoing • Housing Market Assessment 2009 • ONS data 2014. 	

	<p>The Joint Strategic Needs Assessment (JSNA) was updated for Somerset in 2014. The JSNA sets out the needs of disabled persons and an aging population.</p> <p>Data suggests that there are approximately 111,660 people aged over 65 resident in Somerset. This is 21% of the County's population. 29.1% are in the West Somerset area and 20% in Taunton Deane, larger than the regional and national average for both districts. 47.3% of residents living in Minehead are over 65 and 34.6% of the population in Taunton are aged over 65. The number of older people in the Housing Market Area is expected to increase by 41.1% in the next 20 years in Taunton and by 36% in West Somerset. The Sustainable Community Strategy underlines the housing and support needs of Taunton's older population. It states that Taunton Deane has a higher than average dependency ratio due to there being proportionately more pensioners, and fewer 15 - 44 year olds. The dependency ratio is a measure of the proportion of a population who are too young or too old to work. A rising dependency ratio is a concern in Taunton Deane and West Somerset both facing an ageing population, since it becomes difficult for pension and social security systems to provide for a significantly older, non-working population. In West Somerset the ratio of older people to younger persons is proportionally higher than the national average.</p> <p>Estimates suggest that, by 2030, the number of people over 65 with mobility problems and a limiting long term illness will also increase by over 40% across the County. More than a quarter of these older households in 2010 reported a 'support need', most commonly for a physical disability. For households who would prefer to stay in their homes, 40% of those who needed adaptations did not have them. It is important to promote the service as inequalities are generated in pockets of rural outposts. The most commonly required adaptations are a downstairs toilet and handrails. Many older person households with support needs required further adaptations such as a low level shower and stair lift. This all points to a need to support adaptations funding in 2016/17 through the Better Care Fund, in response to these changing demographics and demands</p>
<p>Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>	
<p><i>All Groups:</i></p> <p>If resources were limited for private sector housing activities then this would mean some groups or communities could be disadvantaged: not being able to respond to requests for adaptations will long term result in a marked deterioration of people's health, an increase in hospital admissions, and bed-blocking. An inability to tackle one of the key determinants of health and wellbeing, namely improving people's health. Inability to adapt people's homes will increase applications from the older population for social housing and potentially towards expensive accommodation based supported housing services. This is at a time when relevant partner organisations are also facing extensive cuts and may not be able to provide the more costly housing support that would otherwise have been met through a simple low cost low level intervention such as a disabled adaptation.</p>	

The 2016/17 capital budget proposals, namely, disabled facilities grants, are designed to achieve positive outcomes for more vulnerable people in this sector who rely on us to help them improve their living conditions, and bring their homes up to an adapted standard which allows the resident to access facilities in and around their home. If we do not do this it will leave us with a legacy of people with deteriorating health conditions for the future which will have the potential to outstrip the health budgets. This will also have major and costly implications by increasing the demand for social housing.

People who apply for housing, if they are unable to remain in their current homes, may be forced to seek homelessness assistance from the Council. If found vulnerable under the terms of the Homelessness Act, the Council will have a duty to house applicants if the property in which they live is not suitable.

The previous Home Finder Lettings Review has seen that priority awarded to those with medical conditions has increased, resulting in more people being able to qualify for a 'gold band' status, alongside other vulnerable applicants who are unable to remain in their homes. The Localism Act 2011 also allows the council to house vulnerable people (such as homeless applicants) into the private rented sector with one offer of accommodation. If adequate funding is not provided to improve private sector housing standards to meet at least decent homes levels, legal challenges to the council on homelessness housing suitability grounds will almost certainly increase. Cuts elsewhere to housing support funding will also significantly affect vulnerable adults via reductions in floating support services. Combined with housing and benefit changes, financial hardship in this sector is likely to increase the number of vulnerable applicants applying to the council for housing assistance and advice.

User groups have been consulted such as tenants in social housing and through customer surveys and agencies who access the service on behalf of their clients. The anticipated main impacts on specific groups are:

Age:

Central Government recognise that a reduction in capital funding to help vulnerable private sector housing residents would have an adverse impact on the independence, health and well-being of older people which would, in turn, increase their need for care and support services. Improvements to private sector housing properties to facilitate independent living, energy efficiency, better housing conditions, and housing functionality, will allow older people to live more meaningful lives in their own homes for longer – and thus for housing standards in this sector to move closer to those in the social housing sector, leading to a more balanced housing market.

Understanding older people's position in the housing market is important: around 75% of older people in both districts live in private sector housing and more than 25% of these reported a "support need," most commonly for a physical disability, yet 40% of older person households did not already have an existing adaptation in their home. Health and social care policy encourages older people to remain living at home, but their living costs are under extreme pressure from fuel and food price inflation, and declining pension values in real terms.

Central Government are mindful of these factors and with an increasingly elderly population, Central Government have increased the funding for DFG's.

Disability:

Disabled households benefit greatly in increased mobility and independence from disabled facilities grants. Increasing the capital budget will reduce customer waiting times for adaptations and therefore reduce discomfort and distress to disabled people, fulfilling the LA's duty to assist disadvantages faced by this group. It is an ideal opportunity for promoting equality and more equal outcomes for disabled people in all tenures. The work of the County Council Independent Living Teams in assessing needs earlier and putting in place early measures has resulted in a reduction in demand for DFGs, however there is a fear that these measures provide temporary alleviation and simply delay the need for more permanent measures paid for from disabled facilities grants.

We estimate that West Somerset Council receives between 30 and 40 and in Taunton Deane 60 – 70 DFG recommendations a year from Somerset County Council Occupational therapists. This takes into account historical data and the trends toward an aging population. The future budget required to address this annual demand is estimated at £280k for West Somerset and £650k for Taunton Deane including the fee payable to Aster Home Living. (This is regardless of tenure) The Better Care Fund with uplift should meet the estimated demand. The current legislation around DFGs requires the District Council to provide a DFG where the need has been identified by an Occupational Therapist. There is no requirement about the length of time before an application process is commenced by the Local Authority, however once started then it has to be completed within 12 months unless there are mitigating factors that complicate the process. In practice unreasonable delays can be challenged through an ombudsman and there is case history of councils being challenged about unreasonable delays and losing under the Humans Right Act. If the Council found that unacceptable waiting lists were accruing then it could revisit the capital allocation to DFGs in future years.

Race:

It is important to be culturally sensitive when providing private sector housing services, and statutory and/or enforcement interventions are not always the not appropriate in achieving equitable equality outcomes, particularly for households living in this sector for whom English is not their first language. For example, our statutory responsibility to inspect houses occupied by multiple households could inadvertently discriminate against monitory ethnic groups in private rented sector housing where Black and Minority Ethnic (BME) households have a much higher proportionate presence than in other housing sector and tenures in the two districts.

Sex:

No obvious direct impact identified although it is recognised that women generally have longer life expectancy than men and may therefore be a group which benefit most from the interventions outlined above and any reduction in funding for these interventions could disproportionately impact more female than males.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy	Actions will be identified that will help mitigate the impacts identified above.
Continue with the policy	
Stop and remove the policy	

Reasons and documentation to support conclusions
Actions will be put in place to limit the actions as far as possible.

Section four – Implementation – timescale for implementation

Private Sector Housing Service Plan 2016/17. This will involve quarterly monitoring of: performance against budget; key service measures; and service outcomes.

Section Five – Sign off

Responsible officer: Christian Trevelyan Date: 15 th February 2016	Management Team Date
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Section six – Publication and monitoring

Published on

Next review date	Date logged on Covalent
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Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table			
Service area	Strategy	Date	2013/14

Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions
Significance of age, disability, race and sex equality groups in private sector housing activities	Raise awareness of characteristics of all these protected groups in relation to local housing market. Close monitoring of waiting lists for DFGs and impact and ensure councillors are kept apprised of any impact	Joint Housing Group	September 2016	Scrutiny and information reports, staff briefings and housing briefings	Easily understood and accessible data and information on protected groups and specific characteristics in private housing
Ensure consistency, accessibility and equality of all advice and assistance given by council staff to private sector housing residents	Induction process for all new staff (including any temporary/agency staff); clear written procedures; effective staff supervision; and regularly reviewing all customer satisfaction returns and comments	Partnership Manager	April 2016 and ongoing from then	Quarterly Housing Partnership Board reports	Private sector housing residents receive the same level and quality of advice and assistance, irrespective of who they are, where they live, and who they deal with
The strategic need for the council to intervene in and influence the local housing market and thus ensure better private sector housing conditions, costs, and choices for local people in need	Critically assessing affordability, choices of housing, the varied housing needs of local residents, and housing conditions, in the context of changing housing market conditions, public funding, and national housing policy	Joint Housing Group	April 2016 and ongoing from then	Executive, Scrutiny and Partnership Board reports	A greater understanding and shaping of the local housing market .
Ensure effective communications, monitoring and equality protocols	Regular meetings with relevant partner organisations; a common understanding of priorities and pressures;	Partnership Manager	June 2016 and ongoing from then	Partnership Board	More effective joint working and focus on priorities, better use of limited resources and consensual, co-

Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions
with relevant partner organisations	initiatives to utilise complimentary work skills and experience; joint awareness and information exchange sessions				operative approach to challenges in private sector housing
The specific needs of older home owners in the local housing market	Evaluation of housing needs and choices for older people beyond the traditional adaptations and small repairs at home approach	Strategic Housing Officer's Group	August 2016	Executive, Scrutiny and Partnership Board reports	Explore measures and potential housing options for older home owners who are equity rich but struggling with limited income and poorer quality of life

<i>Report Number:</i>	WSC 26/16
<i>Presented by:</i>	<i>Cllr. Mandy Chilcott, Lead Member for Resources & Central Services</i>
<i>Authors of the Report:</i>	<i>Steve Plenty, Finance Manager Paul Fitzgerald, Assistant Director Resources</i>
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<i>To be Held on:</i>	24 th February 2016
<i>Date Entered on Cabinet Forward Plan Or Agreement for Urgency Granted:</i>	Not Applicable

ANNUAL BUDGET AND COUNCIL TAX SETTING 2016/17

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Members with all the information required for Full Council to approve the proposed revenue budget for 2016/17, and to approve its proposed Council Tax rate for 2016/17. The proposed 2016/17 Capital Programme, the revenue implications of which are taken into account within the revenue budget, is included as a separate report for this Full Council meeting.

2 CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 Achieving financial sustainability is a fundamental priority for this Council. This report sets out to demonstrate the effective approach to the development of a robust financial strategy that achieves this priority, including the delivery of a balanced budget for 2016/17.

3 RECOMMENDATIONS

- 3.1 That Full Council notes the forecast Medium Term Financial Plan and Reserves position, and notes the S151 Officer's Robustness Statement as set out in Appendix A of this report.
- 3.2 That Full Council approves the use of £429,300 from capital receipts reserves to fund the annual Minimum Revenue Provision (MRP) of £143,100 from 2015/16 to 2017/18, thus reducing the revenue budget requirement for MRP to £0 from 2015/16 to 2017/18. Members note that the Medium Term Financial Plan includes a revenue budget requirement for MRP of £143,100 in 2018/19 and subsequent financial years.
- 3.3 That Full Council approves the following reserve transfers:
- a) £225,300 saving from the 2015/16 MRP Budget to General Reserves

- b) £51,500 to General Reserves in 2015/16 comprising surplus earmarked reserves of £39,384 plus surplus income of £12,116
- c) £200,000 from General Reserves to the Business Rates Smoothing Reserve in 2015/16
- d) £50,000 from General Reserves to a Planning Service Earmarked Reserve in 2016/17
- e) £166,456 from General Reserves to the JMASS Reserve to set aside funds to support transformation
- f) £22,302 from Final Settlement additional funding to the Sustainability Reserve in 2016/17 to help support invest to save schemes and other measures to help smooth the transition as the Council implements change
- g) £139,882 from Final Settlement additional funding to Business Rate Smoothing Reserve in 2016/17, with a further £79,168 to be reflected in the MTFP in 2017/18 to mitigate the new risks around business rates that could be in excess of £300k more than our current estimate of possible business rates refunds.

- 3.4 That Full Council approves the 2016/17 Revenue Budget, including the total budget savings of £259,000 in 2016/17 and a further £122,000 in 2017/18.
- 3.5 That Full Council approves a 2016/17 Council Tax increase of 3.56%, increasing the Band D basic tax rate by £5 to £145.56 per year.
- 3.6 That Full Council approves a further 2016/17 one-off Council Tax increase of 1.25% in respect of funding for the Somerset Rivers Authority, adding £1.76 to a Band D tax charge per year.
- 3.7 That Full Council approves the minimum reserves level at £600,000.
- 3.8 That Full Council delegates a decision to the Leader, Lead Member for Resources and the S151 Officer regarding acceptance of a four year settlement provided it is in the Council's interests to do so.

4 RISK ASSESSMENT

- 4.1 The preparation of the Proposed Revenue Budget for 2016/17 has taken account of the risks to the Council's financial resilience and future financial viability. The 2014 Outturn saw the impact of the refund of Hinkley B business rates reduce its General Reserves reduced to the minimum of £0.5m. The updated Medium Term Financial Plan provided to Members since the summer has reflected the ongoing impact of the reduction in business rates on the Council's annual funding forecasts. This reduction in funding has effectively wiped out the savings the Council delivered through the joint management and shared services with Taunton Deane.
- 4.2 The reduction in business rates funding together with the projected reductions in Government grants has exacerbated the significant risk to the Council's future financial viability. In response to the underlying financial position, and noting the concerns of the Council's S151 Officer and our external auditor, the Council has taken action during 2015/16 to increase reserves. In addition, various measures have been undertaken including a review of the capital financing arrangements and the identification of budget savings options for 2016/17 which provides the opportunity to

set a balanced budget for 2016/17. The risk assessment below reflects this, although the ability to balance the budget in future years continues to be at risk / uncertain.

Risk Matrix

Description	Likelihood	Impact	Overall
Risk – the Council is unable to balance the budget in 2016/17 in response to ongoing funding reductions and cost pressures	Likely 4	Catastrophic 5	Very High 20
<i>Mitigation – a robust financial strategy is implemented including the delivery of savings and generation of income to balance the budget in 2016/17.</i>	Unlikely 1	Catastrophic 5	Low 5

- 4.3 The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before and after the mitigation measures have been actioned.

5 BACKGROUND INFORMATION

- 5.1 The General Fund Revenue Account is the Council's main fund and shows the income and expenditure relating to the provision of services for residents, visitors and businesses including planning, environmental services, car parks, certain housing functions, community services and corporate services.
- 5.2 The Council directly charges individual consumers for some of its services through fees and charges. The expenditure that remains is mainly funded through a combination of local taxation (including Council Tax and a proportion of business rates) and through grant funding from Central Government (including Revenue Support Grant, New Homes Bonus and other non-ringfenced and specific grants/subsidy).
- 5.3 Each year the Council sets an annual budget which details the resources needed to meet affordable service priorities and operational requirements. The annual budget is prepared within the context of priorities identified by Members which are embedded in the Council's Corporate Plan.
- 5.4 The Council has recently reviewed its Corporate Strategy in the face of extremely difficult financial conditions, which is reported separately. The new Strategy if approved will lead to a new proposed Corporate Plan to determine up to date priorities and where the Council's limited resources are directed going forward, together with a transformation programme to deliver ongoing efficiencies. These are due to be considered by Members in early 2016.
- 5.5 It has been well reported that the Council faces significant and ongoing financial challenges, with a continuation of the annual reductions in Government funding for local council services as the Government seeks to reduce the national deficit through a squeeze on public spending, and locally through the major impact of the Hinkley B business rates reduction.
- 5.6 Members have previously considered a range of important reports that provide background on the Council's financial position and the budget strategy for 2016/17. These include:

- Financial Outturn 2014/15 – Cabinet 5 August / Scrutiny 6 August 2015
- Medium Term Financial Plan – Cabinet 5 August / Scrutiny 6 August 2015
- Budget Strategy 2016/17 – Scrutiny 15 October 2015
- Budget Savings 2015/16 and Earmarked Reserves Review – Cabinet 4 November 2015 / Council 18 November 2015
- Budget Update and Initial Savings Options 2016/17 – Scrutiny 12 November 2015
- Fees and Charges 2016/17 – Scrutiny 12 November 2015 / Cabinet 2 December 2015 / Full Council 16 December 2015
- Budget Update and Further Savings Options 2016/17 – Scrutiny 17 December 2015
- Parking Fees and Charges 2016/17 – Scrutiny 17 December 2015
- Financial Standing and MTFP 2016/17 – Scrutiny 14 January 2016
- Draft Capital Programme 2016/17, Draft Annual Budget and Council Tax Setting 2016/17 – Cabinet 3 February 2016

- 5.7 Continuing with the process followed in respect of the current year, 'Initial Savings Options' have been prepared that provide Members with options to reduce the Budget Gap thus aiming to meet the ambition to achieve financial sustainability. The options were reported to and noted by Scrutiny Committee on 12th November 2015. In view of the remaining budget gap Members have also been presented with "Further Savings Options" in order to help deliver a balanced budget for 2016/17. These options were reported to and noted by Scrutiny Committee on 17th December 2015. Further to this, the Council has also reviewed its fees and charges for services, and approved its charges for 2016/17 at its meeting on 16th December 2015.
- 5.8 A "Budget Consultation Pack" has again been provided to all Members (issued on 23 December 2015), to share details of draft budget proposals and the Provisional Settlement Funding Assessment that was issued by Government on 17 December 2015. This was supplemented through informal budget briefings to political groups in January.
- 5.9 The Draft budget and financial standing of the Council was reviewed by Scrutiny Committee in January, and was considered for recommendation to Full Council by Cabinet on 3 February. Comments from Scrutiny that were considered by Cabinet are shown below for ease of reference to all Members.

Scrutiny Committee Comments

- 5.10 The Scrutiny Committee reviewed the Financial Standing and MTFP Update Report on 14 January 2016, which included details of the draft budget position for 2016/17 and MTFP forecast to 2020/21. A number of clarification questions were raised and dealt with at the meeting, and specifically the Committee:
- a) Business Rates Retention (BRR): Noted that the business rates budget estimates were still to be finalised at the time of considering their report, and noted the briefing on business rates scheduled for 18 January 2016.

