

WEST SOMERSET DISTRICT COUNCIL

Meeting to be held on Wednesday 27 March 2013 at 4.30 pm

Council Chamber, Williton

AGENDA

1. Apologies for Absence

2. Appointment of Vice-Chairman

3. Minutes

Minutes of the Meetings of Council held on 20 February 2013 and 27 February 2013 to be approved and signed as correct records – **SEE ATTACHED.**

4. 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.

5. 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.

6. Chairman's Announcements

7. Policy for Charging for Pre-Application Planning Advice

To consider Report No. WSC 39/13, to be presented by the Planning Manager – **SEE ATTACHED.**

The purpose of the report is to seek Council approval following informal discussions at the Corporate PAG and Cabinet for a policy change to introduce charges for providing pre-application advice on planning proposals.

8. Additional Council Tax Rebate Discretionary Scheme

To consider Report No. WSC 41/13, to be presented by Councillor D J Westcott, Lead Member for Community and Customer – **SEE ATTACHED.**

The purpose of the report is to agree the policy for the Additional Council Tax Rebate discretionary scheme.

9. Discretionary Housing Payments Scheme

To consider Report No. WSC 42/13, to be presented by Councillor D J Westcott, Lead Member for Community and Customer – **SEE ATTACHED.**

The purpose of the report is to inform Council of the proposed policy for Discretionary Housing Payments Scheme.

10. Joint Working between West Somerset Council and Taunton Deane Borough Council – Membership of Joint Members Advisory Panel

To consider Report No. WSC 35/13, to be presented by Councillor T Taylor, Leader of Council – **SEE ATTACHED.**

The purpose of the report is for Council to agree its membership of the Joint Members Advisory Panel.

11. Proposed Revisions to the Council's Constitution

To consider Report No. WSC 36/13, to be presented by Bruce Lang, Monitoring Officer – **SEE ATTACHED.**

The purpose of the report is to consider agreeing proposed revisions to the West Somerset Council's Constitution.

12. Treasury Management Strategy Statement, MRP Policy and Annual Investment Strategy 2013-14

To consider Report No. WSC 48/13, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of the report is to inform Council of the proposed Treasury Management Strategy, Minimum Revenue Policy and Annual Investment Strategy for 2012-2013 in line with the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

13. Hinkley Point C: Economic Development Allocation

To consider Report No. WSC 46/13, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of this report is to present to Members the recommendations of the Hinkley Point Planning Obligations Board (POB) and to approve the attached Economic Development Paper (Appendix A) to release this allocation of funds.

14. Standards Advisory Committee

To adopt the minutes of the Standards Advisory Committee held on 5 March 2013 – **SEE ATTACHED.**

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

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%

- Mitigating actions for high ('High' or above) scoring risks are to be reflected in Service Plans, managed by the Group Manager and implemented by Service Lead Officers;
- Lower scoring risks will either be accepted with no mitigating actions or included in work plans with appropriate mitigating actions that are managed by Service Lead Officers.

WEST SOMERSET COUNCIL**Minutes of the Meeting held on 20 February 2013 at 4.30 pm****in the Council Chamber, Williton****Present:**

Councillor D D Ross Chairman
Councillor G S Dowding Vice-Chairman

Councillor A M Chick	Councillor M J Chilcott
Councillor H J W Davies	Councillor M O A Dewdney
Councillor J Freeman	Councillor S Y Goss
Councillor P N Grierson	Councillor A P Hadley
Councillor B Heywood	Councillor A F Knight
Councillor K V Kravis	Councillor R P Lillis
Councillor E May	Councillor I R Melhuish
Councillor K M Mills	Councillor P H Murphy
Councillor K J Ross	Councillor D J Sanders
Councillor L W Smith	Councillor M A Smith
Councillor T Taylor	Councillor A H Trollope-Bellew
Councillor K H Turner	Councillor D J Westcott

Officers in Attendance:

Chief Executive (A Dyer)
Corporate Director (B Lang)
Section 151 Officer (S Campbell)
Corporate Manager Environment, Customer and Community (S Watts)
IT Manager (K Penfold)
Principal Accountant (S Plenty)
Meeting Administrator (K Kowalewska)

C99 Apologies for Absence

Apologies for absence were received from Councillors C Morgan and S J Pugsley.

C100 Minutes

(Minutes of the Meeting of Council held on 23 January 2013, circulated with the Agenda.)

RESOLVED that the Minutes of the Meeting of Council held on 23 January 2013 be confirmed as a correct record.

C101 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 S Y Goss	All	Quantock Vale	Spoke and voted
Cllr P N Grierson	All	Minehead	Spoke and voted
Cllr P H Murphy	All	Watchet	Spoke and voted
Cllr K J Ross	All	Dulverton	Spoke and voted
Cllr L W Smith	All	Minehead	Spoke and voted
Cllr A H Trollope-Bellew	All	Somerset County	Spoke and voted
Cllr K H Turner	All	Brendon Hills	Spoke and voted
Cllr D J Westcott	All	Watchet	Spoke and voted

In addition, the following interests were declared:

C102	Name	Minute No.	Description of interest	Personal or Prejudicial	Action Taken
		<u>Public Participation</u>			
	Some Members of the Council have requested to speak			Personal	Spoke and voted
	Cllr K J Ross	C105	Wife is employed by Engage and is Chair of CLOWNS	Personal	Spoke and voted

C103 Chairman's Announcements

11/02/2013	Attended Watchet Town Council meeting to witness the presentation of awards to George Reeder and Tanya Allen for their brave actions in saving baby Sam Cooper-Stevens who was blown off the West Pier into Watchet Harbour
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The Vice-Chairman announced that on 18 February 2013 he had attended the reopening of Goviers Lane Crossing in Watchet, and on 15 February 2013 he had tea with the Captain of HMS Somerset.

C104 Corporate Plan 2013-16

(Report No. WSC 20/13, circulated with the Agenda.)

The purpose of the report was for Council to consider approving the Corporate Plan for 2013-16.

The Leader presented the report and advised of an amendment to the Corporate Plan which was circulated and tabled at the meeting which related to the delivery of affordable homes key task and its associated target being moved from Objective 5 to Objective 2. He reported that, following the recommendation received from the Local Government Association, the most fundamental change to the plan was the reduction of the Corporate Priorities from six to two, namely local democracy and new nuclear development at Hinkley Point,. However, he reminded Members that the elements of the previous priorities had been incorporated within the two proposed priorities.

The Leader proposed the recommendation in the report which was seconded by Councillor K V Kravis.

During the debate the following issues were raised:

- Disappointment was expressed that matters concerning the environment had been incorporated within the two main priorities.
- An explanation was sought as to why the Leader had not taken the opportunity to reduce the number of Cabinet members by the same ratio as the reduction in the number of priorities. The Leader explained he believed the size of Cabinet to be adequate and it was a minimum sized cabinet in order to be active and to enable healthy debate.

RESOLVED that the West Somerset Council Corporate Plan 2013-16, included at Appendix A to the report, be approved.

C105 Annual Budget for 2013/14

(Report No. WSC 14/13, circulated with the Agenda.)

The purpose of the report was to provide Members with all information required for Council to approve the revenue budget and capital programme for 2013/14.

The Lead Member for Resources and Central Support advised that the council tax resolution paper to calculate and set the council tax for 2013/14 would be presented to full Council at its meeting on 27 February 2013 due to the Council not being in receipt of all the parish and town council precepts. She drew Members' attention to the Section 151 Officer comments contained in the report, highlighting that the budget was judged to be robust and that this was a requirement before the budget could be approved. The Lead Member reported that comments from the Scrutiny Committee had been addressed and were reflected in the appendices to the report. She emphasised the challenges faced in setting the budget for 2013/14 considering the reforms to government funding and the late announcement of funding levels. The report also highlighted that significant savings to set a balanced budget in 2015/16 would still have to be made next year and beyond; and the Lead Member then went on to present the budget setting paper in detail.

During the presentation, the following main points were highlighted:

- The impact and the risks associated with the business rate retention scheme.
- The refund figure on the NNDR1 Form had been increased as there was an anticipated one-off large refund payable to Hinkley Point in 2013/14 when one of their reactors would shut down.
- The contribution to the Earmarked Reserves figure had been increased to mitigate the risk of the business rate retention scheme and for clarity an explanation was given as to why the sum going into the earmarked reserve was £5 less than shown in the report.

- The minimum revenue provision needed to be addressed through the sale of assets, as detailed in the capital programme.
- Further savings had been gained as a result of a recent officer budget monitoring exercise to refine budgets.
- Section 6 of appendix A to the report illustrated what the Council was proposing to do and the figures in the budget were calculated based on these principles.
- Central government had recognised that West Somerset Council's level of council tax was in the lower quartile nationally and as a result the Council was able to increase its council tax by a higher percentage than the government's 2% cap.
- The New Homes Bonus would be brought back into the general fund to finance net expenditure rather than ring fencing the money for specific projects as in previous years.
- Considerable savings had been achieved above the predicted savings, whilst at the same time protecting frontline services to the public and maintaining the same level of grant funding to voluntary bodies – this was seen to be a commendable achievement and showed a commitment to gaining efficiencies.
- IT Projects in the capital programme were based on a two year plan and had been refined as much as possible.
- The four proposals identified in the Equalities Impact Assessment were much less than initially anticipated.