The BRR estimates have subsequently been completed and is reflected later in this report – the budget estimates have been revised to increase net retained income by £8k.

- b) Council Tax: Discussed the options available in respect of Council tax, and made a formal recommendation to Cabinet in support of increasing Council Tax by the maximum £5 (for a Band D) permitted within the referendum limit for 2016/17.
- c) Budget Gap: Noted the potential for identified savings to exceed the reported Budget Gap for 2016/17, but also noting that the Budget Gap forecast was likely to change once the outstanding final estimates were completed.
- d) Reserves: Debated potential use of reserves including potential to mitigate service savings in the short term or support 'invest to save' schemes. The Assistant Director Resources advised that Members should carefully consider any planned use of reserves as any spending is 'one-off'. Ideally reserves would be higher rather than lower in the face of the Council's financial situation and reflecting the need to both maintain its financial resilience and have resources available to invest in change and transformation to produce ongoing revenue budget savings. The S151 Officer comments on the adequacy of reserves within her Robustness Statement appended with this report.
- e) Savings: Scrutiny sought clarity on the Council's ability to meet the aims in the proposed Corporate Strategy related to 'Business and Enterprise' and the proposed savings within Economic Development. It was clarified that the Council supports economic initiative in a variety of ways and utilising a mix of funding including Hinkley S106-funded staff. Concern was also raised about the proposal to remove the budget for sandbags. It was clarified that support is being provided now to the higher risk areas to stock pile relevant supplies, and that parish councils are continuing to support their local communities in this regard.

5.11 The Final Settlement from Government was announced on 8 February 2016 – after Cabinet had considered the Draft Budget – and the impact of the settlement is set out and reflected in the Final Budget proposals from the Cabinet within this report.

6 ROBUSTNESS OF THE BUDGET PROCESS

6.1 The Local Government Act 2003 requires a report on the adequacy of the Council's financial reserves and for the S151 Officer to report on the robustness of the budget plans. This is included in Appendix A to this report.

Conclusion of the Robustness of the Budget and Adequacy of Reserves

6.2 Based on all the information above, I am able to confirm that I believe the Council's reserves to be adequate, and the Cabinet's recommended budget proposals for 2016/17 to be sufficiently robust.

6.3 Whilst the budget for 2016/17 is balanced with clear savings plans in place, the medium term financial plan shows that we have a gap of £0.218m for 2017/18, which rises to over £1m by 2019/20. On a base budget of only c£5m, with very little discretionary spend, it is questionable whether achieving this level of saving is actually possible.

6.4 The work underway on the transformation business cases will clarify whether the Council is viable beyond 2017/18 and will articulate the choices therefore available to the Council.

- 6.5 The conclusion in my statement last year was that we needed to take action if we were to achieve financial sustainability. It is disappointing that despite our good progress, the impact of the appeal on Hinkley B has potentially derailed this. The financial viability of the Council over the medium term is now in question.
- 6.6 My clear message to Councillors now is around the uncertainty of the financial viability of the Council in the medium term. With a limited budget base, limited reserves, and a history of services operating to a very lean position this challenge is significant.
- 6.7 The financial viability will be the subject of further reports over the coming months as we get clarity on the transformation business cases. This will confirm whether sufficient savings / income can be delivered through transformation (and whether the Council can afford the investment needed). Should this not be the case then formal action will need to be taken to protect the community.
- 6.8 Whatever the future holds – the scale of change ahead is significant.

7 REVENUE FUNDING POSITION

Final Settlement Funding Assessment - Summary

- 7.1 The funding settlement for 2016/17 has seen the Council's main general funding reduce by £281k in cash terms (14.5%). This comprises the Revenue Support Grant (RSG) and Business Rates (BR) Baseline. This has been mitigated in part by a lower reduction in Rural Services Delivery Grant – see below.
- 7.2 The Council also receives New Homes Bonus which is based on housing growth in the district. Nationally, the Government has to date funded increases in New Homes Bonus through a reduction to the 'pot' for Revenue Support Grant.
- 7.3 Details of the Final Settlement Funding Assessment were issued by Government on Monday 8 February 2016. This settlement information has been used for the recommended budget included in this report. In summary, the headlines are:
- The net Settlement Funding cut by 14.5% in 2016/17; comprising Revenue Support Grant (RSG) and Business Rates (BR) Baseline.
 - RSG reduced by £290k (34.5%) compared to 2015/16, from £840k to £550k.
 - BR Baseline has increased by 0.8% (in line with September RPI), from £1,092k to £1,101k.
 - New Homes Bonus grant increased by £145k, to £716k. This is an increase of £2.5k compared to the Provisional Settlement reflected in previous Draft Budget.
 - The Government has recently issued final principles for referendums relating to Council Tax increases – and for all Shire Districts the maximum increase in 2016/17 before a referendum is needed is £5.00 on the basic tax rate (for a Band D) which equates to an increase of just over 3.5% for West Somerset; information included within the Settlement indicates this limit of £5 will apply each year through to 2019/20.

- Pending the establishment of the Somerset Rivers Authority (SRA) as a precepting body, Somerset County Council and all the Somerset district councils have an option to further increase Council Tax by up to 1.25% for the purposes of funding the SRA (this is separate to the £5 increase limit referred in the previous bullet) – for this Council this would raise a precept of £23,728 in 2016/17 to fund the SRA (the 1.25% aims to raise £2.7m in total through council tax if all Somerset councils precept)

7.4 The settlement also included other important information:

- Government has confirmed its commitment that local government will retain 100% of business rates by the end of this Parliament; Government will consult on proposals in the summer 2016
- Government has published a consultation on New Homes Bonus, setting out options for reducing the number of years paid from 6 to 4 (and possibly a greater reductions), and other measures to ‘sharpen the incentive’ of the scheme – such as withholding funding where no Local Plan has been produced
- Indicative four year funding information for RSG shows this will significantly reduce – and for some Councils reduce to nil – by 2019/20; any residual RSG after 2019/20 is expected to disappear through the move to 100% business rates retention
- Business Rates Tariff Adjustment: Through the funding reductions proposed by Government some councils see their RSG reduce to nil in 2017/18, 2018/19 or 2019/20; in these circumstances the Government proposed in the Provisional Settlement to introduce an adjustment to increase the Tariff in order to ensure that cuts to funding across authorities over the four years are proportional. Through the Final Settlement the Minister has confirmed that there will be no tariff adjustment/negative RSG before 2019/20. This has no effect for West Somerset Council within the next four years based on indicative four year settlement figures;
- Rural Services Delivery Grant: in a significant change in the Final Settlement the Government has increased RSDG in 2016/17 and 2017/18 compared to amounts shown in the Provisional Settlement, with the national pot increasing from £15.5m in 2015/16 to £80.5m in 2016/17;
- The Government will offer any council that wishes it to take up a four-year funding settlement to 2019/20 – see below;
- Government has issued draft statutory guidance which would permit local authorities to treat revenue costs “incurred on projects designed to reduce future revenue costs and/or transform service delivery” as capital costs during the periods 2016/17, 2017/18 and 2018/19 – and such costs may be funded from new capital receipts arising from the sale of assets in each year. The draft guidance includes a new statutory requirement to approve an Efficiency Strategy as part of the revenue budget process each year.
- Announced with the Final Settlement, the Minister will also consult on allowing well performing planning departments to increase their fees in line with inflation at the most, providing that the additional revenue reduces the cross subsidy that the planning function already gets from Council Tax payers.
- Announced with the Final Settlement, DCLG will conduct a review on what the

needs assessment formula should be and use it to determine the transition to 100% Business Rates Retention.

Possible Four Year Settlement

- 7.5 As referred above the Provisional Settlement included the following “The Government will offer any council that wishes to take up a four-year funding settlement to 2019/20...if they have published an efficiency plan”. The Minister has indicated through the Final Settlement that Councils will have until 14 October 2016 to decide whether to take up this option.
- 7.6 At the time of writing this report the specific details of what would be included in the four year deal, and what is not, has yet to be clarified and it is assumed at this will follow in good time to support local consideration of this matter. The basis of an efficiency plan is also unclear at this stage although it is anticipated this will not be an onerous process above good practice.
- 7.7 Details of the settlement ‘offer’ and the efficiency plan requirements are not yet confirmed and it is feasible Government will consult with local authorities prior to issuing formal guidance. This will be important to consider alongside the Council’s ambitions for transformation and any proposal to use new capital receipts to fund revenue costs of schemes that produce savings. In the absence of clear governance requirements it is **requested that Members consider delegating a decision to the Leader, Lead Member for Resources and the S151 Officer regarding acceptance of a four year settlement provided it is in the Council’s interests to do so.**

General Fund Revenue

- 7.8 The following table summarises the updated funding baseline:

Table 1 – Final Settlement Funding Assessment headline figures

	2015/16 £k	2016/17 £k	Change £k	
Revenue Support Grant	840	550	-290	-34.5%
Business Rates Baseline	1,092	1,101	9	0.8%
Total Funding Baseline	1,932	1,651	-281	-14.5%

- 7.9 The ‘Start Up’ Settlement Funding position in April 2013 gave the Council a funding Baseline of £2.630m in 2013/14. The Baseline Funding for 2016/17 is £1.651m, which is £281k (14.5%) less than the previous year and some £979k (37%) less than the Start Up position in cash terms – the reduction is greater in real terms taking into account inflation.

Revenue Support Grant (RSG)

- 7.10 The Final Settlement announcement on 8 February 2016 has confirmed our previous expectations that RSG will reduce to nil in future. Our projections in the MTFP, based on information provided with the Final Settlement, shows that RSG will diminish to £6k by 2020/21 and it is assumed it will be nil in the following year. However, details beyond 2016/17 may be subject to change, although the Government has indicated there is an option to agree a four year settlement which would (in theory) give

authorities more certainty for financial planning. Indicative figures for West Somerset are as follows:

Table 2 – Revenue Support Grant

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
RSG	839,588	550,320	316,885	170,193	6,340
Reduction against previous year		-289,268 -34.5%	-233,435 -42.4%	-146,692 -46.3%	-163,853 -96.3%

Rural Services Delivery Grant

- 7.11 The Provisional Settlement included separate details of a Rural Services Delivery Grant (RSDG), which has previously been included within Revenue Support Grant, and will now be paid as a separate non-ringfenced grant in 2016/17.
- 7.12 The national pot is increasing from £15.5m in 2015/16 to £80.5m in 2016/17, although this reduces again in subsequent years. As part of the Final Settlement it was announced that West Somerset would receive an additional £159,655 in 2016/17 compared to Provisional figures included in previous reports, therefore £212,433 being received in total. It was also evident that additional monies amounting to £79,168 would be received in 2017/18, therefore £171,530 being received in total. Final figures for West Somerset are:

Table 3 - Rural Services Delivery Grant

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<i>Provisional RSDG</i>	40,903	52,778	92,362	131,946	171,530
Final RSDG	40,903	212,433	171,530	131,946	171,530
Increase against previous year		171,530 419%	-40,903 -19%	-39,584 -23%	39,584 30%

Retained Business Rates

- 7.13 The Final Settlement confirmed our Business Rates Baseline for 2016/17 will be £1,100,695, an increase of £9,097 or 0.8%. The Baseline is due to increase by RPI each year - the September 2015 RPI is 0.8%.
- 7.14 Our actual funding from business rates will be based on local estimates of business rates income through the Retention Scheme. Funding could therefore be above or below the Baseline. The final estimates for the 2016/17 retained business rates funding were reported to Cabinet on 3 February 2016 following the completion of further work to finalise the forecast of business rates income.
- 7.15 The proposed Budget includes net Retained Business Rates funding of £1,420,937. This represents 13.0% of the projected total net collectible business rates income of £10,914,822. Table 2 below summarises the budget estimates:

Table 4 – Business Rates Funding Estimates

	2015/16 Budget £	2016/17 Estimate £
40% Standard Share of Business Rates Yield	-4,607,581	-4,365,929
Rates yield from renewable energy schemes	-10,000	-50,000
S31 Grant Income – Reliefs and RPI cap	-408,425	-317,156
Less: Tariff payable to Government	3,036,366	3,061,669
Less: Levy payable to Government	434,864	250,479
Safety Net Payment Due from Government	0	0
Total Business Rates Retained Income	-1,554,776	-1,420,937

- 7.16 As the projected business rates retention amount is higher than the Baseline within the Settlement Funding Assessment the Council is required to pay a levy to Government based on 50% of the 'growth' above the Baseline. The levy is forecast to be £250,479 in 2016/17.
- 7.17 The budget estimate for retained business rates income has decreased by £134k in 2016/17. This net position reflects the impact of lower Hinkley B Rateable Value following the appeal announcement in May 2015 which has reduced WSC retained income from Hinkley rates by £315k in 2016/17, however this is mitigated in part by general inflation increase of 0.8% RPI in rates bills in 2016/17, projected rates growth (such as Butlins, new hydro plant, Hinkley C site), impact of non-Hinkley B appeals, plus an increase in projected rates due on renewable energy growth which is 100% retained by WSC.
- 7.18 Through the Autumn Statement 2015, and subsequent Provisional and Final Settlement Funding Assessment announcements on 17 December 2015 and 8 February 2016, the Government has confirmed its intention to move to 100% retention of business rates funding by local authorities by the end of this Parliament. At this stage there are no firm indications of how this will work – and the Government plans to engage with local authorities to gather information before undertaking a formal consultation on proposals in the summer of 2016. No assumptions are currently made within our financial planning regarding any changes to our business rates funding following the consultation. It is anticipated the outcome of the consultation will be reflected in the Settlement details in December 2016.

Retained Business Rates - Contingent Risk

- 7.19 A letter has recently been sent to a number of local billing authorities by a national property agent acting on behalf of some public sector premises requesting mandatory business rate relief. This Council has not received such a letter but we have been made aware of the details through a number of professional and advisory sources. This is a complex legal matter and at this stage the Council would not accept any such request for mandatory relief. Further guidance is expected from the Department for Communities and Local Government on this matter.

Business Rates Smoothing Reserve

- 7.20 In order to mitigate budget risk regarding volatility in retained business rates, the Council maintains a contingency in a Business Rates Smoothing Reserve. The

projected balance in this reserve, following the funding of the significant Collection Fund Deficit of £2,729,063 within the 2016/17 recommended Budget, is £251,165.

- 7.21 Despite holding this contingency sum, and the previous Hinkley B appeal being concluded, the risk of funding volatility in future remains high. For example, within the recommended Budget for 2016/17 the Council could experience funding losses of approximately £330,000 before a Safety Net payment is triggered. It is therefore prudent for the Council to increase its contingency to cover the impact of budget losses on business rates funding, and an **additional transfer of £200,000 from General Reserves to the Business Rates Smoothing Reserve in 2015/16 is recommended**, increasing the Smoothing Reserve balance to £451,165. As part of the 2016/17 Proposed budget it is also **recommended to transfer £139,882 of additional funding received as part of the Final Settlement to the Business Rates Smoothing Reserve, with a further £79,168 being reflected in the MTFP in 2017/18**. This is to mitigate the new risks around business rates that could be in excess of £300k more than our current estimate of possible business rates refunds and to implement any necessary action to respond to a change in the underlying funding position. This will increase the predicted Smoothing Reserve balance to £670,215 at 31 March 2018.

New Homes Bonus Grant (NHB)

- 7.22 The New Homes Bonus (NHB) Grant has been in place since 2011/12. It is funding allocated by Government, separate to Revenue Support Grant and Business Rates, which incentivises and rewards housing growth. The NHB grant is non-ringfenced which means the Council is free to decide how to use it. The current scheme design sets out that each year's Grant allocation will be payable for six years. The Government has recently announced the Final NHB Grant allocation of £716k for 2016/17. This is £3k more than was reported as part of the Provisional Settlement and the previous MTFP forecast, and is an increase of £145k (25.4%) compared to 2015/16.
- 7.23 The Government has also issued a consultation document as part of the Provisional Settlement outlining possible changes to New Homes Bonus Funding. The consultation concludes on 10 March 2016. There are a number of options being proposed but the indications are that the number of years allocation will drop and for the purposes of the MTFP forecast we are assuming that in 2017/18 we will only receive 5 years allocation and in 2018/19 and subsequent years we will only receive a 4 year allocation. This has been reflected in the Forecast table below, and is a prudent approach although our forecast is not certain at this stage. Historically, all NHB Grant has been used to support ongoing spending of the Council, with a small proportion allocated to support capital spend during 2015/16. The prospect of reductions to this funding in future significantly increases the risk of not producing a balanced budget.
- 7.24 The following table summarises the grant income (rounded figures) to date and future estimates currently included in the MTFP.

Table 5 – New Homes Bonus Grant Forecast

	11/12 £k	12/13 £k	13/14 £k	14/15 £k	15/16 £k	16/17 £k	17/18 £k	18/19 £k	19/20 £k	Cumulative £k
2011/12 Grant	91	91	91	91	91	91				546
2012/13 Grant		147	147	147	147	147				735
2013/14 Grant			145	145	145	145	145			725
2014/15 Grant				60	60	60	60			240
2015/16 Grant					128	128	128	128		512
2016/17 Grant						145	142	142	142	571
Subtotal	91	238	383	443	571	716	475	270	143	3,332
2017/18 Estimate							146	146	146	438
2018/19 Estimate								63	63	126
2019/20 Estimate									50	50
Total	91	238	383	443	571	716	621	479	401	4,048

Housing Benefit & Council Tax Admin Grant

- 7.25 The Council receives separate grants towards the administration of housing benefit and council tax rebate. The provisional grant allocations for 2016/17 have not been received in full therefore this report contains the assumptions within the current Medium Term Financial Plan, which is £161,753 compared with £219,064 received in 2015/16. This represents a reduction of £57,311 (26.2%).
- 7.26 As final figures have still not been received, any differences will be reported through the budget monitoring process in 2016/17.

8 COUNCIL TAX

- 8.1 The current annual basic tax rate towards the cost of West Somerset Council services, for the average Band D property, is £140.56. **The Cabinet recommends a Council Tax increase of 3.56% in 2016/17.** For an average Band D property this will set a basic council tax rate of £145.56 per year (£2.80 per week), an increase of **£5**.
- 8.2 Using the Council Tax Base for 2016/17 the recommended budget estimate for Council Tax income is therefore $13,481.99 \times £145.56 = £1,962,438$ (excluding parish precepts). This represents a total increase in budgeted income of £76,854, as shown below:

	£
Council Tax Income Budget 2015/16	1,885,584
Increase due to change in Tax Base (Band D equivalents)	9,444
Increase due to proposed 3.56% increase in Tax Rate	<u>67,410</u>
Estimated Balance as at 31 March 2017	<u>1,962,438</u>

- 8.3 The Government's trigger for a referendum for "excessive Council Tax increases" is set at £5 - so any increase above £5 will require a referendum of local taxpayers.

9 SOMERSET RIVERS AUTHORITY COUNCIL TAX PRECEPT

- 9.1 Through the Provisional Settlement the Government also announced that the County Council and the five district Councils in Somerset can raise additional funding for the Somerset Rivers Authority by setting a "shadow" precept based on up to 1.25% of

each Council's 2015/16 basic tax rate – which is £1.76 a year for a Band D. This would be for the purpose of funding the Somerset Rivers Authority in 2016/17 pending its establishment as a precepting body. The amount of additional Council Tax this would raise in West Somerset is £23,728 ($£140.56 \times 1.25\% = £1.76 \times 13,481.99$ Band D Equivalents) in relation to the WSC tax rate.

- 9.2 Assuming SCC also set a precept for the SRA at 1.25%, SCC would raise a further £173,109 from West Somerset residents ($£1,027.30$ 15/16 Band D Tax $\times 1.25\% = £12.84 \times 13,481.99$ Band D Equivalents).
- 9.3 The overall opportunity across Somerset aims to raise £2.7m in funding for the SRA in 2016/17. The SRA Board is scheduled to consider its 2016/17 final budget proposals in March 2016. Within this, draft budget information shared with Somerset authorities indicates that the £2.7m would be prioritised to progress key workstreams within the Flood Action Plan including
- dredging and river management
 - urban water management
 - resilient infrastructure
 - building local resilience
- 9.4 At the time of issuing this report officers continue to work with SRA colleagues to summarise budget information for 2016/17 including information to be included in the Council Tax booklet.
- 9.5 **The Cabinet recommends the SRA Council Tax Rate of 1.25%, equating to £1.76 for a Band D in 2016/17** utilising the authority given by Government pending the establishment of the SRA as a separate precepting body.
- 9.6 An increase in the Council's own basic tax of £5 plus the 1.25% increase to precept for the SRA means a combined increase of £6.76 (4.81%) a year (13p per week) for a Band D.

Table 6 – Potential Tax Increase Including SRA Precept

2015/16 WSC Basic Tax Rate (Band D)	140.56
Proposed increase in 2016/17 on WSC Basic Tax Rate at 3.56%	5.00
2016/17 WSC Basic Tax Rate (Band D)	145.56
SRA “shadow” precept at 1.25% of 2015/16 Basic Tax Rate (Band D)	1.76
2016/17 WSC Basic Tax Rate plus SRA Tax Rate (Band D)	147.32
Total increase as a percentage	4.81%

10 ADDRESSING THE BUDGET GAP

- 10.1 In line with the agreed approach to budget setting, Cabinet has considered a number of options to address the Budget Gap. In addition, financial estimates have been reviewed and updated through the budget process and the Budget Gap updated accordingly.
- 10.2 Various changes to the budget gap have been reported through the budget process, both in terms of changes to cost and income estimates through detailed budget work, and as a result of proposed and approved changes by Members. The recommended Budget closes the budget gap in full through a combination of savings, fees and charges and additional council tax income.

- 10.3 In addressing the gap Members have considered capital pressures alongside the consideration of the revenue budget. The council currently has limited capital resources and is planning to allocate some revenue budget to help fund the capital programme. Work is ongoing to fully identify the funding requirements in respect of the council's assets. It is likely that additional funding requirements will be identified during the next financial year, and it is important to take account of this risk when considering the adequacy of revenue and capital reserves.
- 10.4 Table 5 below summarises the changes to draft budget estimates since November 2015 and includes the changes proposed by Cabinet in order to set a balanced budget for 2016/17.

Table 7 – Budget Gap Reconciliation 2016/17

	See Para	£k	Gap £k
Budget Gap reported to Scrutiny 17 December 2015			549
MRP Holiday (3 years from 15/16)	10.6	-143	
RCCO budget not required in 16/17 – one off saving	10.7	-39	
Housing Benefit overpayment recovery change	10.8	-45	
New Homes Bonus update to reflect Provisional Settlement	10.9	-4	
Rural Services Delivery Grant Provisional Settlement	10.10	-53	
RSG reduction – separate out Rural Services Delivery Grant	10.10	41	
RSG estimate update to reflect Provisional Settlement	10.11	-19	
Car Park fees and charges (Full Council 20 January 2016)	10.12	-35	
Budget Gap reported to Scrutiny 14 January 2016			252
Council Tax increase of £5	10.13	-30	
Waste Contract adjustment as per Business Plan	10.14	-41	
Initial and Further Savings Options	10.15	-258	
Increase in Business Rates Retained Income (NNDR1)	10.16	-8	
Business Rates Collection Fund Deficit final estimate	10.17	-51	
Reduction in Transfer from BR Smoothing Reserve	10.17	51	
Support for charitable lottery feasibility review	10.18	3	
Sub-total – Budget Surplus			-83
Transfer to JMASS Reserve to fund transformation	10.19	83	
SRA One-off contribution in 2016/17	9.1	24	
1.25% Council Tax increase to fund SRA contribution	9.1	-24	
Transfer from General Reserves	10.20	-50	
Transfer to Planning Service Earmarked Reserve	10.20	50	
Budget Gap reported to Cabinet 3 February 2016			0
Final Settlement – Rural Services Delivery Grant	10.10	-160	
Final Settlement – New Homes Bonus Funding Distribution	10.9	-2	
Transfer to Sustainability Reserve	10.21	22	
Transfer to Business Rates Smoothing Reserve	7.21	140	
Budget Gap 2016/17			0

- 10.5 **MRP:** The Budget Gap reported to Scrutiny in December assumed a change in the MRP Policy. The formal approval for this change in policy is included as part of the Treasury Management Strategy report on the agenda for this meeting. As the

recommended Budget assumes this policy change will be approved further information is included on Appendix C clearly setting out the budget implications. The revised policy reduces the annual cost of MRP from £216,300 per initial MTFP estimates to £143,100. The saving of £72,200 is incorporated within the Budget Gap of £252k reported to Scrutiny in December.

- 10.6 The Budget also includes a recommendation to implement a three year MRP “holiday” which will provide a revenue saving of £143,100 in 2015/16, 2016/17 and 2017/18. This relies on a mitigating action of setting aside the equivalent amount in capital receipts reserves (£143,100 x 3 years) thus making a prudent reduction in capital debt whilst relieving some of the pressure on the revenue budget. This is reflected also in the Capital Programme report to Full Council on this agenda.
- 10.7 **Revenue Contribution from Capital Outlay (RCCO):** The Capital Programme for 2016/17 does not require funding from revenue as there are sufficient resources available within capital reserves. Therefore a revenue budget saving of £39k is proposed in 2016/17.
- 10.8 **Housing Benefit Overpayments:** Through the 2015/16 budget monitoring process a predicted underspend has been reported in relation to Rent Allowances. This is in respect of invoices being raised to recover monies from overpayments of housing benefit that have been made. It has been estimated that an ongoing saving of £45k can be reflected in 2016/17 budget.
- 10.9 **New Homes Bonus:** As detailed in para 7.22 above our initial estimates were very close to the figures announced within the Provisional and Final Settlement, however an increase of £7k confirmed in the Final Settlement can be used to contribute towards reducing the underlying budget gap.
- 10.10 **Rural Services Delivery Grant:** The Rural Services Delivery Grant has now been separately identified from Revenue Support Grant. The Provisional Settlement increased this grant by £12k, and this was subsequently increased by a further £160k in the Final Settlement.
- 10.11 **Revenue Support Grant:** The Final Settlement confirmed the Revenue Support Grant is £19k higher than previously included within earlier MTFP forecasts – but still a significant cut as shown earlier in this report.
- 10.12 **Car Park Fees and Charges:** Car parking fees and charges were approved at Full Council on 20 January 2016. The new fee structure results in estimated additional income of £35k.
- 10.13 **Council Tax Increase:** The proposed increase of 3.56% (£5 on a Band D) in the basic tax rate provides an additional £30k income to address the Budget Gap in 2016/17 (and later years), on top of the previous income forecast based on an assumed 1.99% increase.
- 10.14 **Waste Partnership:** The up to date Somerset Waste Partnership Business Plan, presented to Scrutiny 14 January 2016, set out a budget requirement for West Somerset’s costs of waste collection and recycling that was less than previously predicted, providing a saving of £41k.

- 10.15 **Initial and Further Savings Options:** Savings proposals are summarised in Appendix B and Confidential Appendix H and if these are all implemented this will provide ongoing savings of £259k in 2016/17. These options were presented to and noted by Scrutiny on 17 December 2015 and recommended for approval by Cabinet at its meeting on 3 February 2016. Council is also recommended to approve the savings identified in 2017/18 amounting to a further £122k as reflected in the MTFP.
- 10.16 **Business Rates Retained Income:** The indicative budget forecast for retained business rates income has decreased by £133,839 in 2016/17 compared to the previous year. The final estimate is however £8,026 higher than previous estimates reported to Members, and is therefore marginally favourable to the Draft Budget.
- 10.17 **Business Rates Collection Fund Deficit:** The Council's 40% share of the estimated deficit in 2015/16 in the Business Rates Collection Fund is reduced from £2.780m to £2.729m, reflecting the up to date forecast undertaken in January 2016. This is £51k less than previous estimates undertaken in the autumn, and is offset by a corresponding reduction in the transfer from the BR Smoothing Reserve to fund the deficit.
- 10.18 **Charitable Fund Raising Feasibility Support:** The Cabinet recommends a one-off budget of £3,000 in 2016/17 to support a feasibility exercise that facilitates the launch of a fund raising scheme (for example a lottery scheme) run by and on behalf of a collaboration of charitable and community groups. This would aim to boost income for such bodies/groups and help to mitigate reductions in direct local authority grant due to council budget pressures.
- 10.19 **Transfer to JMASS Reserve:** In view of the significant financial and organisational challenges the Council faces, it is proposed to set aside £83k in 2016/17 into the JMASS reserve. This will increase the prospects of the Council having sufficient funding to support the upfront investment that will be needed to implement change.
- 10.20 **Transfer from General Reserves to Planning Services Earmarked Reserve:** At the Cabinet Meeting on 3 February it was recommended that £50k be transferred from General Reserves to a Planning Service earmarked reserve to provide service resilience and support.
- 10.21 **Transfer to Sustainability Reserve:** In view of the reduction in cuts to funding received as part of the Final Settlement this enables the Council to set aside a Fund totalling £40k to help support invest to save schemes and other measures to help smooth the transition as the Council implements change. The final budget therefore includes a recommendation to add £22k to this reserve to increase the fund to £40k in total.
- 10.22 In conclusion, it is a significant achievement to present a recommended balanced budget considering the scale of Gap at the start of the budget process this year. This includes prudent proposals to set aside additional funds for transformation projects that will seek to deliver ongoing efficiency savings to help address funding reductions in future years.

11 PROPOSED GENERAL FUND BUDGET SUMMARY 2016/17

- 11.1 The following table compares the Proposed Budget for 2016/17 with the original budget for the current year.

Table 8 – Proposed Revenue Budget 2016/17

	Original Budget 2015/16 £	Proposed Budget 2016/17 £
Total Spending on WSC Services	4,640,133	4,632,260
Somerset Rivers Authority Contribution	0	23,728
Revenue Contribution to Capital	76,633	0
Capital Debt Repayment Provision (MRP)	225,300	0
Interest Costs	35,000	13,000
Interest Income	-15,000	-15,000
Transfers to/from Earmarked Reserves	-149,928	-2,266,879
Transfer to/from General Reserves	0	-216,456
AUTHORITY EXPENDITURE	4,812,138	2,170,653
Retained Business Rates	-1,554,776	-1,420,937
Revenue Support Grant	-839,588	-550,320
Rural Services Delivery Grant	-40,903	-212,433
New Homes Bonus	-571,015	-716,060
Surplus(-)/Deficit on Collection Fund – Council Tax	-70,200	-13,800
Surplus(-)/Deficit on Collection Fund – Business Rates	149,928	2,729,063
Expenditure to be financed by District Council Tax	1,885,584	1,962,438
Council Tax raised to fund SRA Contribution	0	23,728
Total Council Tax Raised by WSC	1,885,584	1,986,166
Divided by Council Tax Base	13,414.8	13,482.0
Council Tax @ Band D – West Somerset Services	140.56	145.56
Council Tax @ Band D – Somerset Rivers Authority	0	1.76
Council Tax @ Band D – WSC including SRA	140.56	147.32
Cost per week per Band D equivalent	2.70	2.83

Note: this table does not include town/parish precepts.

12 MEDIUM TERM FINANCIAL PLAN FORECAST

- 12.1 The Council prepares its annual budget within the context of the Medium Term Financial Plan. This provides estimates of the budget requirement and budget gap in future years. The following table provides a summary of the current indicative MTFP based on the Proposed Budget estimates and assumptions regarding costs, income and funding trend in future years.
- 12.2 The net budget and funding for 2016/17 are noticeably lower than in future years. This is due to the Business Rates Collection Fund Deficit of £2.73m as a result of the successful Hinkley Point Business Rates appeal. This was provided for at the end of 2014/15 and set aside within the Business Rates Smoothing Reserve to mitigate the deficit in the budget – the net transfers from earmarked reserves includes £2.73m from the Smoothing Reserve.

Table 9 – MTFP Forecast

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Forecast Net Expenditure	4,630,260	4,704,698	5,038,507	5,229,197	5,359,842
SRA Contribution	23,728	0	0	0	0
Earmarked Reserve Transfers	-2,266,879	79,168	0	0	0
General Reserve Transfers	-216,456	0	0	0	0
WSC NET BUDGET	2,170,653	4,783,866	5,038,507	5,229,197	5,359,842
Parish precepts	904,471	904,471	904,471	904,471	904,471
TOTAL NET BUDGET	3,075,124	5,688,337	5,942,978	6,133,668	6,264,313
Retained Business Rates	-1,420,937	-1,442,992	-1,470,651	-1,497,030	-1,522,076
Collection Fund Deficit (BR)	2,729,063	0	0	0	0
Revenue Support Grant	-550,320	-316,885	-170,193	-6,340	0
Rural Services Delivery Grant	-212,433	-171,530	-131,946	-171,530	-171,530
New Homes Bonus	-716,060	-621,192	-479,540	-402,169	-309,653
Council Tax – WSC	-1,962,438	-2,013,411	-2,065,746	-2,119,461	-2,174,577
Council Tax – To Fund SRA	-23,728				
Collection Fund Surplus (Ctax)	-13,800	0	0	0	0
WSC NET FUNDING	-2,170,653	-4,566,010	-4,318,076	-4,196,530	-4,177,836
Council Tax – Parishes	-904,471	-904,471	-904,471	-904,471	-904,471
TOTAL FUNDING	-3,075,124	-5,470,481	-5,222,547	-5,101,001	-5,082,307
Budget Gap – In Year	0	217,855	502,576	312,236	149,340
Budget Gap – Cumulative	0	217,855	720,431	1,032,667	1,182,006

- 12.3 Whilst the agreed budget strategy for this year is focussed on the short-term target of balancing the budget for next year, it is very important for Members to note the longer term budget gap and consider the ongoing financial pressures through the budget process – **the scale of challenge over the Medium Term Financial Plan remains substantial and serious.**

13 GENERAL RESERVES

- 13.1 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. This framework includes an acceptable minimum reserves level, which has been reviewed this year by the S151 Officer. It is proposed to increase the minimum reserves to £600k to better reflect the risks facing the Council and to protect services to the community. The recommendation is that this the new operational minimum level, and funding decisions will be taken bearing this in mind.
- 13.2 Further information in support of the proposed Minimum Reserves is included in Appendix D. In addition, the S151 Officer comments on the acceptable minimum reserves within her “Robustness of Budget” statement – see Appendix A.
- 13.3 The General Fund Reserves position as at 1 April 2015 was £530k. Taking into account approved changes during the year, the current balance is £797k. The Proposed Budget and additional recommendations within the current year provide a projected uncommitted balance of £657k if all proposals are approved, as shown in Table 10 below.

Table 10 – General Reserves

	£
Balance Brought Forward 1 April 2015	529,899
<i>Supplementary Budget Allocations:</i>	
Wheddon Cross public convenience	-12,000
Exford public convenience	-9,000
Transfer of 2015/16 budget savings	212,092
Transfer of earmarked reserves	156,119
Asset compliance supplementary costs	-80,000
Current approved balance	797,110
Recommended transfer of MRP Savings in 2015/16 (revised policy)	82,200
Recommended transfer of MRP Savings in 2015/16 (MRP “holiday”)	143,100
Recommended transfer of surplus earmarked reserves (para 13.4)	51,500
Recommended transfer to Business Rates Smoothing Reserve (para 7.20)	-200,000
Sub-total: Projected Balance 31 March 2016	873,910
Proposed transfer to JMASS Reserve (para 13.5)	-166,456
Proposed transfer to Planning Service Reserve (para 10.20)	-50,000
Projected Balance	657,454

Surplus Earmarked Reserve / Additional In Year Saving

- 13.4 Full Council on 18 November approved the transfer of surplus earmarked reserves of £156,119 to general reserves. The Council has also recovered costs in respect of Economic Development staff time seconded to the LEP providing an income surplus in the current year. Economic development capacity is incorporated into the planned delivery of Hinkley-funded activity from April 2016 therefore, a further in year saving of £51,500 has been identified in the current year (£39,384 earmarked reserve surplus plus £12,116 income). It is proposed to transfer these savings to General Reserves in the current year.