The Lead Member proposed the recommendations in the report which were seconded by Councillor K H Turner.

Members were advised that the Audit Committee would undertake the role of investigating council tax and business rate collections, debts and refunds.

In response to a question as to what action was being taken to provide railings at the West Pier following the recent accident at Watchet Harbour, the Chief Executive reported that a risk assessment had been undertaken which would be considered by the Corporate Management Team who would then decide on what action to take. The Section 151 Officer advised that provisions in the general reserves fund would be held for emergency situations.

During the discussion there was a request to provide an update report on how the mitigating actions were progressing in relation to the reduced toilet facilities in selected locations throughout the district. A verbal update was given by the Lead Member for Resources and Central Support on the progress being made.

The Chief Executive clarified that to compensate for the reduced level of council tax income, the Council had been given a council tax support grant. He confirmed that the amount of council tax collected in 2013/14 would be a lot less than the current year, but it would be supplemented by the net effect of the grant.

During the debate, Members requested further clarification on a number of issues concerning income relating to the Minehead contact centre, public conveniences, the VIIC building and legal fees.

RESOLVED (1) that the Equalities Impact Assessment (**Appendix 'D'** to the report) in accordance with guidance contained in paragraph 7 of the report and the assessment itself be initially considered.

RESOLVED (2) that in response to the Equalities Impact Assessment referred to in resolution (1) above public toilet facilities for both males and females remain available in Blenheim Gardens during the period April to October each year. The reduction in efficiency savings being £1,550.

RESOLVED (3) that Council Tax in 2013/14 is increased by 3.7% making a Band D charge £137.82.

RESOLVED (4) that the revenue budget for 2013/14, as amended and presented in **Appendix B** to the report, be approved.

RESOLVED (5) that the draft schedule of savings, as shown in **Appendix B, Table 12** to the report, as amended and presented, be approved.

RESOLVED (6) that the capital programme in **Appendix C, Table 13** to the report, as amended and presented, be approved.

RESOLVED (7) that the revised Medium-Term Financial Plan in **Appendix B, Table 9** to the report, as amended and presented, be approved.

The meeting closed at 6.06 pm.

WEST SOMERSET COUNCIL**Minutes of the Meeting held on 27 February 2013 at 4.30 pm****in the Council Chamber, Williton****Present:**

Councillor D D Ross Chairman
Councillor G S Dowding Vice-Chairman

Councillor A M Chick	Councillor M J Chilcott
Councillor H J W Davies	Councillor M O A Dewdney
Councillor S Y Goss	Councillor P N Grierson
Councillor A P Hadley	Councillor B Heywood
Councillor A F Knight	Councillor R P Lillis
Councillor E May	Councillor I R Melhuish
Councillor K M Mills	Councillor C Morgan
Councillor P H Murphy	Councillor S J Pugsley
Councillor K J Ross	Councillor D J Sanders
Councillor L W Smith	Councillor M A Smith
Councillor T Taylor	Councillor A H Trollope-Bellew
Councillor K H Turner	Councillor D J Westcott

Officers in Attendance:

Chief Executive (A Dyer)
Corporate Director (B Lang)
Corporate Manager Housing, Welfare and Economy (I Timms)
Efficiencies and Performance Manager (K Batchelor)
Principal Accountant (S Plenty)
Meeting Administrator (H Dobson)

Also in Attendance:

Ian Baker, Group Audit Manager, South West Audit Partnership

C106 Apologies for Absence

Apologies for absence were received from Councillors J Freeman and K V Kravis.

C107 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 S Y Goss	All	Quantock Vale	Spoke and voted
Cllr P N Grierson	All	Minehead	Spoke and voted
Cllr C Morgan	All	Stogursey	Spoke and voted

Cllr P H Murphy	All	Watchet	Spoke and voted
Cllr K J Ross	All	Dulverton	Spoke and voted
Cllr L W Smith	All	Minehead	Spoke and voted
Cllr A H Trollope-Bellew	All	Somerset County	Spoke and voted
Cllr K H Turner	All	Brendon Hills	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 or Disclosable Pecuniary	Action Taken
Cllr A Knight	C111	Daughter was a member of staff	Prejudicial	Left the Chamber
All members	C113	Council Tax payer	Disclosable Pecuniary	Spoke and voted

NOTE: A dispensation was granted to all Members present to allow them to frankly and fully participate and vote in relation to the setting of the Council Tax for 2013/14 in Minute C113.

C108 Public Participation

No members of the public had requested to participate during the meeting.

C109 Chairman's Announcements

The Chairman had no new announcements since the last meeting of full Council, held the previous week.

C110 SWAP Governance Arrangements

(Report No. WSC 13/13, circulated with the Agenda.)

The purpose of the report was to request West Somerset Council to become a member of the South West Audit Partnership Ltd. (SWAP Ltd.) and to dissolve the current South West Audit Partnership Joint Committee (SWAP).

The Leader introduced the report advising of the need to improve governance arrangements in order to meet the current and future needs of an increasingly expanding partnership.

The Chief Executive introduced the Group Audit Manager for SWAP and advised that in the new proposed governance arrangements his area of responsibility would include West Somerset Council.

The Chairman welcomed the Group Audit Manager for SWAP to the meeting.

The Group Audit Manager for SWAP reported that the quality and performance of the internal audit service had improved and the subsequent success of the partnership with increased membership had led to difficulties in particular areas of the current governance model as listed in the report, attached to the agenda. The report proposed changes to the governance arrangements with no change in how the service was run or what it cost.

Councillor A Trollope-Bellew reported that, as Chairman of the Audit Committee, he had attended the workshop as described in 4.2 of the report, along with Councillors E May and K Mills. He was of the opinion that the most appropriate governance model for SWAP was a company, limited by guarantee, and proposed the recommendations in the report, which were duly seconded by Councillor E May.

RESOLVED (1) that the formation of a company, limited by guarantee, to replace the existing SWAP Joint Committee, be approved;

RESOLVED (2) that the Council elects to be a member of the SWAP Ltd from 1 April 2013, on the terms and basis set out in the articles of association, deed and service agreement;

RESOLVED (3) that the dissolving of the SWAP Joint Committee at a date to be determined, but not later than 30 June 2013, be approved;

RESOLVED (4) that the separation of responsibilities and the membership profiles of the Members' Board and the Board of Directors, be noted;

RESOLVED (5) that the fees for the provision of internal audit services by SWAP Ltd, for the financial year 2013/14, will not increase on the fees paid to SWAP by the Council in 201/13, be noted;

RESOLVED (6) that the appointment of the membership of the Members' Board and the Board of Directors be delegated to the West Somerset Audit Committee to decide.

C111 Pay Policy Statement 2013/14

(Report No. WSC 18/13, circulated with the Agenda.)

The purpose of the report was to seek approval from Council for the 2013/14 Pay Policy Statement.

The Chief Executive presented the report and advised of the minor changes to the Statement and an amendment to the recommendation, as follows:

“That Council approve, subject to the addition of a new third paragraph under 5 (f) as set out below, the Pay Policy Statement 2013/14 as set out in Appendix A to the report and amendments to the Written Statement on Local Government Pension Scheme Employers Discretions and Key Pensions Policy as set out in Appendix E.

‘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.’”

Councillor M Chilcott proposed the amended recommendation of the report, which were duly seconded by Councillor D Westcott.

On consideration of the report the following points were raised:

- A request that each ‘ready reckoner’, contained in the report attached to the agenda, stipulate whether the figures relate to weeks or months.
- Concern that the Pay Policy Statement had not been considered initially by an appropriate Policy Advisory Group.
- A suggestion that a ‘living wage’ which was a little more than the minimum wage, be considered when the next opportunity for review of the Pay Policy Statement arises.

In response to questions the Chief Executive confirmed that no definite decision had yet been taken in relation to a review of the Essential Car User Scheme. Also, for the Council to be considered a good employer, the Westfield Health Scheme was a good option in which counselling could be made available to staff should it be needed.

RESOLVED that, subject to the additions of a new third paragraph under 5 (f), as set out above, the Pay Policy Statement 2013/14 as set out in Appendix A to the report and amendments to the Written Statement on Local Government Pension Scheme Employers Discretions and Key Pensions Policy, as set out in Appendix E, be approved.

Note: Councillor A Knight left the chamber prior to the start of this item.

C112 Joint working between West Somerset Council & Taunton Deane Borough Council – Project Mandate

(Report No. WSC 23/13, circulated with the Agenda.)