Transfer to JMASS

- 13.5 Further to the proposed transfer of the one-off revenue budget balance in 2016/17 of £83k (para 10.19), it is proposed to transfer a further £167k from General Reserves thus increasing the reserve balance by £250k in total. This will result in a total reserve balance of £525k which will provide essential funding to support important organisational and service transformation in the delivery of services to the community of West Somerset.
- 13.6 Overall the projected General Reserves balance provides some short-term financial resilience for the Council. This is really important in the context of the approved Budget Strategy for 2016/17 and the tough financial challenges ahead. The projected balance of £657,454 is only £57,454 above the recommended minimum.
- 13.7 For information, additional information regarding projected earmarked reserve balances is included in Appendix G.

14 FINANCIAL/RESOURCE IMPLICATIONS

- 14.1 The financial and resource implications are set out in the main body of this report.

15 COMMENTS ON BEHALF OF THE SECTION 151 OFFICER

- 15.1 The Final Settlement has confirmed that our funding forecasts were reasonably accurate, and shows a steep reduction in funding particularly in respect of Revenue Support Grant. Of significant concern is the current review of New Homes Bonus which suggests this funding source will also be reduced in future years. Whilst the MTFP has been updated to reflect an initial best estimate of the reduction, the position could be worse which is a big risk in the context that the Council relies on this grant fully to fund local services each year.
- 15.2 The Proposed Budget would enable the Council to set a balanced budget for next year. This incorporates a sensible proposal to earmark funds specifically for important investment in transformation to deliver ongoing revenue savings in future.
- 15.3 It will be a significant achievement to set a balanced budget for 2016/17, however the **financial challenge remains serious** and Members are encouraged to consider the forecast funding cuts and Medium Term Financial Plan projections in the face of the difficult decisions to finalise the budget. The additional funding included in the final settlement, reflecting the costs of delivering services within a predominantly rural district, provides an opportunity to mitigate funding pressures and risks in the short term however the scale of financial challenge increases sharply in 2018/19. Members are also requested to heed my conclusion on the robustness of the budget and adequacy of reserves as set out in section 6 and Appendix A.

16 EQUALITY & DIVERSITY IMPLICATIONS

- 16.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for are:
- Eliminate discrimination, harassment, victimisation
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- 16.2 The Initial and Further Savings Options have been examined to assess what impact it may have on equality and diversity. Relevant Impact Assessments are included in Appendix E.

17 CRIME AND DISORDER IMPLICATIONS

- 17.1 There are no direct implications connected to the recommendations in this report.

18 CONSULTATION IMPLICATIONS

- 18.1 Proposals in respect of relevant options have been shared with external organisations including Town and Parish Councils and voluntary/charitable groups.

19 ASSET MANAGEMENT IMPLICATIONS

- 19.1 There are limited asset management implications in respect of the budget options under consideration for this budget. The Property Services team is in the process of reviewing and updating information held about the council's assets, which will help to inform the development of an updated Asset Management Plan and identify future asset maintenance requirements. There is a risk that the lack of capital resources limits the Council's ability to invest in significant capital maintenance in the short term, which also presents a risk for the revenue budget. Maintaining adequate general reserves provides some mitigation for this risk.

20 ENVIRONMENTAL IMPACT IMPLICATIONS

- 20.1 Each option must be examined to assess what impact it may have on the environment – no significant implications have been identified in respect of the Savings Options under consideration.

21 HEALTH & WELLBEING

- 21.1 Demonstrate that the authority has given due regard for:
- People, families and communities take responsibility for their own health and wellbeing;
 - Families and communities are thriving and resilient; and
 - Somerset people are able to live independently.
- 21.2 Health and wellbeing implications have been considered in respect of the Initial and Further Savings Options, with relevant information included within the appendices to this report.

22 LEGAL IMPLICATIONS

- 22.1 S.32 of the Local Government Finance Act 1992 sets out in detail how the Council must calculate its budget by estimating gross revenue expenditure, net income, and the Council Tax needed to balance the budget; S.25 of the Local Government Act 2003 requires the Chief Finance Officer (S151 Officer for this Council) to report on the robustness of the budget-setting estimates and the adequacy of the proposed financial reserves (see Appendix A).
- 22.2 The District Council is required to set the Council Tax for the financial year starting 1 April by no later than the preceding 11 March each year (3 weeks before the new financial year). West Somerset is the billing authority for the district area and must, therefore, resolve to bill and collect Council Tax on behalf of Somerset County Council, Avon and Somerset Police and Crime Commissioner, and Devon and Somerset Fire and Rescue Authority. As well as its own expenditure on the provision of services, it must also take account of local precepts issued by the parishes and towns in the District.
- 22.3 Once the Council Tax has been set the process of billing taxpayers can begin. The tax set meeting is arranged for 24 February 2016, by which time all the precepts should have been received. Any precepts not received will be assumed at 2016/17 figures. Parish precepts will be advised to Council on 24 February 2016.

Supporting Appendices:

- Appendix A Robustness of Budget and Reserves Position
- Appendix B Initial and Further Savings proposals
- Appendix C MRP Policy Proposals
- Appendix D Minimum Reserves Review
- Appendix E Equalities Impact Assessments
- Appendix F Cost Centre Analysis
- Appendix G Earmarked Reserves
- Appendix H Confidential – Initial and Further Savings Options

APPENDIX A

ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE COUNCIL'S RESERVES

STATEMENT BY S151 OFFICER (CHIEF FINANCE OFFICER)

– Shirlene Adam, Director - Operations

1.0 Introduction

1.1 The purpose of this appendix is to outline and meet the statutory requirements contained in the Local Government Finance Act 2003 which requires the Council's Section 151 Officer to report to Members on:

- The robustness of budget estimates; and
- The adequacy of proposed reserves.

1.2 This appendix provides detailed evidence to support my assessment.

1.3 The conclusion of my review is set in the main body of the report (para 6) and repeated at the end of this appendix.

2. Background

2.1 The financial history of the Council has been well documented and is widely understood. Over the last 2 years, Councillors have supported the ambitions set out in the paper "Towards a Financially Fit Future" (Scrutiny July 2014) and made good progress towards achieving the goal of financial sustainability. The first phase of JMASS (Joint Management & Shared Services) delivered significant savings and brought resilience to service delivery to the West Somerset community. The planned second phase of JMASS – "transformation" – would, with investment, bring further savings.

2.2 In May 2015, the Council was advised of the outcome of a business rates appeal on Hinkley B power station. The impact on the Council's finances was significant – wiping out over £1.6m of reserves and reducing ongoing business rates income by over £0.3m each year. This undermines the Council's ability to progress with the transformation plans and fundamentally challenges the financial sustainability of West Somerset Council in the medium term.

2.3 Members will be aware, via the recent briefings, of the approach to progressing the transformation business case (and by default the viability of West Somerset Council). The ambition is to report back to Members on the outcome of this work in around 3 months.

- 2.4 The Final Settlement position is roughly “as predicted” in our medium term financial planning for Revenue Support Grant; Business Rates and New Homes Bonus but we have seen a welcome increase in the Rural Services Delivery Grant of £171k for 16/17 which is £159k more than the figure quoted in the Provisional Settlement. This increase acknowledges the challenges of providing services in rural areas. The 2017/18 figure for Rural Services Delivery Grant in the Final Settlement has been increased by £80k from the provisional figure, future years are currently as forecast. The impact of these two years’ increases is reflected in the MTFP forecast. The new ability to raise up to an additional £5 of council tax offers an opportunity to improve the Council’s funding position, as does the potential to agree a four year funding settlement with Government. The consultations on New Homes Bonus (NHB) and Business Rates (NDR) will bring new risks for us to consider in future, and we will need to significantly reduce our reliance on NHB to support revenue funding.
- 2.5 The Provisional Settlement offered the opportunity for authorities in Somerset to raise additional tax to fund the work of the Somerset Rivers Authority of which we are all Members. This opportunity was confirmed in the Final Settlement. The request to Government to provide this body with separate precepting powers has not been put in place yet – so meantime the Government have offered us the flexibility to add an additional 1.25% to our own Band D Tax position. To progress this, we need to add this to West Somerset’s budget and tax bill. We can’t show this separately on the tax bill but we can add some explanatory words to help our taxpayers understand the increase. The budget report sets out the requirement for this funding and the indicative spending plan for 2016/17. The overall funding request of the SRA is £2.7m of which WSC’s share is £23,728.
- 2.6 In the meantime, the Council is required to set a budget for 2016/17. The budget report prepared sets out the necessary detail to enable Members to make safe budget decisions for 2016/17 and to be sighted on the scale of the financial challenge ahead.
- 2.7 From my perspective as your s151 Officer, the budget proposal shared by Cabinet is based on the most accurate information available therefore presents an accurate reflection of the Council’s financial position. The key issues to be aware of are as follows:-
- Through a policy change, we are suggesting the Council should progress a “MRP holiday” for 3 years. There will still be prudent provision for repayment of debt – but it will be made from capital receipts rather than the revenue budget.
 - The revenue, capital, and treasury forecasts are aligned and transparent.
 - The budget proposal recommends funding is set aside in the Business Rates Smoothing Reserve. This will offer protection to day to day service delivery from “financial shocks” hitting the

Council via the business rates retention scheme. The reserve will – should the budget be approved allow for 1.5 times the “annual funding risk” facing the Council on NDR alone.

- The minimum level of reserves has been fundamentally reviewed this year and I recommend that this is increased to £600k. Should the budget be approved, the General Fund Reserves will be slightly higher than the minimum level set – offering some contingency for unforeseen events during 2016/17.
- The budget proposal does not rely on the use of General Fund Reserves to support day to day spending.
- Looking forward the Council faces a budget gap challenge of over £0.2m for 2017/18 which rises to £0.7m for 2018/19 and then reaches over £1m for 2019/20. It is currently unclear whether this is achievable from such a small base budget – the work underway will clarify and present options for Council to consider.

3. ROBUSTNESS OF BUDGET ESTIMATES

- 3.1 The proposed budget for 2016/17 (and the forecast position for future years) is the financial interpretation of the Council’s priorities and, as such, has implications for every citizen of West Somerset together with all other stakeholders.
- 3.2 In commenting on the robustness of the budget and level of reserves and balances, the following factors have been taken into consideration and are considered in the remainder of this appendix:

Section 4	Government funding
Section 5	Capital programme funding
Section 6	Inflation and other key assumptions
Section 7	Delivery of savings
Section 8	Risks and opportunities with partnerships
Section 9	Financial standing of the Council (level of borrowing, debt outstanding)
Section 10	Track record in budget management
Section 11	Virement and control procedures
Section 12	Risk management procedures
Section 13	Key risk issues in 2016/17 budget
Section 14	Adequacy of Reserves
Section 15	Conclusions

4. Government Funding

- 4.1 Through the Autumn Statement 2015; the Provisional Settlement; and the subsequent Final Settlement in February 2016 the Government

has confirmed its intention to move to 100% retention of business rates funding by local authorities by the end of this Parliament. At this stage there are no firm indications of how this will work and we await a consultation on proposals in the summer of 2016.

- 4.2 The Final Settlement set out the funding position for 2016/17, and an indication of the position for the following 3 years. The Government intend to consult further on whether authorities wish to accept a “4 year” settlement.
- 4.3 The headline cash reduction in West Somerset Council's Government funding is 14.5% for 2016/17. This means the challenges predicted in our MTFP are “real” – and have been further exacerbated by the impact of the Hinkley B business rates appeal.
- 4.4 The Government has announced the referendum trigger level will continue to be 2% except for Police and Crime commissioners in the lowest quartile and shire district authorities. These authorities, may increase their council tax by £5 before triggering a referendum. Parish Councils have not been subject to the referendum limit previously and are not for 2016/17.
- 4.5 There is no Council Tax Freeze Grant available for 2016/17 tax set, and the final grant settlement position will be confirmed in early February.
- 4.6 The Cabinet's draft budget proposes a £5 council tax increase – taking advantage of the freedom offered to lower-quartile Band D authorities in the draft settlement. From a financial planning perspective, faced with the financial challenges ahead, it is sensible to maximise the income generating potential available and the increase in the base budget will improve the likelihood of being able to balance the budget in future years.
- 4.7 The Cabinet's draft budget proposal also now clarifies the position on the Somerset Rivers Authority (SRA), and how the flexibility offered by Government for 2016/17 will work in practice. The overall SRA budget for 2016/17 is £2.7m of which £23,728 is to be raised from the taxpayers of West Somerset by way of an additional tax charge – on top of the Councils increase – of £1.76 or 1.25% based on a Band D property (equivalent to 3p per week).

5 Capital Programme Funding

- 5.1 The Cabinet's draft budget proposals for the capital programme are set out in a separate agenda item at this meeting. To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators. These are listed in full in the Treasury Management Strategy Statement which is shared separately for approval.

5.2 The Cabinet's draft capital programme follows the principles of the Prudential Code, and I am satisfied that the treasury implications are clear and within affordable limits.

5.3 The Provisional Settlement set out the Government's intention to allow authorities the flexibility to use capital receipts received during a fixed time period to fund revenue spending that is transformational (ie brings revenue savings!). The detail on this has yet to emerge but this is clearly something we will wish to investigate for West Somerset Council.

6 Inflation and Other Key Budget Assumptions

6.1 I have reviewed the budget proposals and confirm the following key assumptions:-

Area of Budget	How is this addressed within the WSC budget process?
Inflation assumptions	<p>General – inflation has <u>not</u> been applied to budgets unless there is direct justification ie as a contract condition.</p> <p>Salaries – 1% for 2016/17 and 2017/18, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – We will pay a lump sum of £310k in 16/17 in respect of the historic WSC pension deficit. In addition, we will pay the current employer pension contribution of 13.5% on West Somerset Council's share of staffing costs.</p> <p>Major Contracts – as per the legal documents supporting the contracts</p>
Income Levels	Income projections are based on <u>realistic</u> assumptions on usage, and the most recent Government guidance on fee levels when appropriate. They also take into account historic trends and current year variations against budget.
Economic assumptions	Investment interest assumptions are based on independent economic

	forecasts and include the impact of Treasury Management decisions made in earlier years.
Salaries Budgets	<p>As one of the largest areas of spend, the salaries budgets have been reviewed in detail. They have been built up by costing each individual post and cross-checked to the JMASS proposals.</p> <p>The cost sharing arrangement in place to ensure both Taunton Deane Borough Council and West Somerset Council is currently being tested to ensure continued robustness.</p>
Growth in service requirements	The MTFP identifies service growth areas e.g. refuse collection. This is then firmed up by detailed discussions with Managers during the budget process. Growth assumptions for future years in the Council Tax base have been held at 0.5% per year on a prudent estimate of the net effect of local growth, council tax support and other discounts.
Efficiency Initiatives	Where initiatives are sufficiently well developed, they are included in savings plans.
Significant Budget areas which are subject to change during the year	The high risk/high value budgets of the Council are rigorously examined and only prudent increases built into them. In addition when forecasting, the performance in both previous and current years is taken into account.
Member engagement in budget development	Scrutiny has been updated on the MTFP position during the budget setting process. The savings proposals were also shared for discussion and all Members were issued with a Budget Consultation Pack just before Christmas. All Councillors have had the opportunity to be briefed on the proposals during their Group Meetings in January 16.
Changes in Legislation	Legislative changes are analysed by officers and their effect built into the MTFP and budget.

Sustainability	<p>The proposed budget takes into account the future financial pressures faced by the Council. Effective financial modelling for the medium term is in place, although there is some risk around the confirmation of the 4 year picture.</p> <p>I am comfortable that best estimates have been used.</p> <p>The Council can set a robust budget for 16/17. Beyond that there is uncertainty. The work to develop the transformation business case is now urgent and essential, and will progress at pace over the next 3 months. This will articulate (at a high level) the options available for the Council and the residents of West Somerset.</p>
Sensitivity Analysis	<p>The financial planning model allows the Council to predict the likely outcomes of changes to key data ie inflation, council tax, Government funding etc.</p> <p>This is helpful in sharing “what if...” scenarios internally and with partners and members.</p> <p>The Budget Consultation Packs issued to Members also provides data on tax choices – showing the impact on the Council of this important decision.</p>
The impact of the Capital Programme on the Revenue Budget	<p>The MTFP identifies changes to the base budget as a result of the capital programme.</p>

7. Delivery of Savings

- 7.1 The savings proposals presented in the 2016/17 budget proposal have been reviewed for robustness, and are realistic and deliverable in terms of the level of saving and the timing. Delivery of the other proposals, if approved, will be the responsibility of the Management Team and progress on this will be monitored during the year. Should there be any risk to the delivery of the identified savings, this will be reported to Members via the budget monitoring regime.

- 7.2 The real challenge will be, as Members are aware, to close the budget gap in future years. With a limited budget base, limited reserves, and a history of services operating to a very lean position, this challenge is significant. The viability of the Council is in question and whatever option within the transformation business case is progressed – the scale of change ahead is significant.

8. Partnership Risks & Opportunities

- 8.1 Having completed the first phase of JMASS, the focus is now to develop the business case for transformation.
- 8.2 The Council has several other key partnership arrangements in place to support our ambitions and deliver key services. These are supported by contractual arrangements. The most significant is our Somerset Waste Partnership which is monitored via the Somerset Waste Board and supporting officer monitoring groups.
- 8.3 The Waste Partnership has recently proposed a new operating model which should deliver savings to the partners and will help to address the budget challenges.