The purpose of the report was to seek Council’s approval of the mandate for the proposed joint working between the Council and Taunton Deane Borough Council (TDBC).

The Leader presented the report in detail and advised that it was prudent to get a structure up and running in West Somerset that was affordable; there would be no detriment to the local taxpayers of either Council.

Resilience was important and with low numbers of staff it was not possible to reduce numbers further in a piecemeal fashion. Should there be a shared officer core it was also important that West Somerset and TDBC remain democratically independent of each other.

The Leader proposed the recommendations of the report, which were seconded by Councillor E May.

In response to questions the Leader confirmed that with regard to the cost of external advice (HR/Legal) that TDBC were proposing to contribute £20,000 and WSC £5,000. This would help fund setting up costs and should there be a successful outcome of joint working between the councils, the running costs would not need to be subsidised.

During the course of the debate the following points were raised:

- That Members other than from the ruling group be represented on the Joint Members Advisory Panel.
- In addition to the £5,000 of HR/Legal costs, it was estimated that the backfill to be funded by WSC regarding three days per week towards admin/project office support would cost approximately £25,000.
- Concern that the proposed joint working might not be able to provide sufficient savings and sustain quality services.

In response to concerns regarding the outcome of the proposed project, the Leader believed that if the business case did not stack up with TDBC, who were eager for the case to succeed, then it was unlikely that it would work with any other authority. However, it was necessary to produce the business case before determining whether joint working could be a successful way forward. In order to achieve the level of savings required the sharing of services would not be enough alone, the big savings would come from management, offices costs, overhead costs etc. In addition, WSC could also work with other councils to look at further savings across the local government family. The Council were facing huge challenges to sustain the future of local democracy in West Somerset; to do nothing was not an option.

RESOLVED (1) that the detailed project mandate at Appendix A to the report, be approved;

RESOLVED (2) that the initial funding requirements totalling £30,000 as detailed in paragraph 5.2.5 to the report, be approved.

NOTE: In light of the decision by TDBC to approve the joint working mandate, subject to WSC underwriting the estimated cost of £25k to procure specialist advice, an urgent report, to that effect, was considered at the meeting of Cabinet held on 6 March 2013, when the concept of underwriting the total of £25,000 estimated cost of providing specialist advice to assist with the drafting of a business case was approved.

C113 Council Tax Resolution 2013/14

(Report No. WSC 25/13, circulated with the Agenda.)

The purpose of the report was to enable the Council to calculate and set the Council Tax for 2013/14.

An updated report and appendices were distributed at the start of this item due to incomplete information when the agenda was distributed and the Chief Executive drew members' attention to the changes.

Councillor T Taylor proposed the recommendations of the report, which were duly seconded by Councillor M Dewdney.

Councillor L Smith queried the council tax increase figure for Minehead, as shown in Appendix C. The Principal Accountant advised that he would confirm the figure with Minehead Town Council after the meeting.

RESOLVED that, subject to confirmation of the Council Tax increase figure for Minehead, the formal Council Tax Resolution, attached as Appendix A, B and C to the minutes, be approved.

NOTE: It was confirmed, after the meeting and after discussion with Minehead Town Council regarding the Council Tax increase figure for Minehead tabled at the meeting, that Minehead Town Council would amend their Precept to an increase of 2.00% meaning that the Precept chargeable to the taxpayers in Minehead would be £313,944.00. The appendices were amended accordingly and attached to the minutes.

C114 Minutes and Notes for Information

(Notes and minutes relating to this item, circulated via the Council's website.)

RESOLVED that the draft notes of the Dunster Area Panel held on 28 January 2013, be noted;

RESOLVED that the draft notes of the Watchet, Williton and Quantocks Area Panel held on 4 December 2012, be noted.

The meeting closed at 6.21 pm.

Report Number: WSC 39/13
Presented by: Andrew Goodchild
Author of the Report: Andrew Goodchild, Planning Manager
Contact Details:

Tel. No. Direct Line 01984 635245
Email: agoodchild@westsomerset.gov.uk

Report to a Meeting of: Council
To be Held on: 27th March 2013

*Date Entered on Executive Forward Plan
 Or Agreement for Urgency Granted:*

POLICY FOR CHARGING FOR PRE-APPLICATION PLANNING ADVICE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Council approval following informal discussions at the Corporate PAG and Cabinet for a policy change to introduce charges for providing pre-application advice on planning proposals.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The proposed introduction of charging for pre-application planning advice meets Corporate Objective 1 and Key Task 1.4 within the 2013-2016 Corporate Plan, which is to:

Ensure that savings and income increases identified for the medium term financial plan for 2013/14 are achieved.

3. RECOMMENDATIONS

- 3.1 That Council approve the introduction of a policy to charge for providing pre-application advice in accordance with the charging schedule set out in Appendix A.
- 3.2 That, if approved, an assessment regarding the implications of the new policy, effects on planning decisions and the overall quality of planning applications, as well as a cost analysis, is reported to Cabinet in December 2013.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
The Council does not respond positively to the recommendations of the recent LGA Report	2	5	10
<i>That a pre-application charging scheme is introduced as recommended</i>	1	5	5

That overall workload or staff levels within the Planning Team are not sufficient to deliver a good service once a charging scheme is introduced	3	3	9
<i>That the Council recognises the link between this issue and income received via the charging scheme</i>	2	3	6
That, because of the charging scheme, customers choose not to seek pre-application advice resulting in poor quality submissions when applications are submitted to the Council	3	3	9
<i>That regular customers understand the scheme and the benefits it will bring to their clients and that the benefits of seeking advice continue to be seen when applications are determined by either Officers or Members at Planning Committee</i>	2	3	6
That the Council either charges too much or too little for the advice it is providing	2	2	4
<i>That an understanding of the scheme in comparison to other nearby Councils is maintained and that charges are reviewed on a yearly basis</i>	1	2	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 desire to provide pre-application advice to potential developers by Local Planning Authorities is well-established best practice and has been encouraged for many years both by Government and the Council. The Government recently confirmed that “early pre-application discussions can have significant benefits for the overall efficiency and effectiveness of the planning application process, including the prospects for securing timely decisions once a planning application has been submitted” (Planning Performance and the Planning Guarantee, Nov 2012).
- 5.2. The concept of Councils charging for pre-application advice is also reasonably well established and some Councils have now been charging for more than 5 years, although this is by no means widespread. Locally Taunton Deane, Sedgemoor, Somerset County Council charge whereas Mendip, South Somerset and Exmoor National Park do not. The ability to charge for the provision of advice is set out in Section 93 of the Local Government Act 2003 which is reproduced in full at part 12 of this report. Section 93 in effect allows Councils to charge for discretionary advice. The Council has previously used Section 93 to enter into Planning Performance Agreements with EDF Energy, National Grid and The Bristol Ports Company.
- 5.3. Previously the Council has informally considered introducing charges for providing pre-application advice. To date the concept has not been taken further due to concerns about the ability of the Council to deliver timely advice. Over the last 4 years the performance of the Planning Team has dramatically improved meaning that it is now possible for the Council to be confident that timely, professional and worthwhile advice can be provided. A summary of the steady improvement is set out in the table below:

	Government Target	2009/10	2010/11	2011/12	2012/13*
Major Applications determined in 13 weeks	60%	20%	72%	75%	79%

Minor Applications determined in 8 weeks	65%	66%	73%	95%	96%
Other Applications determined in 8 weeks	80%	75%	89%	94%	99%

*Up to December 2012

- 5.4. Members will be aware of the recent Local Government Report regarding the future of the Council, which identified the introduction of charging for pre-application advice as an immediate action. Fortunately the Planning Team have for some time been discussing the concept of charging for pre-application advice with the local agents who meet with the Council at our Agents Panel on a quarterly basis. The concept of charging has been discussed as one of a series of service improvements, which are being introduced over the next 12 months. The other improvements include the introduction of an Accredited Agents scheme and change the approach for considering requests about whether or not some forms of development require planning permission.
- 5.5. The agents on the Agents Panel, who between them submit a good proportion of applications which the Council deals with, have been comfortable with the concept of introducing charges for pre-application advice provided that the advice is timely, professional and is as instructive as possible. These features will need to be fundamentals of the service going forward.
- 5.6. In researching approaches to charging regimes it is clear that there is no 'standard' amongst Councils. Amounts charged vary and the types of development included in the charging scheme vary considerably. For example, some Councils charge an hourly rate, some charge by size and type of proposal, some charge for complex applications only, some apply discounts to particular types of development and some are a mix of all of these. The schemes of Taunton Deane, Sedgemoor, Somerset County Council, Bath and North East Somerset, North Somerset, East Devon and Cornwall Councils have all been considered.
- 5.7. In considering a scheme for West Somerset the following factors have been considered:
- West Somerset's workload is predominately based on smaller scale development proposals – on average 38% of applications are for householder development, 27% are for other forms of small scale development such as works to a listed building, advertisements and changes of use and 31% of development is for development of 1-9 dwellings or up to 1000m² of commercial floor space. Only 3-4% of applications fall into the Major category.
 - The officer team at West Somerset is relatively small, with some officers working part-time and it is important for the teams workload to be managed carefully
 - The cost (both in fuel and time) of attending on-site meetings is above average given the relative distances to some parts of the District. In addition some parts of the District are only visited occasionally and opportunities to 'link' trips can be limited.
 - The time taken to negotiate with developers about sites requiring Section 106 agreements is significantly greater than those sites which fall below the thresholds set out in the Councils Supplementary Planning Document for Planning Obligations.
 - Some applications are, by their very nature, technically complex and can involve the Council needing to employ the services of an expert to ensure that information is properly assessed prior to providing an opinion.
 - Much larger schemes, often requiring an Environmental Impact Assessment, will almost always result in the Council needing to procure expert advice due to the fact that the Council does not have any in-house specialists on subjects such as ecology, landscape and visual assessment, archaeology etc.

- Larger schemes will always involve third parties, such as the County Council and the Environment Agency for example, and as a consequence the amount of time coordinating advice is always higher.
- There are a number of projects that come forward where, for a variety of reasons, the amount of on-going contact (either written or during meetings) is greater. These projects can consume officer time at a disproportionate rate.
- Complex and potentially controversial proposals which are likely to result in an application needing to be presented to the Planning Committee are more likely to result in on-going negotiations and will inevitably increase the level of input required from one or more of the Planning Manager, the Deputy Planning Manager and the Major Projects Manager.

5.8. The scheme as presented in Appendix A has the following features which are present, in order to address the issues set out above:

- Whilst not commonplace amongst 'charging' Councils locally, it is considered that charges will need to apply to householder proposals and very small-scale development. If this were not the case then a significant proportion (65%) of the Planning Team's work would not result in any additional income being generated.
- The scheme is based on a combination of the type of development proposed and the type of response requested rather than a cost for advice from a different grade of officer (such as the scheme operated by Bath and North East Somerset). A key feature of the scheme would be that either the Planning Manager or Deputy Planning Manager would check the written responses before they are issued to ensure consistency. However, it is appropriate to reflect that as the level of complexity increases, the seniority of officer is also likely to increase. This is built into the costs for Written Responses and is reflected in the different hourly rates proposed for further work. The benefit to the team of this approach would be that pre-application requests would be allocated to officers based on workload as well as experience and the costs to the Council are reflected in the fee structure.
- Given the additional costs associated with attending a site visit / meeting it is considered appropriate to charge, in the case of smaller scale proposals, for attendance time and travel costs. On larger scale projects it would be normal practice for an officer to visit the site before providing a written response and so the costs of a site visit / meeting is built into the cost of a written response.
- As set out above, those schemes which will require a Section 106 agreement are likely to result a greater level of input from officers and the thresholds set out in the SPD are reflected by splitting Type 1 and Type 2 Minor Developments.
- Charges reflect those schemes which are technically complex and can involve the Council needing to employ the services of an expert to ensure that information is properly assessed prior to providing an opinion.
- Those larger schemes, which often require an Environmental Impact Assessment, will require a Planning Performance Agreement. This will enable the Council to recover the costs of procuring specialist advice as well as our own costs. In addition the Government are currently consulting on introducing a 'Planning Guarantee' regarding timescales for determination of applications. Using a Planning Performance Agreement will enable the Council to negotiate an appropriate timescale for determination with the developer (as encouraged within the current consultation).
- The level of involvement of officers both in terms of considering the details of the proposal and co-ordinating the advice of others when dealing with more complex development proposals is reflected in the costs for Type 1 and Type 2 Major Development. In West Somerset the number of schemes for over 25 dwellings are relatively low and this is considered an appropriate threshold for increasing costs for advice.
- In order to cater appropriately for those applications which require further correspondence and meetings beyond the normal written response (which is intended to be as comprehensive as possible) it is proposed (as North Somerset Council do) to

charge an hourly rate for time taken to deal with additional correspondence or meetings over and above the initial response.

- Whilst the scheme proposed covers the costs of either the Planning Manager or Deputy Planning Manager checking the initial written response, those schemes (which range from the most minor to the larger scale projects) which because of their nature result in the involvement of the 'management team' in the Planning Team in further correspondence and/or meetings, a increased rate per hour is proposed to reflect the greater level of input required.

5.9. In considering appropriate costs for particular types of application some comparisons can be drawn. The following tables set out the proposed charges within the proposed scheme at Appendix A compared with nearby authorities.

Type 3 Major Development	
Sedgemoor	PPA
West Somerset	PPA
North Somerset	£1675
Taunton Deane	£1200
East Devon	£900
Cornwall	£420

Type 2 Major Development	
West Somerset	£2000
Sedgemoor	£1800
North Somerset	£1675
Taunton Deane	£1200
East Devon	£750
Cornwall	£420

Type 1 Major Development	
Sedgemoor	£1800
West Somerset	£1200
North Somerset	£1155
East Devon	£600
Cornwall	£420
Taunton Deane	£360

Type 2 Minor Development	
West Somerset	£400
North Somerset	£310
East Devon	£300
Cornwall	£240
Taunton Deane	£240
Sedgemoor	£144

Type 1 Minor Development	
North Somerset	£240
Cornwall	£240
Taunton Deane	£240
West Somerset	£200-250
East Devon	£150
Sedgemoor	£144

Type 2 Other Development	
Cornwall	£120
Taunton Deane	£96
North Somerset	£90
West Somerset	£80
Sedgemoor	£72
East Devon	£0

Type 1 Other Development	
Taunton Deane	£96
North Somerset	£90
Sedgemoor	£72
West Somerset	£40
Cornwall	£0
East Devon	£0

Hourly Rate for Advice	
North Somerset	£45-£110
BANES	£50-£70
Somerset County	£60
West Somerset	£30-£50

- 5.10. As can be seen the charges by application type vary, in some cases considerably. The scheme for West Somerset is pitched so that, while expensive in relation to larger projects, compares well when considering smaller scale developments. While it has to be recognised that some authorities don't charge for householder development, overall for the majority 96% of West Somerset developments would be charged a 'mid-ranged' rate for the advice when compared with nearby Councils who also charge for pre-application advice. The bulk of applicants in West Somerset (38%) would be charged the lowest rate of Councils that charge for householder development.
- 5.11. Overall, the need to begin to charge for pre-application advice is important in the context of the need to maximise income into the Council. The proposal responds positively to the recommendation from the recent LGA report but importantly is part of a package of measures to further improve service delivery within the Planning Team. The concept of charging will undoubtedly result in a 'bedding-in' period however, the Council is not breaking new ground, has structured its charges to reflect the balance of work specific to this Authority and has gained in principle support from its most frequent customers.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 It is important to recognise that not all planning applications which the Council considers are made following a pre-application discussion, the Council has a duty to consider applications which are made and the type and number of development proposals varies considerably. As such there is no direct link between the number and type of planning applications received and the number of pre-application enquires.
- 6.2 It is therefore, difficult to predict the number of pre-application enquires which may come forward or the level of income that maybe generated as a result. In addition, as set out in the risk matrix above, there is a risk that some customers maybe discouraged from seeking pre-application advice as a result of the introduction of charges which introduces a further level of uncertainty around likely income. Internal Audit have been asked to provide any relevant findings which will be reported.
- 6.3 Recent staff changes in the Planning Team, including a recent retirement and one member of the team being promoted into the Major Projects Team to deal with the Hinkley Point

development who is now funded via the Service Level Agreement with EDF Energy, means that it is important to introduce additional capacity into the Planning Team in order to maintain performance. Clearly it is of great importance to ensure that staff levels are able maintained at a level where a good quality service for responding to pre-application advice is assured.

- 6.4 Clearly it will be important to monitor the impact of the scheme and reflect cost increases on a yearly basis (as with other Council fee levels). At this point it is anticipated that a yearly income of £20,000 is possible and this figure has been reflected in the Budget for the forthcoming year and the Medium Term Financial Plan going forwards.
- 6.5 The posts which are currently vacant following retirement and 'transferred' to the Major Projects Team have not been deleted and so the cost of employing an additional officer will not adversely affect the Medium Term Financial Plan. The income anticipated from the charging scheme is therefore correctly identified as Increased Income in next years budget.

7. SECTION 151 OFFICER COMMENTS

In a time of financial constraint it is important that the Council seeks to maximise contributions towards its fixed overhead costs but it should be noted that, taking one financial year with another, the income from charges should not exceed the costs of provision.