9 Financial Standing of the Council

- 9.1 The Council fully complies with the Prudential Code and has an up to date Treasury Management Policy and Strategy in place and is operating within the agreed parameters. The Council currently has £1.0m of outstanding external debt, which will be repaid in February 2016. The Council is likely to manage with internal borrowing alone until late 2016, when external borrowing may be needed again. In addition there is £4.4m of outstanding internal debt for which prudent repayment plans are in place. The Council currently has nearly £6.890m invested for itself and £10.347m in relation to Hinkley placed in the markets in accordance with our policies. This will fluctuate during the year and we continue to monitor our cash-flows carefully.
- 9.2 The Council's Treasury Management Practices are prudent and robust, ensuring the Council is not exposed to unnecessary risk in terms of its investment policies. We continue to work with our treasury advisors (Arlingclose) to maximise investment return whilst preserving capital.
- 9.3 The adequacy of the Council's reserves is discussed later in the appendix.

10 Track Record in Budget Management

- 10.1 The Council has a good track record in budget management. The most recent years have resulted in the following outturn positions:-

Year	£Variance	%Variance of Approved Net Budget
2011/12	(£0.297m)	(6.08%)
2012/13	(£0.558m)	(11.30%)
2013/14	(£0.102m)	(1.90%)
2014/15	£0.228m	4.20%
2015/16	(£0.132m)	(2.7%)

- 10.2 In the context of gross expenditure of over £24m, the above variances are reasonable. We are of course subject to unforeseen elements such as the level of the Hinkley appeal which had a significant effect on the 2014/15 forecasting and of course on our ongoing financial position. The rebuilding of our Business Rates Smoothing Reserve will help mitigate this ongoing risk.
- 10.3 Members are currently provided with regular in-year updates on key budget variances (Scrutiny and Cabinet).

11 Virement & Control Procedures

- 11.1 The Financial Regulations contain formal rules governing financial processes and approvals (virements are simply transfers of budget between departments). The Financial Regulations and Financial Procedure Notes are currently being reviewed and updated.

12 Risk Management

- 12.1 I am satisfied that the Council has adequate insurance arrangements in place, and that the cover is structured appropriately to protect the Council.
- 12.2 The Council has a Risk Management Policy in place which defines how risk is managed at different levels in the organisation. It defines roles, responsibilities, processes and procedures to ensure we are managing risk effectively.
- 12.3 Equalities Impact Assessments (EIA) Reviews – where appropriate – are included for Members to review.
- 12.4 Financial risks are managed through budget setting and by our level of reserves. We mitigate as many risks as possible by following good practice, and by monitoring key financial risks on a regular basis.

13 Key Risk Issues In 2016/17 Budget

13.1 The figures in the proposed budget for 2016/17 are based on our best estimates. These will require intensive monitoring throughout the year, and swift corrective action taken should they vary from budget. The issues I need to bring to Members attention where there is financial risk are:-

13.2 **Business Rates Retention Scheme** I am satisfied that the Council has put in place sound arrangements to monitor the flow of Business Rates income and valuation changes throughout the year. The information coming from our Revenues team is robust, and we need to continue to improve our modelling approach to ensure we are forecasting with as much accuracy as possible. We need to engage services across the Council to work with us on ensuring all chargeable premises are notified and billed, and this will continue to be a focus of improvement during 16/17.

13.3 The key risks associated with Business Rates Retention for West Somerset Council are:

13.3.1 **Level of Appeals.** These were previously funded by the National Pool but all appeals approved post 1/4/13 (regardless of how far they go back) will be funded 50:50 (Central Govt : Local Govt). There are 54 appeals outstanding (NDR total value of £14.1m) as at December 2015 and this continues to be a high risk area for us moving forward. We have built good working relationships with the Valuation Office, but this is a huge area of uncertainty, clearly illustrated by the impact of the Hinkley appeal, that directly impacts on our financial sustainability.

On 21st January we were informed of a potential new risk emerging nationally on business rates, concerning some public sector premises potentially being granted charitable relief. This is very new, and very uncertain but would have a devastating impact on our business rates income – and on authorities up and down the country. We need to monitor this new issue as it develops – but meantime – my advice is to bolster our Business Rates Smoothing Reserve accordingly.

13.3.2 **Collection Rates.** The continuing “challenge” of collecting tax from businesses who do not have funds remains. Previously the national pool funded any reduction in collection rates. Again this will now be an issue to be funded locally and we continue to work with businesses to ensure they are sighted on all the assistance available. We will look at the business case for further investment in “collection” across the Council’s debts.

13.3.3 **Reliefs.** All mandatory reliefs were previously funded nationally by the pool. Whilst this has been taken care of in the initial funding

calculations, any new mandatory reliefs introduced by the Government would have to be funded 50 : 50 (Central : Local).

- 13.3.4 **Pooling.** The other councils in the county of Somerset, along with BANES and North Somerset formed a Business Rates Pool in 2015/16 which will continue in 2016/17. The Pool Board did consider whether it was appropriate to add West Somerset Council to the pooling arrangement for 2016/17. The risks for all involved are significant (including WSC) so this was not supported.
- 13.3.5 **Levy / Growth.** The “opportunity” is there for local authorities to benefit financially from growth. In simple terms, for every £1 of additional business rates generated (above the Govt set baseline) then WSC will keep £0.20.
- 13.3.6 **Accounting Arrangements:** To mitigate the risk on this large income stream the Council increased the Business Rates Smoothing Reserve in 2014/15. This earmarked reserve helps provide additional mitigation against fluctuations mid-year (which if not provided for could hit the taxpayer significantly). This reserve has been fundamental in the attempt to mitigate the impact of the Hinkley appeal. Unfortunately the level of the appeal was unprecedented and the reserve has been severely depleted and will need to be bolstered. With the challenges that the Council faces this is a difficult request and there is a risk that surplus funds will not be available and the balance on this reserve will be inadequate. This will mean a direct impact on our limited General Reserves. We are therefore proposing a £340k transfer to this reserve (£200k from General Reserves and £140k as part of Budget Setting) which will bring the balance to c£590k at the end of the financial year 2016/17. We are also intending to transfer a further £79k to the Business Rates Smoothing Reserve as part of the 2017/18 budget setting.
- 13.4 **Council Tax Reduction Scheme.** Members have recently approved the new scheme for 2016/17. We will continue to monitor the financial impact on the Council. The key risks on this item remain as last year – on the level of take-up. To date we are managing this within approved budgets, but it is something that we monitor very closely.
- 13.5 **Housing Benefits / Subsidy.** We expect the administration grant we receive from Government to support this function to further reduce in 2016/17 and have budgeted appropriately. We expect the responsibility for funding this to shift to local authorities in future years (linked to the 100% retention of NDR), and will monitor any consultations on this closely.
- 13.6 Subsidy budgets are very difficult to estimate due to the fluctuating volume of claims received and the different levels of subsidy payable of types of claimant error. The total benefit subsidy budget is approximately £14.1m – and therefore small fluctuations in this budget

can have a big impact on the budget of the Council. Systems are in place to ensure this is monitored on a monthly basis. In addition assumptions on the level of subsidy payable on Local Authority overpayments are at a prudent level.

- 13.7 **Impact of Economic Changes** – the Council’s budgets reflect our best estimates of the impact of current economic conditions. This is an issue we need to monitor continually through the budget monitoring process – particularly on income streams from car parking, land charges, building control and development control, and expenditure on issues such as homelessness.
- 13.8 **Hinkley Point C** – the Council continues to work with Government and EDF on the development of Hinkley Point C. Arrangements are in place to govern all key financial decisions on this project and robust monitoring arrangements are in place. The Council continues to deliver the support work using temporary staffing arrangements funded via the s106 agreement. We need to review and adjust our financial monitoring arrangements continually as the project progresses.
- 13.9 **Asset Management** – The Council is currently undertaking compliance and condition survey works. This essential work will help inform the needs of the service to ensure assets are in an appropriate condition and that legal requirements and standards are adhered to. This will help clarify future maintenance and investment needs which will be built into the MTFP. The size of the potential financial liability is as yet unclear, but Members should bear this in mind when allocating resources and levels of reserves.
- 13.10 **New Homes Bonus (NHB) Forecasts** – The Council has historically used 100% of New Homes Bonus funding to support the revenue budget. The ambition to reduce reliance on this source of funding had not progressed in the 16/17 draft budget proposal. This remains a challenge for the future.
- 13.11 **Joint Management & Shared Services** – The budget has been prepared based on the JMASS Business Case approved in 2013, and the latest information on the potential costs and savings across the two Councils.
- 13.12 **Overall Funding & Capacity Risk** – the level of Government revenue grant has reduced again for 2016/17. The Council has reduced in size considerably over the last 5 years, and this brings risk in terms of capacity (to deliver new savings ideas and to deliver significant service change). The JMASS project has brought some stability to this risk in the current year and 2016/17, but difficult choices will need to be made beyond that. Investment in our “transformation” agenda will be key to ensuring this risk is further mitigated.

- 13.13 Finally, the Council must continue to monitor the impact of the Welfare Reform agenda on our community and the resultant demand for service and support, particularly as the Government move towards implementing Universal Credit.

14. ADEQUACY OF RESERVES

- 14.1 With the existing statutory and regulatory framework, it is my responsibility as s151 Officer to advise the Council about the adequacy of the Council's reserves position.
- 14.2 All reserves are reviewed at least annually and my formal opinion updated during the budget setting process each year. A full review of the level of General Fund Reserves has been carried out and a recommendation is made in the budget report to increase the Minimum General Fund Reserve Level to £600k. The evidence to support this change is set out in Appendix D.
- 14.3 Due to the major impact of the Hinkley B appeal we carried out a review of earmarked reserves earlier than normal during 2015/16 – and returned a total of £0.156m from earmarked reserves to the General Fund Reserve.
- 14.4 The Cabinet's draft budget for 2016/17 does not rely on the use of General Fund Reserves.
- 14.5 My opinion is given in the knowledge that known risks (strategic, operational and financial) are managed and mitigated appropriately in line with the Council's policies and strategies. The headlines of my findings on each key reserve are set out in the remainder of section 14 below. My conclusions / opinion is set out in section 15.

General Fund Reserve

- 14.6 The predicted General Fund Reserve position is set out in section 13 of the main report. The predicted balance on this reserve, having set the 2016/17 budget is £0.874m. Although above the minimum acceptable level of reserve, there are several significant financial risks facing the council.
- 14.7 The level of reserve is adequate however the Council is carrying a very significant risk in terms of the need to reduce expenditure. It is essential that cost reductions are planned in 2016/17 for delivery in 2017/18 and beyond as the Council will be operating with minimum levels of reserves to fund any cost pressures or non-delivery of savings or income budgets.
- 14.9 The future viability of the Council is in question over the medium term, and the transformation business case work will support Members in their difficult challenge ahead.

Earmarked Reserves

- 14.10 At 1 April 2016, the Council expects to have in the region of £1.5m in specific earmarked reserves. The main earmarked reserves include the following:
- Business Rates Smoothing Reserve £0.6m
 - JMASS Reserve £0.5m
- 14.11 Given the uncertainty on business rates and the new risks emerging, my advice would be to keep bolstering the Business Rates Smoothing Reserve to protect any impact on services to the community.

15. CONCLUSION

- 15.1 Based on all the information above, I am able to confirm that I believe the Council's reserves to be adequate, and the Cabinet's draft budget proposals for 2016/17 to be sufficiently robust.
- 15.2 Whilst the budget for 2016/17 is balanced with clear savings plans in place, the medium term financial plan shows that we have a gap of £0.218m for 2017/18, which rises to over £1m by 2019/20. On a base budget of only £5m, with very little discretionary spend, it is questionable whether achieving this level of saving is actually possible.
- 15.3 The work underway on the transformation business cases will clarify whether the Council is viable beyond 2017/18 and will articulate the choices therefore available to the Council.
- 15.4 The conclusion in my statement last year was that we needed to take action if we were to achieve financial sustainability. It is disappointing that despite our good progress, the impact of the appeal on Hinkley B has potentially derailed this. The financial viability of the Council over the medium term is now in question.
- 15.5 My clear message to Councillors now is around the uncertainty of the financial viability of the Council in the medium term. With a limited budget base, limited reserves, and a history of services operating to a very lean position this challenge is significant.
- 15.6 The financial viability will be the subject of further reports over the coming months as we get clarity on the transformation business cases. This will confirm whether sufficient savings / income can be delivered through transformation (and whether the Council can afford the investment needed). Should this not be the case then formal action will need to be taken to protect the community.

15.7 Whatever the future holds – the scale of change ahead is significant.

Shirlene Adam
Director – Operations (s151 Officer)
February 2016

WEST SOMERSET COUNCIL - 2016/17 SERVICE / BUDGET OPTIONS

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£							
INITIAL SAVINGS NON-CONFIDENTIAL													
RS	Chilcott	ICT Annual Maintenance and Support	Remove the "unspecified web enhancements" element of the budget	5,000			5,000	This means that we won't be able to develop the existing website to work with mobile devices and will need to look to the Transformation funding to fund web development. Reduces opportunity to improve accessibility prior to transformation.	Risks increased customer dissatisfaction in the short term and reduces the scope for self-service. Risks losing the SOCATIM 3 star rating for the website.	Med	Med	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Annual Customer Satisfaction Survey	Cease to undertake the survey which saves external production, packing & postage costs	1,500			1,500	There is no statutory requirement to issue a survey, although this is a key indicator for JMASS Phase 1. (Note: Of the 18,000 surveys issued last year, 785 responses were received)	Reduces level of assurance regarding public opinion of service delivery and the Council's ability to benchmark	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA. It is noted however that this option reduces understanding of the perceptions of different groups within our community.
RS	Chilcott	IT Infrastructure	Predicted underspend that we judge can safely be removed from the budget.	4,000			4,000	Predicted underspend with no service impact.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Communication lines	Cancel link between Minehead depot and Contact Centre office as no longer required	5,000			5,000	No service impact.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
IT	Mills	Marketing the area through culture	Remove Grant to Artlife	6,000			6,000	Reduction will remove the provision for culture and creative industries in West Somerset. This will reduce the ability to deliver the outputs currently within the SLA.	Reputational risk through removing general fund support for arts and culture. Support is provided for bids to other funding sources.	Med	Low	High	See impact assessment provided with report - Appendix E
BL	Chilcott	Legal Services	Realignment of SHAPE legal partnership costs to reflect current demand and costs	2,800			2,800	No impact on service delivery - budget will more accurately reflect confirmed costs of the partnership arrangement.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
AG	Morgan/ Chilcott	Contribution from HPC funds to corporate costs	Sustainable contribution from HPC S106 towards the corporate costs of the Council employing and managing staff	50,000			50,000	The contribution reflects the resources needed to deliver the activities required and funded, and is dependent upon the Final Investment Decision by EDF to proceed with Hinkley C.	That EDF make their FID by end of 2015 and Transition to the DCO in early 2016 (which is when all future payments are paid / are locked into a firm timetable for payment (i.e. first anniversary of Transition, second anniversary of Transition, etc.))	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Debt collection enforcement agent fees	3,500			3,500	Budget reduced to reflect current need. Leaves £500 for extreme cases where collection agents needed for corporate debts and costs not funded by debtors.	No significant risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Insurances	1,600			1,600	Insurance costs recharged to tenants of council properties, not currently reflected in the budget. Can be incorporated subject to any future asset changes.	There is a risk of bad debt, which is considered to be low.	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Interest costs	2,000		(2,000)	0	Based on current borrowing requirements and interest rates, it is feasible to reduce the interest budget for two years. Total budget will be £13,000 in 2016/17 and 2017/18.	Interest rate and cash flow volatility, and/or council decisions to incur additional capital borrowing could put pressure on budget	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
SL	Westcott	Voluntary and Community Grants	Home Start West Somerset - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix F
SL	Westcott	Voluntary and Community Grants	Engage West Somerset - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix G
SL	Westcott	Voluntary and Community Grants	CLOWNS - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix H