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 At present development proposals that require planning permission which come about because of the specific needs of a disabled person in the household benefit from not needing to pay a fee for their planning application. It is intended to reflect these circumstances in the pre-application charging scheme. Whilst the additional fee sought by the Council would increase the cost of each project to the developer, the proportion of this cost is considered so small in the context of the overall costs of building work, that no other equality and diversity implications are anticipated.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 The report and recommendations have no direct Crime and Disorder implications.

10. CONSULTATION IMPLICATIONS

- 10.1 The Planning Team have been discussing a range of service improvements including the principle of charging for pre-application advice, with those agents on the Agents Panel who regularly submit planning applications to the Council. The details of the scheme and supporting documentation were discussed at a special meeting of the Panel on 8th March 2013.

- 10.2 The Agents Panel made a number of observations however, the comments all related to the practical aspects of the scheme operating and not with regards to the principle of charging for advice.
- 10.3 The discussion centred on a number of issues including:
- The review planned after 6 months should include feedback from the Agents Panel – this was agreed
 - That there was a need for the Council to request the correct invoicing details to ensure that liability was placed correctly on the agent or the applicant (depending on the circumstances of their arrangements) – it was agreed that a simple form to be completed at the time of requesting advice could include such details
 - That, following the payment for advice, it was hoped that the Planning Committee would honour the time, effort and cost that may have gone into the particular scheme – it was agreed that the Planning Committee reports should be amended to include a section detailing the depth of the advice provided to ensure that Members took this into account, although all the Agents respected the democratic process and the potential for Members to decide contrary to Officer recommendation.
 - That a commitment to discuss changes during the course of applications, if a simple solution was possible, is maintained irrespective of whether or not an applicant had sought pre-application advice – it was agreed that current practice would be continued.
 - That either the Deputy Planning Manager or the Planning Manager reviewed each written advice before it was issued to ensure consistency – this was agreed as an important aspect of the scheme and was an added advantage of the charging policy vs. current practice.
 - That Officer capacity was sufficient to offer the service as there would be a very real concern about paying for timely advice and not receiving it because of staff shortages – this was discussed and the Agents Panel were advised that recruitment for an additional Planning Officer was underway.
- 10.4 Overall, the Agents Panel responded positively to the scheme and their issues were broadly similar to those expressed by Members at the Corporate PAG and Cabinet. The planned review of the policy is an important opportunity to consider any adverse effects of the new charges.

11. **ASSET MANAGEMENT IMPLICATIONS**

- 11.1 The report and recommendations have no direct Asset Management implications.

12. **ENVIRONMENTAL IMPACT IMPLICATIONS**

- 12.1 Environmental Impact will be considered on a case by case basis as part of the response to requests for pre-application advice. The concept of charging for such advice as no direct Environmental Impact implications.

13. **LEGAL IMPLICATIONS**

- 13.1 Section 93 of the Local Government Act 2003 provides for the ability for Councils to charge for discretionary services provided a number of criteria are met. The full text of Section 93 is set out below

93 Power to charge for discretionary services

(1) Subject to the following provisions, a best value authority may charge a person for providing a service to him if—

(a) the authority is authorised, but not required, by an enactment to provide the service to him, and

(b)he has agreed to its provision.

(2)Subsection (1) does not apply if the authority—

- (a)has power apart from this section to charge for the provision of the service, or
- (b)is expressly prohibited from charging for the provision of the service.

(3)The power under subsection (1) is subject to a duty to secure that, taking one financial year with another, the income from charges under that subsection does not exceed the costs of provision.

(4)The duty under subsection (3) shall apply separately in relation to each kind of service.

(5)Within the framework set by subsections (3) and (4), a best value authority may set charges as it thinks fit and may, in particular—

- (a)charge only some persons for providing a service;
- (b)charge different persons different amounts for the provision of a service.

(6)In carrying out functions under this section, a best value authority shall have regard to such guidance as the appropriate person may issue.

13.2 In considering the criteria above it is noted that:

(1)(a) the provision of pre-application advice is not a statutory responsibility

(1)(b) the agreement to pay for the advice will be sought prior to the provision of any such advice, it is intended that an 'applicant' would provide payment for the initial response (with or without a Site Visit) up front, therefore, no payment would be due without the person being aware of the need to pay

(2)(a) no other part of the Local Government Act relates to the concept of charging for pre-application advice

(2)(b) the ability to charge for pre-application advice is not expressly prohibited, a number of other Councils have been successfully charging for a number of years

(3) the anticipated annual income for charging for pre-application advice would not cover the cost of employing and running the Planning Team.

(4) The level of charges set is intended to cover the 'true' costs of providing this particular service.

(5)(a) It is intended, despite this provision, to charge a flat rate for the majority of proposals to aid understanding of the scheme. The intention to secure a Planning Performance Agreement for the very large scale development projects is likely to be bespoke and will invoke the flexibility introduced by this provision. Having considered the Equality and Diversity Implications of the proposed charging scheme, in accordance with this provision, it is not intended to charge for some forms of development – as set out in paragraph 7.1 above.

(5)(b) As above.

(6) Government Guidance on this matter is set out in General Power for Best Value Authorities to Charge for Discretionary Services – Guidance on the Power in the Local Government Act 2003 published by the then Office of the Deputy Prime Minister. This guidance has been taken account of in considering the scheme as proposed.

Report Number: WSC 41/13

Presented by: Cllr D Westcott – Lead Member for Customer and Community

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Report to a Meeting of: Full Council

To be Held on: 27 March 2013

Date Entered on Executive Forward Plan 21 February 2013

Or Agreement for Urgency Granted:

Additional Council Tax Rebate Discretionary Scheme

1. PURPOSE OF REPORT

- 1.1 To enable Council to agree the policy for the Additional Council Tax Rebate discretionary scheme

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 There is a link to objective 1 task 1.4 in delivery of the council's savings target. The policy assists in maximising collection income.

3. RECOMMENDATIONS

- 3.1 Approval of the policy for the Additional Council Tax Rebate discretionary scheme attached as Appendix A of this report

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
West Somerset Council fails to approve a policy for Discretionary Council Tax Rebate before 1 st April 2013, which is not clear and fair and transparent.	3	2	6
<i>Approve the scheme before 1st April</i>	2	2	4

West Somerset Council has no policy in place and therefore cannot agree Discretionary hardship payments.	5	4	20
<i>Agree the scheme before 1st April 2013</i>	3	4	12

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 On 23rd January 2013, members approved the Council Tax Rebate scheme. This included a discretionary fund of £22,500 to help alleviate any potential hardship this may cause
- 5.2 The legislation requires adoption of a local policy by the 1st April 2013. Following the decision of council in January this has been devised, and is attached as appendix A of this report for consideration by Council
- 5.3 In determining a policy acceptable levels of expenditure have to be agreed and these will be linked to The Office of National Statistics data. This is based on a formula relating to decile levels and these are attached as Appendix B of the report. Officers have analysed these levels and believe that the 10th decile is the most appropriate for adoption by the authority
- 5.4 The maximum award level can be set at either 85 % in line with the adopted Council Tax Rebate scheme or at 100% which will allow officers to use the policy to agreed hardship payments with those most affected by the recent changes. It therefore seems appropriate to apply a level of 100% to this scheme as this creates maximum potential to alleviate hardship.
- 5.5 The policy contains expenditure types that are permitted without the need to justification from the applicant, providing they are within acceptable levels. These are:
- Fuel and Power.
 - Food and non alcoholic drink
 - Clothing and footwear
 - Household goods and services
 - Health
 - Transport
 - Communication
 - Maintenance paid in respect of a child or former partner
 - Rent payments
 - Council tax payments
- 5.6 The application of this policy will be monitored and reported through the performance management process. The Corporate PAG also asked for a report at it's meeting on Tuesday 19th February once the new policies have been operating in

six months time. If adopted the use of this scheme will be included in that data. This will enable adjustments to be made if appropriate.

5.7 Cabinet recommended acceptance of this policy when they met on 9th March 2013.

6. FINANCIAL/RESOURCE IMPLICATIONS

6.1 The discretionary fund forms part of the overall Council Tax Rebate scheme. The cost is borne by the collection fund, which is shared among the preceptors.

6.2 The costs of the scheme are therefore neutral and can be accommodated within the amounts agreed by council in January 2013.

7. SECTION 151 OFFICER COMMENTS

7.1 The cost of the scheme attributable to West Somerset is approximately 9% which has been budgeted for as part of the overall Localised Council Tax Support Scheme approved by members at the Full Council meeting on 23rd January 2013.

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 The discretionary scheme will enable the Authority to alleviate hardship in arrears of need, and which will contribute to the equality and diversity obligations.

8.2 This will enable vulnerable people to access a fund that is bespoke to West Somerset. In particular the identified local priority of rurality will be tackled through those families who are on low wages. This scheme will also address those identified in the Equality Impact Assessment associated with the Council Tax Benefit report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None associated with this report

10. CONSULTATION IMPLICATIONS

10.1 A consultation scheme for Council Tax Rebate was undertaken in August and September 2012.

- 10.2 84.71% of the responders were in favour of a discretionary fund to help those in need. This scheme, if adopted, applies this type of fund and aims to provide assistance to the most vulnerable members of our community.

11. ASSET MANAGEMENT IMPLICATIONS

- 11.1 None associated with this report

12. ENVIRONMENTAL IMPACT IMPLICATIONS

- 12.1 None associated with this report

13. LEGAL IMPLICATIONS

- 13.1 If the council does not adopt this scheme by 1st April we will be in difficult situation for discretionary hardship payments. The lack of a scheme would lay the authority open to potential legal challenges where awards are made and perceived to be unfair
- 13.2 It is therefore essential that a scheme is adopted to provide a sound basis for decision making

APPENDIX A – DRAFT DISCRETIONARY COUNCIL TAX REBATE POLICY

APPENDIX B – ALLOWABLE EXPENSES AND EXPENDITURE TRIGGER ITEMS

APPENDIX C – HOUSEHOLD FACTOR CALCULATIONS

APPENDIX D - DECILE LEVELS FROM OFFICE OF NATIONAL STATISTICS

APPENDIX A – DRAFT DISCRETIONARY COUNCIL TAX REBATE POLICY

Introduction

Discretionary Council Tax Rebate (DCTR) is to be used to alleviate exceptional hardship to allow customers time to find alternative solutions to shortfalls in income. The availability of DCTR will be promoted by the benefits service and the Authority will do everything possible to assist claimants during the process. Potential claimants must be entitled to Council Tax Rebate.

Background

Following public consultation, the key findings were 84.71% of respondents agreed a 'hardship' fund should be provided for those worse hit by the Council Tax Benefit Reforms.

West Somerset Council is committed to providing a scheme to help alleviate extreme hardship as a result of the Council Tax Benefit Reforms.

On 19th January 2013, Councillors agreed to include a discretionary fund in the West Somerset Council Tax Rebate scheme.

DCTR can cover shortfalls between eligible council tax liability and payment of Council Tax Rebate.

The main features of the scheme are:

- The scheme is purely discretionary and a claimant does not have a statutory right to a payment
- The administration of the scheme is for the West Somerset Council to determine
- DCTR should be seen as an emergency fund. It is not and should not be considered as a way round any current or future entitlement restrictions set out under current or future legislation

Purpose

The purpose of this policy is to specify how West Somerset Council will operate the scheme from 1 April 2013 to indicate some of the factors that will be considered when deciding if a DCTR can be made and to provide guidance on periods of awards and repeat claims. Each case will be treated strictly on its merits and all customers will be treated fairly and equally. West Somerset Council is committed to working with the local voluntary sector, social landlords and other interested parties in the district to maximise entitlement to all available state benefits and this will be reflected in the administration of the DCTR scheme.

Claiming DCTR

A claim for DCTR must be made using the DCTR application form. Anyone enquiring about DCTR (either by phone, in person or correspondence) will be asked to complete a DCTR form and their case referred to a Benefits Officer.

This form will incorporate a standard income and expenditure sheet based on the common financial statement that has been designed to ensure consistency of information and evidence gathering on financial matters. The council reserves the right to request any supporting evidence it deems to be relevant to the application. If the customer is unable or does not supply the required evidence, the benefits service will still consider the application and will take into account any other available factors. If the customer has no valid reason for failing to supply the required evidence, the DCTR will be refused.

Backdated claims will not normally be considered unless there are exceptional circumstances. The maximum period for backdating will be 13 weeks.

Conditions that must be met

- 1) The claimant is entitled to CTR
- 2) The payment is in respect of costs which are potentially eligible for benefit
- 3) The sum of DCTR and CTR does not exceed the overall liability
- 4) DCTR is not used to plug an income gap caused by sanction or suspension to Social Security Benefits

Matters for consideration

In considering whether to make a DCTR award, the customer's financial situation will be looked at. Where their expenses exceed the trigger points in Appendix A, more information may be sought.

Some other factors that may be taken into account are:

- Is the reason for the shortfall due to welfare reform?
- The extent of the shortfall, including whether the customer has capital or disregarded income which can be used to meet it, or whether anyone else is able and willing to help meet the shortfall?
- What steps has the customer taken to try to reduce their liabilities?
- What steps has the customer taken to alleviate the problem?
- Does the customer, or anyone in the household, suffer from a health problem, illness or disability, which means that their choice of housing is restricted?
- Does the customer have other debts to pay, which make meeting the shortfall more difficult?
- DCTRs **are not to be provided to pay off other debts.** The dates the debts were incurred are relevant. Customers should take some responsibility for their level of debt, and the amount they can afford to pay from their income
- If the customer has non priority debts, have they taken/or intend to take advice on how to manage them effectively?
- Does the customer or anyone in the household have any unusual or unusually large expenses that make it harder than normal for them to meet the shortfall?

- Has there been a change of circumstances, which makes it more difficult to meet the shortfall?
- Could the customer reduce other outgoings so that they can meet the shortfall?
- Is this a repeat request for DCTR ? If it is, what steps has the customer taken to try to alleviate the problem since the last application?
- Is the situation short term? It is not and should not be considered as a long term way around any current or future entitlement restrictions set out under legislation.
- If the DCTR application is successful, what steps does the customer plan to take during the payment period to alleviate their position in preparation for when the payment ends?

Allowable Expenditure and Trigger points

The Authority will allow expenditure for:

- Fuel and power
- Food & Nonalcoholic drinks
- Clothing and Footwear
- Household goods & services
- Health
- Transport
- Communication
- A sum for miscellaneous expenditure

The Authority will also allow the following expenditure in full, subject to appropriate evidence being provided:

- Maintenance made in respect of a child or former partner
- Rent
- Council Tax

The Authority will base acceptable levels of expenditure on Office of National Statistics' Table 3.2E Household expenditure by "gross equivalised income decile group (OECD-modified scale)". The level will be set at the 10% decile. This will be known as the "trigger point".

The trigger point level will then be multiplied by the household factor provided by Office of National Statistics. These are:

Type of Household Member	Equivalence value
First adult	1.0
Additional adult	0.5
Child aged: 14 and over	0.5
Child aged: 0–13	0.3

For example, if the base figure is £10 per week, and the household is made up of a lone parent with a child aged six, the trigger point will be £13 (£10 x household factor of 1.3 (1 for first adult and 0.3 for child aged under 14))

These figures will be increased each year using an RPI [calculator](#).

Any expenditure at or below the “trigger point” for allowable expenditure detailed in appendix A will be permitted. Any expenditure in excess of the trigger point or other areas of expenditure will not automatically be considered. The applicant will be required to prove to the decision maker that the level or type of expenditure is essential and reasonable. The applicant will be expected to provide any evidence requested to verify this. This may include receipts, medical evidence and further explanations.

The Decision

The benefit service will decide the amount of DCTR that will be awarded on the basis of the known facts and evidence supplied.

The decision maker will then consider the applicant’s income, capital, expenditure, and any relevant circumstances when making their decision

Any agreed award will be credited to the customer’s council tax account. No other method of payment will be considered.

The benefits service may need to revise a DCTR award where the customer’s circumstances have materially changed. It is the customer’s responsibility to notify the council as soon as any change occurs. Any amendment to the claim will be effective from the date of change.

The Benefit service aims to deal with all applications for DCTR within 14 days of the claim form and all accompanying information being received.

Customers will be notified in writing of the outcome and the letter will state the reasons for the decision.

Where the application is successful the notification will advise:

- The amount of the DCTR award
- The requirement to report any relevant change

All notifications of decisions on DCTR claims will offer the opportunity for the customer to seek review.

All successful awards will be reviewed on a regular basis to establish any changes that may impact the award and the steps the claimant is taking to improve their financial situation.

The right to seek a review

DCTR are not payments of Housing Benefit or Universal Credit and are therefore not subject to the statutory appeals mechanism.

The benefits service will operate the following policy for dealing with appeals against any decision on a claim for DCTR:

- A customer, or person nominated to act on their behalf, who disagrees with an ACTR decision may dispute the decision in writing, within one month of the notification letter
- A second Officer will consider the dispute. They will review all of the evidence held and make a decision within 14 days with assistance from the Principal Benefits Officer if appropriate
- Their decision will be deemed as final

Method of payment

An award of DCTR will only be paid directly into the Council Tax Account, thus reducing the annual liability. All future payments will be adjusted to ensure that the account is fully paid up by the end of the Council Tax Year.

In exceptional circumstances, these payments can be made weekly and spread over the 12 month liability period.

Overpayments

The benefits service will seek to recover any DCTR found to be overpaid.

The overpayment will be debited to the customer's council tax account, and recovered in accordance with the Authority's recovery procedure

Monitoring

All DCTRs will be recorded on the benefits service software system (Northgate). Total DCTR expenditure will be monitored on a monthly basis by the Principal Benefits Officer who will ensure expenditure is within budget and correctly profiled throughout the year.