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£							
SL	Westcott	Voluntary and Community Grants	Exmoor Lengthsman - Removal of grant funding	2,000			2,000	The contribution towards the Lengthsman would be removed in full due to the Council's affordability challenge. It is recognised that the grant helps to fund a highly valued service.	No material risks identified	Med	Med	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
CH	Mills	Removal of the Dulverton car parks lease	Bring back the Dulverton car parks under WSC control, with WSC benefiting from the parking income	10,000	0		10,000	Cease the current lease arrangements with DTC with WSC taking back the income from pay and display, and parking fines.	DTC will lose a funding stream that they currently have from the parking income	Low	Med	High	See impact assessment provided with report - Appendix I
CH	Dewdney	Increase the toilet charge from 20p to 50p	Increase to the pay on entry charge for the currently chargeable public toilets	6,500			6,500	Some one off costs associated with changing the coin devices	If the charge is increased too much there is a risk that existing income may diminish, it may also make the stored cash a target for theft	Low	Low	Med	See impact assessment provided with report - Appendix M
CH	Dewdney	Removal of the emergency sandbag response	Cease to provide sandbags and provide no further support to communities who hold their own	2,000			2,000	This budget supports the flooding response to communities and the sandbag service, the proposal here is to remove the entire budget	businesses and householders may not make adequate preparations following the council's decision to cease this provision leading to less protection within our communities	Med	Med	High	See impact assessment provided with report - Appendix N
RS	Chilcott	Stationery & Printing	Predicted underspend. In-year saving of £4k for 2015/16	5,000			5,000	Predicted underspend with no service impact	Possible risk that the underspend doesn't materialise	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Water Coolers	Remove the water coolers	1,000			1,000	Water will no longer be provided on all floors & in the meeting rooms, but will be available from the mains supply in the canteen area.	Potentially increases the risk of accidents/slippages resulting from staff carrying water up the stairs.	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	IT Photocopying	Current printer contract expires end Sept 2016. £7,500 saving is based on reducing the number of printers from 9 to 6 (5 at WSH plus 1 at the Minehead Office) from 1/10/16.	3,750	3,750		7,500	No service impact. Saving results from implementing a new contract & removing un-used printers	None	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
IT	Mills	Business Support	Recall loans funding from Fredericks Foundation - one off saving in 2016/17	15,000	(15,000)		0	Reduction will affect availability of loans for micro businesses, however demand is currently below funding available in the loans pot.	The loan pot totals £ 27,000.	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA. The reduction in loan pot size should not have a major effect as based on current loan takeup sufficient monies will remain. No protected characteristics should therefore be affected.
IT	Mills	Economic Development	Removal of WSC General Fund contribution to economic development through JMASS phase two transformation	35,000			35,000	This would remove the financial contribution that WSC makes through it's general fund to Economic Development. The monies are dedicated to West Somerset baseline economic projects. This would undoubtedly effect the delivery of the council's emerging priorities. This removal would lead into a need to restructure the tasks delivered in support of the Economic Delivery priorities.	The risk associated with the removal of this funding affects tasks relating to baseline West Somerset economy simply put these could not be resourced. In risk terms this will mean ceasing activity although alternative options may be available through JMASS phase 2.	High	High	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
BL	Chilcott	Legal Services	10% reduction in West Somerset contribution to the Partnership in 2016/17	11,800	(11,800)		0	No intention to reduce the level of legal service available to the council (so no implications to the council as a customer of the service).	None- these have been mitigated by the saving only being guaranteed for one year to check on any operational implications	None	None	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
SL	Turner	Temporary Accommodation	Reduced temporary accommodation cost through ending lease agreements on two properties and replace with suitable accommodation that can be let and funded through income	6,000			6,000	Based on demand, we believe there should be no impact on ability to house people requiring temporary accommodation. The Business Case is based on better use of assets	We will continue to monitor demand and balance this with supply in the private rented sector and our leased accommodation	Low	Low	High	Not Applicable. Service standards will be maintained, but delivered more cost-effectively.
RS	Chilcott	E-consultations	Replace existing e-consultations system for lower cost option (e.g survey monkey). Expectation that new website/CRM system will have this capability built in but won't be available until new systems in place.	4,400			4,400	The e-consultations function is quite widely used. We currently have 5 open surveys (covering Customer Feedback, Planning Customer Satisfaction, Revs & Bens Customer Satisfaction, Benefits Visiting Service Customer Survey and Building Control Customer Satisfaction) and a total of 1,698 people registered on the site. However, there are alternative options and research indicates that we could purchase a lower cost alternative and reduce the budget from £5,400 to £1,000.	Only low risks associated with a change in business process.	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£	£						
TB	Dewdney	Reduction of funding support to Quantock Hills AONB service	Quantock Hills AONB	4,000			4,000	The proposal is to reduce the contribution to the Quantock Hills AONB from £5k to £1k. This is in reality a reduction for them of £16,000 because of the 3:1 nature of Defra grant based on LA contributions. The proposal may bring challenge as to whether the Council is fulfilling responsibilities under the Localism Act's duty to co-operate with neighbouring councils and other statutory bodies, whilst also failing to meet the duty of regard for AONB purposes imposed on Local Authorities by the CRoW Act 2000, however maintaining funding at £1000 aims to mitigate this risk	The concerns raised could in theory lead to a legal challenge of this decision. There is also a reputational risk in light of SCC's previous proposal to cut funding and WSC's vociferous opposition to it.	High	High	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
CH	Dewdney	Public Conveniences	Seek to transfer ownership and/or management of public conveniences facilities to other organisations by April 2017, thus ceasing the cost liability of the Council.	0	107,000		107,000	Transfer of toilets would see another organisation take on the running responsibilities and financial liabilities. There is likely to be a need for one off funding in order to achieve the transfer. Any remaining facilities not transferred or managed by another organisation by April 2017 will be closed with plans to dispose surplus assets.	Experience has shown this to be a very emotive service area and not always easy to extract the savings that are intended. WSC will remain responsible for the buildings until such time as they are handed over, sold or demolished. This option will have a cost implication to implement - to be determined.	High	Med	Med	See impact assessment provided with report - App O
SL	Westcott	Voluntary and Community Grants	West Somerset Advice Bureau	3,800			3,800	The WSAB are confident of being able to continue with a saving at this level, but would result in a reduced number of hours of debt worker provision.	There is a risk that this will lead to reduced Ctax collection and increased demand on the Revs and Bens service and on the Housing Options service. WSAB are also considering a CIM fund bid.	Med	Med	High	See impact assessment provided with report - Confidential App P
SUB-TOTAL INITIAL SAVINGS OPTIONS - NON-CONFIDENTIAL				197,650	83,950	(2,000)	279,600						
SUB-TOTAL INITIAL SAVINGS OPTIONS - NON-CONFIDENTIAL - CUMULATIVE				197,650	281,600	279,600							

Annual Minimum Revenue Provision (MRP) Statement 2015/16 and 2016/17

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP) although there has been no statutory minimum set aside since 2008. The Local Government act 2003 requires the Council to have regard to the Department for Communities and Local Government Guidance on Minimum Revenue Provision (the DCLG guidance most recently issued in 2012).
2. The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The CLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. Amendment regulation 4(1) of the 2008 Capital Financing and Accounting Regulations which details the MRP rules, revised the former regulations and replaced them with a basic duty for a council each year to make an amount of MRP which it considers to be “**prudent**”. The regulation does not in itself define “prudent provision”, however, the MRP guidance makes recommendations to authorities on the interpretation of that term.
4. The MRP methodology has been reviewed this year to ensure that our approach is appropriate for our financial stability and is robust and prudent for future capital expenditure.
5. A number of options were considered and the most appropriate is that of the Equal Instalment Method whereby MRP is linked to weighted asset life. This has meant for West Somerset Council that the repayments have been extended to a 39.38 year period.
6. On balance the weighted average useful life approach appears to be a prudent approach and takes into consideration the materiality of each asset and its recorded remaining useful life. The weighted average is then applied to the class of asset then applied across the whole fixed asset base. This should give a robust basis to support the asset life applied to MRP calculations and be appropriate for audit scrutiny.
7. In forthcoming years this base calculation will stay the same but any additional CFR will be calculated separately and added to the MRP as a distinct calculation thus protecting the original calculation and adding to it where appropriate.

Appendix C

Option 3 (a)	Asset Life Method with Equal Instalments
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Phase One

Using Option 3(a) of the CIPFA guidance	This assumes that the cap receipt of £1.7m is NOT set aside in 16/17, but that the MRP calculation methodology is changed.
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	2015/16	2016/17	2017/18	Subtotal	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£	£	£
Current MTFP Budget for MRP	-225,300	-216,300	-139,600	-581,200	-134,100	-128,700	-123,500	-120,900
Option 3 Proposed Payment of MRP	-143,100	-143,100	-143,100	-429,300	-143,100	-143,100	-143,100	-143,100
Revenue Saving (-)	-82,200	-73,200	3,500	-151,900	9,000	14,400	19,600	22,200
Capital receipt set aside								

Phase Two

Using Option 3(a) of the CIPFA guidance	This assumes that the cap receipt of £1.7m is NOT set aside in 16/17, the MRP calculation methodology is changed but that surplus receipts are used to mitigate a 3-year "MRP holiday" and are set aside annually
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	2015/16	2016/17	2017/18	Subtotal	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£	£	£
Revised MRP requirement per Phase 1	-143,100	-143,100	-143,100		-143,100	-143,100	-143,100	-143,100
MRP holiday for first 3 years					-143,100	-143,100	-143,100	-143,100
Revenue Saving (-)	-143,100	-143,100	-143,100	-429,300	0	0	0	0
Capital receipt set aside	-143,100	-143,100	-143,100	-429,300				

Saving for both Phases	-225,300	-216,300	-139,600	-581,200
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What does this mean for the term?

	Capital Financing Requirement	Years	
Existing methodology	5.633m	27	Based on budgeted repayments including principal repayment of £1.7m in 16/17
New methodology	5.633m	39.38	Based on repayments of £143,100

Minimum Level of General Reserves

1. BACKGROUND INFORMATION

- 1.1 It is particularly pertinent when there are significant challenges to councils' budgets and when Central Government funding is falling at an exceptional rate, to consider how this risk is being mitigated and how exposed the Council is to adhoc events, risks and pressures.
- 1.2 With this in mind, the s151 Officer requested a review of reserves and for the minimum acceptable level of General Reserves to be challenged to establish whether it is appropriate and to benchmark against other councils to see how we compare and whether we are over exposed to risk.

2. APPROACH AND METHODOLOGY

- 2.1 Reserves are reviewed by this Council on an annual basis to give assurance that they are appropriate and adequate. Due to the constraints on the Council's budget it is not possible to mitigate against every eventuality and it would be imprudent to set aside funds simply as a percentage of net expenditure or "just in case". With the challenges associated with setting a balanced budget for West Somerset, earmarking reserves is an important exercise and each year a review is done to challenge the levels and intended use of these reserves. In some cases, earmarked reserves are deemed to be no longer required/too high and are returned to general reserves.
- 2.2 In order to arrive at an appropriate level, various publications were reviewed and the Council was benchmarked against its nearest neighbours in terms of size, demography, NDR value per head etc*:
- LAAP Bulletin 99 Local Authority Reserves and Balances
 - CIPFA Stats Nearest Neighbours Model*
 - Audit Commission "Striking a Balance" Questionnaire
 - CIPFA Delivering Good Governance in Local Government

3. MITIGATING RISK – GENERAL RESERVES

- 3.1 The CIPFA LAAP Bulletin says "When reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes":
- A working balance to help cushion the impact of uneven cashflows and avoid unnecessary temporary borrowing – this forms part of general reserves
 - A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves
 - A means of building up funds to meet known or predicted requirements – via earmarked reserves (legally part of the General Fund)

- 3.2 As part of the review of the adequacy of the general reserves balance it is prudent to consider the particular risks that the Council faces and how these are mitigated by earmarked reserves and other mechanisms.
- 3.3 There are a number of general risks which are relevant to all or most councils and for the most part are mitigated with a robust approach to budget setting in the MTFP. These include inflation and interest rates; the timing of capital receipts; demand led pressures; the delivery of efficiency savings; the availability of Government grants and general funding; and the general financial climate. These risks are considered at every stage of the budget setting process and the experience of the s151 and senior finance officers will be fundamental in identifying and addressing the pressures relating to these risks.
- 3.4 An indicator of the risks particular to the Council is the Risk Register. This captures those risks which need to be managed and monitored as they can potentially have a very detrimental effect on the financial or reputational standing of the Council. We have therefore used the Council's risk register as the starting point for the risk matrix.

4. QUANTIFYING THE FINANCIAL RISK

- 4.1 The risk-based assessment gave a range of appropriate "minimum" general reserves levels as £507k to £769k. With consideration to the challenging situation the Council finds itself in it may be prudent to recommend the higher level but with the challenges of budget setting an average level is more practicable with the caveat that this may not mitigate all risks. The average from the analysis is £638,688.

5. STRIKING A BALANCE QUESTIONNAIRE

- 5.1 The Audit Commission's questionnaire is a good aide memoire to highlight the areas a Council should consider when assessing the minimum level of reserves. It also draws on benchmarking to establish how other councils mitigate their risks. This questionnaire and the CIPFA stats Nearest Neighbour Model were used to benchmark against 15 other councils which have similar attributes. The average minimum level of general reserves for the 13 councils for which budget levels were available, was 12.72% as opposed to the 9.88% that West Somerset Council currently holds.

6. CONCLUSION AND NEXT STEPS

- 6.1 The risk assessment and Audit Commission questionnaire are useful tools in establishing West Somerset's minimum level of general reserves. This must be caveated with the assertion that if the Council relies on reserves to address a budget gap it will be immediately exposed to a heightened risk if it does not remain above the minimum level.
- 6.2 **With reference to the analysis that has been undertaken and with attention to the risks that the Council faces and its limited ability to mitigate risk, a recommendation is made to increase the minimum level of reserves to £600k.**

Equality Impact Assessment

Responsible person	Ian Timms	Job Title Assistant Director Business Development
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Termination of service	
	Budget/Financial decision	Removal of core grant aid of £6000
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	MTFP Proposal for WSC 2016/17 to remove core grant	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<p>In 15/16 provision of the £6000 grant enabled Art life to provide a core arts development service to support voluntary and community organisations within the cultural sector in West Somerset. This proposal would remove that funding to deliver a £6000 general fund budget reduction. This would therefore remove any residual general fund monies to support Arts and Culture in West Somerset.</p> <p>The core grant investment from WSC provided for a one day per week Coordinator post to deliver the arts service. This is attached at the end of this Assessment.</p> <p>ARTlife complimented this by employing the Coordinator for a total of two days per week during 2015-16. This two days a week was targeted at developing the service</p> <p>In addition to the Coordinator’s time, ARTlife raised additional funds delivering a range of projects and initiatives.</p> <p>The proposed policy will remove the Core grant element.</p>	
Which protected groups are targeted by the policy?	<p>The Service Level Agreement targeted four key groups. These groups will therefore be most likely to be affected by the proposal.</p> <ul style="list-style-type: none"> ▪ Young people and children ▪ Older people 	

	<ul style="list-style-type: none"> ▪ Disabled people ▪ People suffering an economic disadvantage 								
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p>	<p>Discussion with 2 board members and Artlife coordinator.</p> <p>Review of Core service delivery. Evidence from reports provided by Artlife on service provision. Knowledge from partnership work on landscape art project for Hinkley Point. Artlife reports to scrutiny in past few years.</p> <p>Knowledge of rurality in West Somerset.</p>								
<p>Section two – Conclusion drawn about the impact of change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>									
<p>The removal of funding will terminate the current arrangements to provide core funding to Artlife impacting support for the cultural sector in West Somerset.</p> <p>The impacts will be felt on Rural isolation due to the sparsity of the population. The cut will in all likelihood lead to reduced opportunities for cultural gatherings which are aids to the community gathering. This is likely therefore to affect individuals who are less mobile or elderly. This would be negative for the protected characteristics relating to older people and disabled people.</p> <p>The reduction will mean that there will be no professional support to the community and voluntary arts sector as Artlife will be unable to continue the employment of the coordinator. This will therefore, it is likely this will lead to fewer successful funding bids / successful events - also losing 15 years of knowledge and experience.</p>									
<p>I have concluded that there is/should be:</p> <table border="1" data-bbox="208 1093 1906 1332"> <tr> <td data-bbox="208 1093 878 1177">No major change - no adverse equality impact identified</td> <td data-bbox="878 1093 1906 1177"></td> </tr> <tr> <td data-bbox="208 1177 878 1220">Adjust the policy</td> <td data-bbox="878 1177 1906 1220"></td> </tr> <tr> <td data-bbox="208 1220 878 1264">Continue with the policy of removing the funding</td> <td data-bbox="878 1220 1906 1264" style="text-align: center;">✓</td> </tr> <tr> <td data-bbox="208 1264 878 1332">Stop and remove the policy</td> <td data-bbox="878 1264 1906 1332"></td> </tr> </table>		No major change - no adverse equality impact identified		Adjust the policy		Continue with the policy of removing the funding	✓	Stop and remove the policy	
No major change - no adverse equality impact identified									
Adjust the policy									
Continue with the policy of removing the funding	✓								
Stop and remove the policy									

<p>Reasons and documentation to support conclusions:</p> <p>Whilst clearly there will be impacts on the community there are possibilities for other sources of funding to be utilised for delivery of the core service. The impacts are likely to be relatively diffuse though and will broadly speaking impact rurality issues.</p> <p>The Arts service provision is not statutory although it does add to the economic prosperity of the area through creation of wider cultural activities.</p> <p>On consideration of the impacts as they are not easily quantifiable combined with the fact that funding may be able to be sourced from other providers the conclusion is that the funding must be removed.</p>	
<p>Section four – Implementation – timescale for implementation</p>	
<p>Discussion held with Art life board members and coordinator on 11th November to discuss cut proposal.</p> <p>Proposal to be reviewed after 17th December Scrutiny meeting. Further discussions if required.</p> <p>Cut to be applied from 1st April 2016.</p>	
<p>Section Five – Sign off</p>	
<p>Responsible officer Ian Timms Date 30.11.15</p>	<p>Management Team Ian Timms Date 02.12.15</p>
<p>Section six – Publication and monitoring</p>	
<p>Published on 10/12/15</p>	
<p>Next review date N/A</p>	

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table					
Service area			Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions
The removal of funding reduction will sever the direct funding link to WSC that has existed over a period of years Artlife will need to make alternate arrangements to deliver the service	Remove Core grant from Revenue Budget.	Ian Timms	31 st March 2016	If removed no further monitoring will be necessary	Hope to assist Artlife to secure funding from non - council funded sources
	Explore other funding routes with Artlife	Ian Timms	31 st March 2016	Will be carried out on ad hoc basis	May assist in retention of service and some arts provision to support economy
	Retain "in kind" desk space, existing phone number and storage space agencies to enable smooth transition.	Ian Timms	31 st March 2017		Artlife will be able to transit effectively to new arrangements

3. CORE SERVICE AIMS

3.1 To increase opportunities for residents and visitors to participate in and enjoy the arts

3.1.1 To provide an advice and information service

ARTlife will provide an advice and information service to the general public and special interest groups and individuals as and when requested. This service could include:

- information on cultural events and opportunities in West Somerset when requested
- information on a wide range of cultural funding opportunities
- information on ARTlife's own management and decision making processes and how to participate in these
- additional information and advice on a range of issues relevant to cultural work e.g. disability access, public art development, marketing.

The advice and information service will be made available through:

- the ARTlife web site and partner websites including creativesomerset.com
- telephone based advice and information and individual surgeries

3.2 To ensure that the cultural needs of West Somerset are understood and acted on by other agencies

3.2.1 Liaison with West Somerset Council

ARTlife will make its expertise available to the Officers and Members of West Somerset Council to inform them of its work. It will also use this expertise to play a role in both general corporate planning and relevant specific areas of service, in particular economic regeneration and tourism. It will do this through:

- briefing Members as appropriate, in their roles as advocates for West Somerset
- attendance at appropriate Officers' meetings
- producing regular monitoring/financial reports
- producing an Annual Report
- developing appropriate new partnership projects related to regeneration initiatives

3.2.2 Liaison with external agencies

ARTlife will liaise with external agencies such as Arts Council England South West and other relevant groups to maintain the profile of ARTlife and to represent and advocate on behalf of the cultural sector in West Somerset.