All claims for DCTR will be treated equally and fairly in accordance with West Somerset Councils' policies on race, diversity and equality. West Somerset Council will endeavour to ensure that no-one who applies for DCTR receives less favourable treatment on the grounds of any irrelevant consideration including age, disability, gender, religious beliefs, marital status, nationality, race or sexual orientation.

Fraud

West Somerset Council's Benefit Service is committed to prevent any fraud and error, and to investigate and detect any fraud within the system.

A customer who tries to fraudulently claim an DCTR by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where West Somerset Council's Benefit Service suspect that a fraud may have occurred, the matter will be investigated, and this may lead to criminal proceedings being instigated.

Review

This policy will be reviewed from time to time and revised to take into account any changes in legislation and to improve effectiveness. The effectiveness of this policy will be regularly monitored and results reported to senior officers and Members.

West Somerset Council reserves the right to adjust the way this policy operates from time to time, in all aspects, in the light of experience, prevailing economic climate and national benefit changes.

March 2013.

APPENDIX B – ALLOWABLE EXPENSES AND EXPENDITURE TRIGGER ITEMS**Figures based on 'Office of National Statistics' Table 3.2E
per adult in household per week (2012) Lowest 10%**

1 - Fuel and power	£10.21
2 - Food & Non alcoholic drinks	£22.80
3 - Clothing and Footwear	£5.57
4 - Household goods & services	£8.55
5 - Health	£0.80
6 - Transport	£11.39
7 - Communication	£4.20
8 - Misc.	£12.20

Total not to exceed £75.72 per adult *

*Figures taken from report (Appendix C) and calculated at 10% decile group.

Additional allowances include:

- Maintenance in respect of a child or former partner Actual Expenditure
- Rent liability Actual Expenditure
- Council Tax liability Actual Expenditure

APPENDIX C – HOUSEHOLD FACTOR CALCULATIONS

OECD-modified equivalence scale	
Type of Household Member	Equivalence value
First adult	1.0
Additional adult	0.5
Child aged: 14 and over	0.5
Child aged: 0–13	0.3

The OECD-modified equivalence scale is the standard scale for the Statistical Office of the European Union (EUROSTAT) and several government departments in the UK use it for key household income statistics. For example, the Department for Work and Pensions (DWP) use the OECD-modified scale for their Households Below Average Income (HBAI) publication and ONS use it for the Effects of Taxes and Benefits on Household Income (ETB) analysis.

The equivalence values for each household member are summed to give a total equivalence number for the household. For example, the total equivalence value for a household containing a married couple with two children aged 10 and 14 is calculated as follows:

$$1 \text{ (first adult)} + 0.5 \text{ (second adult)} + 0.5 \text{ (14-year-old child)} + 0.3 \text{ (10-year-old child)} = 2.3$$

The total equivalence value of 2.3 shows that the household needs more than twice the income of a single adult household in order to achieve a comparable standard of living.

In the final step of the calculation the total income for the household is divided by the equivalence value. For example, if the household described in the example above has an annual income of £30,000, their equivalised income is calculated as follows:

$$£30,000/2.3 = £13,043$$

For a single adult household with an actual income of £30,000 the equivalised income remains at £30,000, because the equivalence value for this household is equal to one. This demonstrates that a single adult household will have a higher standard of living than a larger household with the same level of income.

The income decile groups were as follows: Income decile	Gross weekly income	Gross weekly equivalised income (OECD-modified scale)
1	Up to £159	Up to £131
2	£160 to £237	£132 to £179
3	£238 to £314	£180 to £226
4	£315 to £412	£227 to £276
5	£413 to £521	£277 to £332
6	£522 to £650	£333 to £399
7	£651 to £800	£400 to £483
8	£801 to £1,014	£484 to £594
9	£1,015 to £1,367	£595 to £793
10	£1,368 and over	£794 and over

APPENDIX D - DECILE LEVELS FROM OFFICE OF NATIONAL STATISTICS

United Kingdom

	Lowest ten per cent	Second decile group	Third decile group	Fourth decile group	Fifth decile group	Sixth decile group	Seventh decile group	Eighth decile group	Ninth decile group	Highest ten per cent	All house- holds
Lower boundary of group (£ per week)		132	180	227	277	333	400	484	595	794	
Commodity or service	Average weekly household expenditure (£)										
Weighted average number of persons per household	2.10	2.00	2.20	2.20	2.40	2.50	2.60	2.50	2.40	2.30	2.30
1	35.30	41.40	45.10	50.50	51.60	55.80	60.20	63.30	62.00	66.80	53.20
3	11.50	11.00	13.90	17.20	22.00	22.90	28.90	27.90	35.50	43.00	23.40
4	48.60	47.60	51.50	58.20	60.10	65.30	62.50	61.90	69.20	78.80	60.40
5	17.10	14.10	20.00	26.90	22.70	30.80	27.80	40.70	42.20	72.10	31.40
6	1.60	2.50	3.30	4.10	5.40	4.20	5.50	5.50	7.10	11.20	5.00
7	22.80	26.20	32.40	51.10	47.40	56.30	77.10	86.90	100.20	148.30	64.90
8	8.40	8.30	10.30	11.50	12.50	13.80	14.30	14.80	17.10	19.20	13.00
Total expenditure	110.80	124.30	139.40	164.90	164.50	184.00	205.10	240.40	285.60	386.40	203.10

Report Number: WSC 42/13
Presented by: Cllr D Westcott – Lead Member for Customer and Community
Author of the Report: Paul Lamb, Principal Benefits Officer
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Report to a Meeting of: Full Council
To be Held on: 27 March 2013
Date Entered on Executive Forward Plan 21 February 2013
Or Agreement for Urgency Granted:

DISCRETIONARY HOUSING PAYMENTS SCHEME

1. PURPOSE OF REPORT

- 1.1 To inform the Council of the proposed policy for Discretionary Housing Payments Scheme.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 There is a link to objective 1 task 1.4 in delivery of the council's savings target. The policy assists in maximising collection income.

3. RECOMMENDATIONS

- 3.1 Approval of the policy for Discretionary Housing Payments Scheme attached as **Appendix A** to this report.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
West Somerset Council fails to approve a policy for Discretionary Housing Payments before 1 st April 2013, which is not clear and fair and transparent.	3	2	6
<i>Approve the scheme before 1st April</i>	2	2	4
West Somerset Council has no policy in place and therefore cannot agree Discretionary hardship payments.	5	4	20
<i>Agree the scheme before 1st April 2013</i>	3	4	12

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 On 2nd July 2001 the Discretionary Housing Payments Scheme (DHP) scheme was introduced. It granted all local authorities power to make a discretionary award to top up the Housing Benefits and Universal Credit (HB/UC) statutory schemes. The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI2001/1167) and the subsequent amendment regulations.

5.2 DHPs can cover shortfalls between eligible rental liability and payment of Housing Benefit/Universal Credit and help towards housing costs.

5.3 In determining a policy acceptable levels of expenditure have to be agreed and these will be linked to The Office of National Statistics data. This is based on a formula relating to decile levels and these are attached as Appendix B of the report. Officers have analysed these levels and believe that the 10th decile is the most appropriate for adoption by the authority.

5.4 The main features of the scheme are:

- The scheme is purely discretionary and a claimant does not have a statutory right to a payment
- Every year the Government may allocate an amount that can be paid out by each local authority in any financial year.
- The administration of the scheme is for the local authority to determine
- DHP is not a payment of HB/UC. However the minimum amount of HB/UC must be in payment in the benefit week that a DHP is awarded for
- DHP should be seen as an emergency fund. It is not and should not be considered as a way round any current or future entitlement restrictions set out under HB/UC legislation
- It cannot be used to offset overpayment recovery or to cover ineligible service charges
- Any unspent Government contribution must be returned

5.5 The policy contains expenditure types that are permitted without the need to justification from the applicant, providing they are within acceptable levels. These are:

- Fuel and Power.
- Food and non-alcoholic drink
- Clothing and footwear
- Household goods and services

- Health
- Transport
- Communication
- Maintenance paid in respect of a child or former partner
- Rent payments
- Council tax payments

5.6 The application of this policy will be monitored and reported through the performance management process.

5.7 Cabinet Committee recommended acceptance of this policy when they met on 9th March 2013.

6. FINANCIAL/RESOURCE IMPLICATIONS

6.1 The Government have contributed £68,453 for the 2013/14 DHP fund.

6.2 The Discretionary Financial Assistance Regulations 2001 (SI2001/1167) permits the Authority to add an additional £102,680 to this 2013/14 fund. This additional cost would need to be borne by the Authority. In light of the financial limitations of the Authority, the scheme has been designed to meet the allocated amount from Government.