It will also create opportunities for joint planning, arts development and funding by:

- attending appropriate meetings
- ensuring it receives up to date information on cultural issues and opportunities
- sharing in the development of cross-boundary joint strategies and projects which enhance ARTlife's own strategic objectives, in partnership with West Somerset Council personnel

3.3 To foster and develop the principles of the West Somerset Arts Consortium

3.3.1 To encourage member organisations to adopt the policies and philosophies of ARTlife in the management of their own organisations

- By adopting appropriate equalities policies
- By supporting the value of collaborative working

3.3.2 To promote the consortium structure of ARTlife as a model of good practice

- To other West Somerset agencies
- To county, regional and national agencies
- To arts and non-arts groups

West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Reduction in overall grants budget

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

Home Start West Somerset is a visiting support service for vulnerable families with at least one child under 7. Trained volunteers offer practical and emotional support via outreach services in West Somerset through weekly 2/3 hour home visits. They also link families to other specialist services such as Sure Start, West Somerset Advice Bureau. MIND, CLOWNS. The families supported are affected by low income, disability, isolation, ill-health (mental and physical), bereavement, disability, housing problems and debt. Home Start West Somerset was established in 2002.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

- Overall reduction of grant budget by 1st April 2016.
- Reduction in grant funding.

Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

- Study of agreement
- AGM & report
- Home-Start response to notification of cuts
- Home-Start website
- Commentary in discussion with Home-Start

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the 'protected characteristics' in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Protected Group	Findings – Highlight potential negative impact or missed opportunities for promoting equality
Disability (includes mental health, physical & sensory)	Clients suffering from physical disabilities and/or mental health issues including depression.
Pregnancy and maternity	Prejudice / domestic violence advice and support.

Non-statutory

Socio-economic (low income individuals & families)	Many users of the service are from low income families.
Rural Isolation	West Somerset is a rural district with poor transport networks- the Homestart outreach service helps to alleviate this.
Social isolation	Single parents, first time parents and younger parents are often socially isolated from peers.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
Support Home-Start to source additional funders and potential for partnership working with other organisations	Home-Start are a stronger organisation through joint project initiatives which have been externally funded.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan specifying responsible officer and timeline.

Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All completed EIAs are available on the WSC website

Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	
Date:	

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): Budget Update and Initial Options 2016/17

<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report: Scrutiny Committee

Outcome from report being considered

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West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Overall savings in grants budget.

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

Engage offers support and development services to VCS groups in West Somerset (23% of CD worker's contract.) Manages and develops the West Somerset Voluntary Sector Forum. Financial support received from WSC provides substantial leverage to other funding.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

- Need to reduce overall grant budget by 1st April 2016.

Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

Commentary with Engage during monitoring discussions. Study of agreement AGM & report Business Plan Response to notification of potential cuts Website Partnership outcomes

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the ‘protected characteristics’ in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Many of the organizations using the services of Engage, support people within the protected groups. Therefore any reduction or decline in the work of Engage could potentially have a “knock – on” affect of people with protected characteristics.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
Support Engage in identifying additional sources of funding. Explore areas where partnership working could pool resources and secure joint funding.	Engage will not be limited to local authorities for its funding. Engage will achieve partnership working which will enhance future funding possibilities.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan identifying responsible officer and timeline.

Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All completed EIAs are published on the WSC website.

Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	Angela Summers
Date:	4/11/15

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): **Budget Update and Initial Options 2016/17**

<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report e.g. Scrutiny Committee

Outcome from report being considered

West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Reduction of funding in order to make overall savings in grants budget.

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

CLOWNS provides recreational and educational, physical activities and healthy living learning for pre-school children and their families. Families gain skills in areas such as numeracy, literacy and communication through participation in educational and physical activities and access information on further learning opportunities.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

<ul style="list-style-type: none"> • Need to reduce overall grant budget by 1st April 2016. • Reduce grant funding in 2016/17
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Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

Commentary with CLOWNS Study of agreement AGM & report Response to notification of cuts Website

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the 'protected characteristics' in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Protected Group	Findings – Highlight potential negative impact or missed opportunities for promoting equality
Disability (includes mental health, physical & sensory)	Children with special physical and/or mental needs are supported to learn and play alongside more able children and families thus enabling integration.
Race (includes ethnic origins, colour and nationality)	There has been a noted increase in migrant workers seeking services. The impact of the Hinkley Point development may see a further increase in people from migratory populations in future years and CLOWNS helps to support migratory families and the service helps mitigate negative effects of development.

Non-statutory

Socio-economic (low income individuals & families)	Many users of the service are from low income families.
Rural Isolation	West Somerset is a rural district with poor transport networks; for many families in West Somerset, CLOWNS is the only accessible offer of its kind for isolated communities.
Carers	Carers of children who are physically and/or mentally disabled and those with additional needs.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
We will work with CLOWNS in seeking partnership projects/funding to improve their resilience	A more robust organisation which is much more resilient to future funding challenges.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan identifying responsible officer and timeline.
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Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All assessments will be published on the WSC website.

Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	Angela Summers
Date:	4/11/15

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): **Budget Update and Initial Options 2016/17**
<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report: Scrutiny Committee

Outcome from report being considered

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Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Do not offer an extension on the Dulverton car park lease	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	Dulverton Town Council (DTC) have a lease arrangement from WSC to operate the car park, this proposal ceases that arrangement by not extending the lease.	
Which protected groups are targeted by the policy/decision/service?	No protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This proposal removes the existing inequality in one Town Council being able to raise revenue from parking charges. There are no proposals to change the pricing schedule, but it is considered that this will remove a funding stream from Dulverton Council. This equality impact assessment does not seek to advise		

what impacts this may have on the services previously supported by this funding stream. DTC will need to consider how these financial implications are managed

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	

Reasons and documentation to support conclusions

It is no longer considered acceptable for one Town Council to have the financial advantage of operating the car parks.

Section four – Implementation – timescale for implementation

April 2016

Section Five – Sign off

Responsible officer Tracey-Ann Biss

Date 30th Oct 2015

Management Team

Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Parking Permit charge changes	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	Whilst supporting the use of permits across the district this proposal seeks to reduce the current level of discount available to regular users of the car parks.	
Which protected groups are targeted by the policy/decision/service?	No Protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge, permit volumes	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
Permit charges will increase for all users of the service but the level of discount is still much greater than neighbouring authorities.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of discount currently offered through the permitting scheme.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingency Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Blue badge charging for WSC car parks	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To make use of the car parks chargeable to blue badge holders	
Which protected groups are targeted by the policy/decision/service?	All those who meet the criteria to hold a blue badge	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This proposal will mean that all users of the pay and display car parks will pay towards the cost of the service.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of service previously offered.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Pay and display parking charge change for summer tariffs.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	The purpose is to change driver behaviour during peak tourist times. This change will mean more drivers use the other carparks improving traffic flow through the more urbanised areas.	
Which protected groups are targeted by the policy/decision/service?	No protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge, occupancy data on car parking bays.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
Parking charges will increase for all groups and users.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council wished to influence driver behaviour and ensure traffic management through this option.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Increase the charge for public toilet assess in facilities that are already chargeable.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To increase the charge for access to the already chargeable public toilets from 20p to 50p	
Which protected groups are targeted by the policy/decision/service?	No specific groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge and income received.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This is a financial change only and does not impact on the availability of the facilities.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means there is a need for a greater contribution from the service users to support this service.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Remove the emergency sandbag provision	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To remove the responsive service and all provision of sandbags to the community in times of flooding	
Which protected groups are targeted by the policy/decision/service?	No Protected groups have been targeted through this proposal, but some groups will be impacted more than others. Those who are not physically able to collect sandbags from other outlets will be at a greater disadvantage.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge of service.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
No sandbag provision will be provided through West Somerset Council. In implimention this proposal WSC would offer its remaining stocks to the Town and Parish Councils to see if they would like to hold them for their communities. WSC would not replenish these stocks.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of discount currently offered through the permitting scheme.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Cease all financial responsibility for the operation of public toilets from 1st April 2017	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To cease the provision of this non statutory service by West Somerset Council	
Which protected groups are targeted by the policy/decision/service?	The young, the elderly, those with certain disabilities and those that require the use of toilets with little or no notice will be impacted more greatly.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
There will be no facilities provided by this Council. This may have further impacts for drug users and homeless sleepers as traditionally the toilet facilities are used for this purpose. These people may move into more public areas. There may be an increase in public urination as a result of this change.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions: The Council's financial position means there is not the funding to support this discretionary function.	
Section four – Implementation – timescale for implementation	
April 2017	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 8 th December 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Appendix F

Proposed Revenue Budget 2016/17**1. Council Spending - Budget Book**

The budget is presented in Service Plan format, to provide information on the resources allocated to each of the Corporate Priorities.

Budget Book 2016/17 - Cost Centre Level

Budget 2015/16	Cost Centre Description	Cost Centre Number	Budget 2016/17
£225	Member Services	4300	£254,410
£118,029	Legal	4302	£105,790
£55,160	Elections	4303	£57,140
-£22,794	Land Charges	4304	-£22,920
£307,652	CDC	4305	£137,960
£306,700	Human Resources	4306	£358,570
£41,200	Postages	4307	£41,200
£15,110	Information Team	4308	£9,450
£1,370	Corporate Director	4311	£1,370
£80,230	Executive Support Team	4312	£800
£230,625	Finance	4359	£241,395
£58,300	Internal Audit	4360	£58,300
£245,300	Investment & Interest	4361	-£2,000
£70,000	Insurance	4362	£68,400
£96,245	WSC - TDBC Project	4384	£88,880
£1,603,352			£1,398,745
£44,690	Economic Development	4322	-£9,800
£7,450	Tourism	4323	£1,450
-£57,380	Licensing	4338	-£23,600
£10,000	Housing Bed & Breakfast	4339	£10,000
£13,450	Housing Temporary Accommodation	4340	£7,450
£25,500	Housing Homelessness Admin	4341	£25,500
£202,620	Planning Policy	4342	£84,350
£121,380	Housing Staff	4343	£128,900
£37,710	Food Safety	4344	£7,300
£75,110	Environmental Health	4345	£95,130
£5,350	Environmental Health Staff	4346	£10,410
£600	GM Housing & Community	4347	£600
£117,545	Housing Benefit Administration	4349	£0
-£259,064	HB Rent Allowance	4350	-£38,600
£5,000	HB Non HRA Rent Rebate	4351	£8,300
£6,000	Benefits Staff	4352	-£23,570
£152,050	CT Collection	4353	-£44,340

-£80,950	NDR Administration	4355	-£80,950
£990	Revenues Staff	4356	£160,410
£42,905	Housing Private Sector Renewal	4368	£42,910
£43,570	Housing Enabling	4379	£44,270
£0	Dog Wardens	4429	£20,050
£514,526			£426,170
£99,040	Design and Print	4301	£91,990
£163,430	Customer Services	4309	£162,660
-£19,335	Roughmoor Depot	4313	-£19,100
-£12,922	Estates - Assets	4314	£37,080
-£61,960	Roughmoor Enterprise Centre	4315	-£61,960
£61,680	Estates	4316	£61,940
£74,586	West Somerset House	4317	£59,160
£31,060	Contact Centre	4318	£19,160
£15,200	Coast Protection	4319	£15,200
£8,590	Flood Defence	4320	£6,590
£4,820	VIIC	4321	£4,890
-£136,540	Development Control	4324	-£9,710
£25,020	Building Control	4325	£64,120
-£410,725	Parking - Off Street	4326	-£459,720
£91,532	Parking Staff	4327	£96,670
£130,510	Public Conveniences	4330	£119,540
£197,372	Open Spaces	4331	£179,380
£1,088,880	Waste	4332	£1,062,500
£460,360	Street Cleansing	4333	£440,360
£640	GM Environment & Services	4334	£640
£1,400	Community Development	4335	£18,520
£18,854	Community Safety	4336	£16,830
£47,000	Community Links	4337	£39,200
£308,800	IT	4357	£306,080
£64,000	Telephones	4358	£64,000
£39,206	Brunel Way Depot	4374	£34,210
£11,902	Watchet Harbour	4375	£24,900
-£7,300	Barnsclose Units	4376	-£7,300
£895	Minehead Harbour	4378	£13,900
£0	Growth Delivery	4410	£1,210
£2,295,995			£2,382,940
£68,860	Chief Executive	4392	£70,160
£40,070	Asst Chief Executive	4393	£41,080
£21,610	Director – Operations	4394	£22,060
£15,110	AD – Corp Services	4395	£15,510
£37,790	AD – Resources	4396	£38,790
£15,110	AD – Operational Delivery	4397	£13,630

£10,150	Director – Housing and Communities	4398	£10,380
£15,130	AD – Housing and Communities	4399	£15,510
£20,310	Director – Growth and Development	4401	£20,760
£15,110	AD – Planning and Environment	4402	£15,510
£15,110	AD – Business Development	4403	£15,510
£7,570	AD – Property Development	4404	£7,750
£0	Nuclear Programme	4405	-£50,000
£8,300	Health and Safety	4414	£8,050
£15,010	Community Leisure	4415	£15,690
£28,840	Housing Partnership	2171	£29,350
£3,260	Business Support (Hsg)	4416	£3,530
£54,480	Business Support (Growth and Dev)	4412	£55,455
£25,430	Facilities Management	4413	£27,200
£13,660	Corp Strategy and Performance	4418	£13,840
£12,610	Corp Transformation Programme	4419	£12,980
£28,040	Comm and Client Services	4420	£12,360
0	Civil Contingencies	4427	£7,300
£471,560			£422,405
£4,885,433	Total Revenue Budget (Excludes Parishes)		£4,630,260
£76,633	Revenue Contribution to Capital Outlay		£0
-£149,928	Transfers to/from Useable Reserves		-£2,483,335
£4,812,138	NET BUDGET		£2,146,925
-£1,404,848	Retained Business Rates		-£1,420,937
-£880,491	Revenue Support Grant		-£550,320
0	Rural Services Delivery Grant		-£212,433
0	Council Tax Freeze Grant		0
-£571,015	New Homes Bonus		-£716,060
0	Collection Fund Deficit (BRR)		£2,729,063
-70,200	Collection Fund Surplus (Council Tax)		-13,800
£1,885,584	COUNCIL TAX REQUIREMENT		£1,962,438

SUMMARY OF EARMARKED RESERVES

Earmarked Reserve Account	Opening Balance 1 April 2015 £	Transfers 2015/16 £	Projected Balance 31 March 2016 £	Proposed Transfers 2016/17 £	Projected Balance 31 March 2017 £
Area Based Grant	84,384	-84,384	0		0
Community Safety	3,533		3,533		3,533
Land Charges	25,511		25,511		25,511
Tourism	12,107		12,107		12,107
Sustainability Reserve	57,698	-40,000	17,698	22,302	40,000
Minehead Events	396		396		396
DHP Reserve	44,861	-44,861	0		0
District Election Reserve	30,000		30,000		30,000
Water Bathing Signs	1,266		1,266		1,266
Other Election Reserve	23,663		23,663		23,663
Inspire	7,131		7,131		7,131
Transparency Code	2,588	-2,588	0		0
Exmoor at your Fingertips	1,780	-1,780	0		0
Minehead Town Centre Signage	500		500		500
Our Place	10,934		10,934		10,934
CCTV	1,565		1,565		1,565
Homelessness Prevention	43,620		43,620		43,620
Morrison's Footpath	6,000		6,000		6,000
JMASS Reserve	275,714		275,714	250,000	525,714
Watchet Harbour Dredging	13,200	-13,200	0		0
Customer Service Equipment Reserve	666	-666	0		0
Car Parking Reserve	15,767	-5,767	10,000		10,000
Environmental Health Reserve	3,718		3,718		3,718
Minehead Harbour Dredging Reserve	5,500	-5,500	0		0
Online DHP Reserve	5,375	-5,375	0		0
Compliance Works – Estates	26,736	-26,736	0		0

Earmarked Reserve Account	Opening Balance 1 April 2015 £	Transfers 2015/16 £	Projected Balance 31 March 2016 £	Proposed Transfers 2016/17 £	Projected Balance 31 March 2017 £
Strategic Housing Market Area Assessment Reserve	1,000	-1,000	0		0
Business Development Reserve	3,195		3,195		3,195
Planning Reserve	20,000	-20,000	0		0
Somerset Growth Board	957	-957	0		0
Dulverton Mill Leat	12,195		12,195		12,195
Hinkley Corporate Cost Reserve	50,000	-50,000	0		0
Revenues and Benefits Reserve	67,905	-7,903	60,002		60,002
Training Reserve	10,000	-10,000	0		0
Licensing Staff Reserve	10,000	-10,000	0		0
Finance Reserve	15,000		15,000		15,000
Community Right to Challenge	5,000		5,000		5,000
Assets of Community Value	10,000		10,000		10,000
Business Rates Retention Smoothing Account	2,930,156	250,072	3,180,228	-2,589,181	591,047
Planning Policy Reserve	61,725	-61,725	0		0
Planning Reserve				50,000	50,000
Totals	3,901,346	-142,370	3,758,976	-2,266,879	1,492,097

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Report Number: WSC 27/16
Presented by: Cllr Mandy Chilcott, Lead Member For Finance & Resources
Author of the Report: Sue Williamson
Contact Details:
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Report to a Meeting of: Council
To be Held on: 24th February 2016
Date Entered on Executive Forward Plan N/A
Or Agreement for Urgency Granted:

COUNCIL TAX SETTING 2016/17

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is for Council to approve the calculation and setting of the Council Tax for 2016/17.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 None directly in this report.

3. RECOMMENDATIONS

- 3.1 To approve the formal Council Tax Resolution as shown in Appendix A, B, and C to this report.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
The key risk is that the Council does not approve the council tax requirement in the correct format.	Possible (3)	Major (4)	Medium (12)
<i>The mitigation for this is that the Council uses the attached CIPFA format to approve the council tax requirement.</i>	Rare (1)	Major (4)	Low (4)

The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

5. BACKGROUND INFORMATION

- 5.1 Under changes to the Local Government Finance Act 1992 introduced through the Localism Act 2011, billing authorities are required to calculate a Council Tax Requirement for the year.

- 5.2 Somerset County Council is due to meet on 17th February 2016 to set their precept. For 2016/17 two additional elements of the Council Tax requirement have been introduced, the first following changes announced in the Chancellor's Spending Review in November 2015 which allows councils responsible for social care to raise an additional 2% from council tax. Secondly, the formation of the Somerset Rivers Authority in January 2015, as a response to the winter floods of 2013/14, has resulted in an additional one off precept in 2016/17 of 1.25%.
- 5.3 It is estimated that the Somerset County Council total Council Tax requirement will be £14,575,783.85, adjusted by a Collection Fund Surplus of £69,100. However, it should be noted that these figures are **provisional** and could be subject to change. This results in a total Band D Council Tax of £1,081.13 and details can be found in Appendix B to this report.
- 5.4 The Police and Crime Commissioner approved its Council Tax requirement on 8th February 2016 and set their precept at £2,403,277.37, adjusted by a Collection Fund Surplus of £11,800, this results in a Band D Council Tax of £178.26 and details can be found in Appendix B to this report.
- 5.5 Devon and Somerset Fire and Rescue Service is due to meet on 19th February 2016 to set its precept, therefore, the following amounts are **provisional** and assume an increase of 1.99%. It is estimated that the precept will be £1,078, 289.56, this results in a Band D Council Tax of £79.98 adjusted by a Collection Fund Surplus of £5,300. Details can be found in Appendix B to this report.
- 5.6 The Town and Parish Precepts for 2016/17 are detailed in Appendix C to this report and total £904,470.61. The increase in the average Band D Council Tax for Parish and Town Councils is 3.35% and results in an average Band D Council Tax figure of £67.09 for 2016/17.
- 5.7 Members are asked to approve a West Somerset precept of £1,986,166.77 which equates to a Band D equivalent of £147.32, an increase of £6.76 for 2016/17. This incorporates an increase of 3.56% in the Band D tax rate and also includes an additional 1.25% in respect of the Somerset Rivers Authority. Further details can be found in Appendix B to this report.
- 5.8 The Council notes that if the formal Council Tax Resolution at Appendix A is approved, the total Band D Council Tax will be as follows:

	2015/16	2016/17	Increase
	£	£	%
West Somerset Council	140.56	145.56	3.56%
West Somerset Council – SRA	0	1.76	1.25%
Somerset County Council	1,027.30	1047.74	1.99%
Somerset County Council – Social Care	0	20.55	2.00%
Somerset County Council – SRA	0	12.84	1.25%
Avon and Somerset Police Authority	174.78	178.26	1.99%
Devon and Somerset Fire and Rescue Service	78.42	79.98	1.99%
Sub-Total	1,421.06	1,486.69	4.62%
Town and Parish Council (Average)	64.91	67.09	3.35%
Total	1,485.97	1,553.78	4.56%

6. FINANCIAL/RESOURCE IMPLICATIONS

6.1 As set out in the report.

7. SECTION 151 OFFICER COMMENTS

7.1 West Somerset Council is proposing a Council Tax increase of £5.00 plus £1.76 for the Somerset Rivers Authority giving a total Council Tax increase of £6.76.

8. EQUALITY & DIVERSITY IMPLICATIONS

Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.

The three aims the authority **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

8.1 None directly in this report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None directly in this report.

10. CONSULTATION IMPLICATIONS

10.1 None directly in this report.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 None directly in this report.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

12.1 None directly in this report.

13. LEGAL IMPLICATIONS

13.1 None directly in this report.

The Council is recommended to resolve as follows:

1. It be noted that the Council calculated the Council Tax Base 2016/17
 - (a) for the whole Council area as **13,481.99** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the Act)] (**the tax base for the whole district**); and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix C (**the tax base for each parish or town council area**).
2. Calculate that the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) is £1,986,167.
3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:

(a)	£23,510,832	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act; (expenditure, including all precepts issued to it by parish and town councils).
(b)	£20,620,195	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (income, including government grants, benefits subsidy and adjustments for surpluses on the Collection Fund).
(c)	£2,890,637	being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act; as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act); (expenditure less income).
(d)	£214.41	being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year; (this is an overall average amount of Council Tax, per Band D property including Parish precepts).
(e)	£904,470.61	being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C).
(f)	£147.32	being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates (the District Council element of the tax for Band D dwellings).

4. To note that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
5. That the Council, in accordance with Sections 30 ad 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings. The table excludes parish and town precepts and special expenses.

VALUATION BANDS

WEST SOMERSET COUNCIL

A	B	C	D	E	F	G	H
£98.21	£114.58	£130.95	£147.32	£180.06	£212.80	£245.53	£294.64

SOMERSET COUNTY COUNCIL

A	B	C	D	E	F	G	H
£720.75	£840.88	£961.00	£1,081.13	£1,321.38	£1,561.63	£1,801.88	£2,162.26

POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

A	B	C	D	E	F	G	H
£118.84	£138.65	£158.45	£178.26	£217.87	£257.49	£297.10	£356.52

DEVON AND SOMERSET FIRE AND RESCUE SERVICES

A	B	C	D	E	F	G	H
£53.32	£62.21	£71.09	£79.98	£97.75	£115.53	£133.30	£159.96

AGGREGATE OF COUNCIL TAX REQUIREMENTS

A	B	C	D	E	F	G	H
£991.13	£1,156.31	£1,321.50	£1,486.69	£1,817.07	£2,147.44	£2,477.82	£2,973.38

Valuation Bands

Council Tax Schedule 2016/17	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
West Somerset Council*	97.04	113.21	129.39	145.56	177.91	210.25	242.60	291.12
West Somerset Council Rivers Authority*	1.17	1.37	1.56	1.76	2.15	2.54	2.93	3.52
Somerset County Council *	698.49	814.91	931.32	1,047.74	1,280.57	1,513.40	1,746.23	2,095.48
Somerset County Council (Adult Social Care)*	13.70	15.98	18.27	20.55	25.12	29.68	34.25	41.10
Somerset County Council (Somerset Rivers Authority)*	8.56	9.99	11.41	12.84	15.69	18.55	21.40	25.68
Police and Crime Commissioner *	118.84	138.65	158.45	178.26	217.87	257.49	297.10	356.52
Devon & Somerset Fire & Rescue Authority *	53.32	62.21	71.09	79.98	97.75	115.53	133.30	159.96
Totals excluding Parish/Town Precepts	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Average Parish/Town	44.72	52.18	59.63	67.09	82.00	96.90	111.81	134.17
Total including Average Parish/Town Precept	1,035.85	1,208.49	1,381.14	1,553.78	1,899.06	2,244.35	2,589.63	3,107.55
Parish: **								
Bicknoller Parish Council	1,002.99	1,170.15	1,337.32	1,504.48	1,838.81	2,173.14	2,507.47	3,008.97
Brompton Ralph Parish Council	1,020.01	1,190.01	1,360.01	1,530.01	1,870.02	2,210.02	2,550.02	3,060.03
Brompton Regis Parish Council	1,008.88	1,177.03	1,345.18	1,513.33	1,849.62	2,185.92	2,522.21	3,026.65
Brushford Parish Council	1,023.19	1,193.72	1,364.26	1,534.79	1,875.85	2,216.92	2,557.98	3,069.58
Carhampton Parish Council	1,026.81	1,197.95	1,369.08	1,540.22	1,882.49	2,224.76	2,567.03	3,080.44
Clatworthy Parish Council	1,007.49	1,175.41	1,343.32	1,511.24	1,847.07	2,182.90	2,518.73	3,022.47
Crowcombe Parish Council	1,015.78	1,185.08	1,354.38	1,523.67	1,862.27	2,200.86	2,539.45	3,047.35
Cutcombe Parish Council	1,027.84	1,199.15	1,370.46	1,541.76	1,884.38	2,226.99	2,569.61	3,083.53
Dulverton Town Council	1,056.62	1,232.72	1,408.82	1,584.93	1,937.13	2,289.34	2,641.54	3,169.85
Dunster Parish Council	1,022.66	1,193.10	1,363.54	1,533.98	1,874.87	2,215.75	2,556.64	3,067.97
East Quantoxhead Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Elworthy Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Exford Parish Council	1,026.29	1,197.34	1,368.39	1,539.43	1,881.53	2,223.63	2,565.72	3,078.87
Exmoor Parish Council	1,010.52	1,178.94	1,347.36	1,515.78	1,852.62	2,189.46	2,526.30	3,031.56
Exton Parish Council	1,013.82	1,182.79	1,351.76	1,520.73	1,858.67	2,196.61	2,534.55	3,041.47
Holford Parish Council	1,012.51	1,181.26	1,350.01	1,518.76	1,856.27	2,193.77	2,531.27	3,037.53
Huish Champflower Parish Council	1,011.52	1,180.11	1,348.69	1,517.28	1,854.45	2,191.63	2,528.80	3,034.56
Kilve Parish Council	1,010.74	1,179.20	1,347.65	1,516.11	1,853.02	2,189.94	2,526.85	3,032.22
Luccombe Parish Council	1,016.30	1,185.69	1,355.07	1,524.45	1,863.22	2,201.99	2,540.76	3,048.91
Luxborough Parish Council	1,003.48	1,170.73	1,337.97	1,505.22	1,839.71	2,174.21	2,508.70	3,010.44
Minehead Town Council	1,046.12	1,220.47	1,394.82	1,569.17	1,917.88	2,266.58	2,615.29	3,138.35
Monksilver Parish Council	998.64	1,165.08	1,331.52	1,497.96	1,830.84	2,163.73	2,496.61	2,995.93
Nettlecombe Parish Council	1,007.48	1,175.39	1,343.30	1,511.22	1,847.04	2,182.87	2,518.69	3,022.43
Oare Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Old Cleeve Parish Council	1,000.75	1,167.55	1,334.34	1,501.13	1,834.72	2,168.30	2,501.89	3,002.26
Porlock Parish Council	1,048.49	1,223.24	1,397.99	1,572.74	1,922.23	2,271.73	2,621.23	3,145.47
Sampford Brett Parish Council	1,001.74	1,168.69	1,335.65	1,502.60	1,836.52	2,170.43	2,504.34	3,005.21
Selworthy & Minehead Without Parish Council	1,026.67	1,197.78	1,368.89	1,540.00	1,882.22	2,224.44	2,566.67	3,080.00
Skilgate Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Stogumber Parish Council	1,030.97	1,202.79	1,374.62	1,546.45	1,890.11	2,233.76	2,577.42	3,092.90
Stogursey Parish Council	1,020.81	1,190.95	1,361.08	1,531.22	1,871.49	2,211.76	2,552.03	3,062.43
Stringston Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Timberscombe Parish Council	1,022.09	1,192.44	1,362.79	1,533.14	1,873.84	2,214.54	2,555.24	3,066.28
Treborough Parish Council	991.13	1,156.31	1,321.50	1,486.69	1,817.07	2,147.44	2,477.82	2,973.38
Upton Parish Council	1,007.53	1,175.45	1,343.37	1,511.29	1,847.13	2,182.97	2,518.82	3,022.58
Watchet Town Council	1,082.11	1,262.46	1,442.81	1,623.17	1,983.87	2,344.57	2,705.28	3,246.33
West Quantoxhead Parish Council	1,001.69	1,168.64	1,335.58	1,502.53	1,836.43	2,170.32	2,504.22	3,005.06
Williton Parish Council	1,058.00	1,234.34	1,410.67	1,587.00	1,939.67	2,292.34	2,645.01	3,174.01
Winsford Parish Council	1,003.50	1,170.75	1,338.01	1,505.26	1,839.76	2,174.26	2,508.76	3,010.51
Withycombe Parish Council	1,027.29	1,198.51	1,369.73	1,540.94	1,883.37	2,225.80	2,568.24	3,081.88
Withypool & Hawkrigde Parish Council	1,006.95	1,174.77	1,342.59	1,510.42	1,846.07	2,181.72	2,517.36	3,020.84
Wootton Courtenay Parish Council	1,003.13	1,170.32	1,337.50	1,504.69	1,839.07	2,173.44	2,507.82	3,009.38

(* provisional figures)

APPENDIX C

TOWN AND PARISH COUNCIL PRECEPTS

Parish/Town Council	2015/16			2016/17			Council Tax Increase
	Tax Base	Precept Levied	Council Tax Band D	Tax Base	Precept Levied	Council Tax Band D	
	£	£	£	£	£	£	
Bicknoller Parish Council	208.1	3,500	16.82	206.54	3,675	17.79	5.79%
Brompton Ralph Parish Council *	97.5	4,250	43.26	98.10	4,250	43.32	0.15%
Brompton Regis Parish Council	215.0	5,750	26.74	215.87	5,750	26.64	-0.40%
Brushford Parish Council *	229.4	10,500	35.90	228.70	11,000	48.10	33.98%
Carhampton Parish Council	327.2	17,500	53.48	326.93	17,500	53.53	0.08%
Clatworthy Parish Council *	40.6	2,000	25.94	40.74	1,000	24.55	-5.37%
Crowcombe Parish Council	232.3	7,500	32.29	237.95	8,800	36.98	14.55%
Cutcombe Parish Council	185.6	10,161	54.75	184.50	10,161	55.07	0.60%
Dulverton Town Council	617.5	53,971	87.40	615.33	60,448	98.24	12.39%
Dunster Parish Council	435.4	20,470	47.01	437.14	20,674	47.29	0.59%
East Quantoxhead Parish Council	42.3	-	-	42.11	-	-	0.00%
Elworthy Parish Council	33.1	-	-	31.40	-	-	0.00%
Exford Parish Council	195.6	9,823	50.22	195.55	10,314	52.74	5.03%
Exmoor Parish Council *	66.9	2,035	30.43	69.95	2,035	29.09	-4.40%
Exton Parish Council	93.8	3,200	34.12	94.00	3,200	34.04	-0.21%
Holford Parish Council	135.9	3,665	26.97	131.85	4,229	32.07	18.93%
Huish Champflower Parish Council	114.4	3,500	30.59	114.42	3,500	30.59	-0.02%
Kilve Parish Council	189.0	5,500	29.10	186.94	5,500	29.42	1.10%
Luccombe Parish Council	70.3	2,697	38.36	72.82	2,750	37.76	-1.56%
Luxborough Parish Council	98.3	1,799	18.30	97.06	1,799	18.53	1.28%
Minehead Town Council	4,043.9	335,239	82.90	4,095.00	337,773	82.48	-0.50%
Monksilver Parish Council	61.3	600	9.79	62.09	700	11.27	15.18%
Nettlecombe Parish Council	92.2	2,300	24.95	93.78	2,300	24.53	-1.68%
Oare Parish Council	36.2	-	-	35.63	-	-	0.00%
Old Cleeve Parish Council	653.6	9,500	14.53	657.79	9,500	14.44	-0.64%
Porlock Parish Council	695.4	58,000	83.41	697.30	60,000	86.05	3.17%
Sampford Brett Parish Council	138.2	2,200	15.92	138.25	2,200	15.91	-0.04%
Selworthy & Minehead Without Parish Council	226.9	12,000	52.89	225.10	12,000	53.31	0.80%
Skilgate Parish Council	49.0	-	-	47.14	-	-	0.00%
Stogumber Parish Council	315.3	11,000	34.89	317.94	19,000	59.76	71.29%
Stogursey Parish Council	475.1	20,000	42.10	471.63	21,000	44.53	5.77%
Stringston Parish Council	45.9	-	-	46.47	-	-	0.00%
Timberscombe Parish Council	161.9	7,344	45.36	161.46	7,500	46.45	2.40%
Treborough Parish Council	30.1	-	-	29.51	-	-	0.00%
Upton Parish Council	83.8	2,046	24.42	83.17	2,046	24.60	0.76%
Watchet Town Council	1,095.3	138,766	126.69	1,098.17	149,874	136.48	7.72%
West Quantoxhead Parish Council	161.0	2,834	17.60	163.56	2,591	15.84	-10.01%
Williton Parish Council	848.4	86,000	101.37	857.31	86,000	100.31	-1.04%
Winsford Parish Council	167.9	3,103	18.48	167.13	3,103	18.57	0.46%
Withycombe Parish Council	117.8	6,200	52.63	118.89	6,450	54.25	3.08%
Withypool & Hawkridge Parish Council	122.4	2,850	23.28	120.11	2,850	23.73	1.91%

Parish/Town Council	2015/16			2016/17			Council Tax Increase
	Tax Base	Precept Levied £	Council Tax Band D £	Tax Base	Precept Levied £	Council Tax Band D £	
Wootton Courtenay Parish Council	165.0	3,000	18.18	166.66	3,000	18.00	-1.00%
Totals	13,414.8	870,803	64.91	13,481.99	904,471	67.09	3.35%

* See Appendix D

2015/16 Parish Precepts and Council Tax Charges for Brompton Ralph, Brushford, Clatworthy and Exmoor.

The Band D charges included in the 2015/16 Council Tax bills for Brompton Ralph, Brushford, Clatworthy and Exmoor parishes reflect the approved council tax determination set by this Council at its meeting on 25 February 2015.

The Council Tax bills were issued in line with this determination.

Unfortunately the calculation of the Band D amount did not enable West Somerset Council, as the billing authority, to collect the full amount of the precept demand from these four parishes. The impact for each precept is as follows:-

Parish	Tax Base	Band C Charged	Tax Collected	Precept paid to the Parish by WSC	Difference
Brompton Ralph	97.5	43.26	£4,217.85	£4,250	£32.15
Brushford	229.4	35.90	£8,235.46	£10,500	£2,264.54
Clatworthy	40.6	25.94	£1,053.16	£2,000	£946.84
Exmoor	66.9	30.43	£2,035.77	£2,036	£0.23
Total Difference	434.4	135.53	£15,542.24	18,786	£3,243.76

As the billing authority West Somerset has to pay the precept demand from the parishes, and will therefore be liable to fund the difference of £3,243.76 as part of its share of the Surplus/Deficit on the Collection Fund in 2017/18.

Whilst this does not affect the amount of council tax income received by the parishes this will mean that the percentage change in tax charged on a Band D between 2015/16 and 2016/17 within each parish will be skewed. The Assistant Director Resources has written to the four parish councils to explain and apologise for this issue.