7. SECTION 151 OFFICER COMMENTS

7.1 The scheme has been designed around the £68,453 being given to West Somerset by Central Government and therefore will result in no additional cost to this Authority.

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 The Discretionary Housing Payments will enable the Authority to alleviate hardship in arrears of need, and which will contribute to the equality and diversity obligations.

8.2 This will enable vulnerable people to access a fund that is bespoke to West Somerset. In particular the identified local priority of rurality will be tackled through those families who are on low wages. This scheme will also address those identified in the Equality Impact Assessment associated with the Council Tax Benefit report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None associated with this report.

10. CONSULTATION IMPLICATIONS

10.1 None associated with this report.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 None associated with this report.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

12.1 None associated with this report.

13. LEGAL IMPLICATIONS

13.1 If the Council does not adopt this scheme by 1st April we will be in difficult situation for discretionary housing payments. The lack of a scheme would lay the authority open to potential legal challenges where awards are made and perceived to be unfair.

13.2 It is therefore essential that a scheme is adopted to provide a sound basis for decision making.

APPENDIX A – DRAFT DISCRETIONARY HOUSING PAYMENTS POLICY

APPENDIX B – ALLOWABLE EXPENSES AND EXPENDITURE TRIGGER ITEMS

APPENDIX C – HOUSEHOLD FACTOR CALCULATIONS

APPENDIX D - DECILE LEVELS FROM OFFICE OF NATIONAL STATISTICS

APPENDIX A – DRAFT DISCRETIONARY HOUSING PAYMENTS POLICY

Introduction

Discretionary Housing Payments (DHPs) are to be used to alleviate hardship to allow customers time to find alternative solutions to housing issues and/or shortfalls in income.

The availability of DHPs will be promoted by the benefits service and the Authority will do everything possible to make it easy for potential beneficiaries of DHPs to apply and will assist claimants during the process.

Background

On 2nd July 2001 the DHP scheme was introduced. It granted all local authorities power to make a discretionary award to top up the Housing Benefits and Universal Credit (HB/UC) statutory schemes. The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI2001/1167) and the subsequent amendment regulations.

DHPs can cover shortfalls between eligible rental liability and payment of Housing Benefit/Universal Credit and help towards housing costs.

Housing costs can be interpreted more widely to include rent in advance, deposits or other lump sum costs associated with a housing need such as removal costs.

Consideration should also be given to the welfare changes introduced with effect from April 2013 and the subsequent increase in DHP funding.

The main features of the scheme are:

- The scheme is purely discretionary and a claimant does not have a statutory right to a payment
- Every year the Government may allocate an amount that can be paid out by each local authority in any financial year.
- The administration of the scheme is for the local authority to determine
- DHP is not a payment of HB/UC. However the minimum amount of HB/UC must be in payment in the benefit week that a DHP is awarded for
- DHP should be seen as an emergency fund. It is not and should not be considered as a way round any current or future entitlement restrictions set out under HB/UC legislation
- It cannot be used to offset overpayment recovery or to cover ineligible service charges
- Any unspent Government contribution must be returned

Purpose

The purpose of this policy is to specify how West Somerset Council will operate the scheme from 1 April 2013 to indicate some of the factors that will be considered when deciding if a DHP can be made and to provide guidance on periods of awards and repeat claims.

Each case will be treated strictly on its merits and all customers will be treated fairly and equally.

West Somerset Council is committed to working with the local voluntary sector, social landlords and other interested parties in the district to maximise entitlement to all available state benefits and this will be reflected in the administration of the DHP scheme.

Claiming a DHP

A claim for DHP must be made in writing. Anyone enquiring about a DHP (either by phone, in person or correspondence) will be asked to complete a DHP form and their case referred to a Benefits Officer.

This form will incorporate a standard income and expenditure sheet based on the common financial statement that has been designed to ensure consistency of information and evidence gathering on financial matters. The council reserves the right to request any supporting evidence it deems to be relevant to the application. If the customer is unable or does not supply the required evidence, the benefits service will still consider the application and will take into account any other available factors. If the customer has no valid reason for failing to supply the required evidence, the DHP will be refused.

Conditions that must be met

This section is based on the Council's understanding of the legislative requirements as detailed in the Discretionary Financial Assistance Payments 2001 regulations.

- 1) The claimant is entitled to benefit
- 2) The payment is in respect of costs which are potentially eligible for benefit
- 3) The sum of a DHP and the benefit does not exceed the overall liability
- 4) A DHP is not used to plug an income gap caused by sanction or suspension to Social Security Benefits

Matters for consideration

In considering whether to make a DHP award, the customer's financial situation will be looked at. Where their expenses exceed the trigger points in Appendix A, more information may be sought.

Some other factors that may be taken into account are:

- Is the reason for the shortfall due to welfare reform?

- The extent of the shortfall, including whether the customer has capital or disregarded income which can be used to meet it, or whether anyone else is able and willing to help meet the shortfall?
- Is there a real risk of eviction because of the shortfall, or will the landlord accept a reduced payment?
- If the customer has recently taken up the tenancy, did they make enquiries with the local authority or any other service providers about how much benefit they could be expected to get prior to signing up? Could the recently signed tenancy agreement be considered as affordable in relation to the applicant's income?
- What steps has the customer taken to try to reduce their rental liability?
- What steps has the customer taken to alleviate the problem?
- Does the customer, or anyone in the household, suffer from a health problem, illness or disability, which means that their choice of housing is restricted?
- Does the customer have other debts to pay, which make meeting the shortfall more difficult?
- DHPs are not to be provided to pay off other debts. The dates the debts were incurred are relevant, particularly where arrangements were entered into when rent is being restricted. Customers should take some responsibility for their level of debt, and the amount they can afford to pay from their income
- If the customer has debts, have they taken advice on how to manage them effectively?
- Does the customer or anyone in the household have any unusual or unusually large expenses, which make it harder than normal for them to meet the shortfall?
- Has there been a change of circumstances, which makes it more difficult to meet the shortfall?
- Could the customer reduce other outgoings so that they can meet the shortfall?
- Is this a repeat request for a DHP? If it is, what steps has the customer taken to try to alleviate the problem since the last application?
- Is the situation short term? It is not and should not be considered as a long term way around any current or future entitlement restrictions set out under legislation.
- If the DHP application is successful, what steps does the customer plan to take during the payment period to alleviate their position in preparation for when the payment ends?

Period of award

The benefit service will decide the length of time for which a DHP will be awarded on the basis of the known facts and evidence supplied. The award will be reviewed at regular intervals to ensure that is still required.

The start date of a DHP award will usually be:

- The Monday following receipt of the DHP claim, or
- The date on which entitlement to HB/UC commenced (providing the claim is received within one month of the HB/UC decision), or
- The Monday after a relevant change in circumstances giving rise to the need for the DHP

A DHP shall not be awarded for any period for which the customer has no entitlement to HB/UC.

The benefits service may need to revise or revoke a DHP award where the customer's circumstances have materially changed. It is the customer's responsibility to notify the Authority as soon as any change occurs. Any amendment to the claim will be effective from the date of change.

In exceptional circumstances the benefits service will consider a request for backdating a DHP application. Such backdating will only be considered for a maximum of 3 months in line with other benefit legislation.

Allowable Expenditure and Trigger points

The Authority will allow expenditure for:

- Fuel and power
- Food & Non alcoholic drinks
- Clothing and Footwear
- Household goods & services
- Health
- Transport
- Communication
- A sum for miscellaneous expenditure

The Authority will also allow the following expenditure in full, subject to appropriate evidence being provided:

- Maintenance made in respect of a child or former partner
- Rent
- Council Tax

The Authority will base acceptable levels of expenditure on “**Office of National Statistics’ Table 3.2E Household expenditure by gross equivalised income decile group (OECD-modified scale).**” The level will be set at the 10% decile. This will be known as the “trigger point”.

The trigger point level will then be multiplied by the household factor provided by Office of National Statistics. These are:

Type of Household Member	Equivalence value
First adult	1.0
Additional adult	0.5
Child aged: 14 and over	0.5
Child aged: 0–13	0.3

For example, if the base figure is £10 per week, and the household is made up of a lone parent with a child aged six, the trigger point will be £13 (£10 x household factor of 1.3 (1 for first adult and 0.3 for child aged under 14))

These figures will be increased each year using an RPI [calculator](#)

Any expenditure at or below the “trigger point” for allowable expenditure detailed in appendix A will be permitted. Any expenditure in excess of the trigger point or other areas of expenditure will not automatically be considered. The applicant will be required to prove to the decision maker that the level or type of expenditure is essential and reasonable. The applicant will be expected to provide any evidence requested to verify this. This may include receipts, medical evidence and further explanations.

The Decision

The Benefit service aims to deal with all applications for DHP within 14 days of the claim form and all accompanying information being received.

Customers will be notified in writing of the outcome and the letter will state the reasons for the decision.

Where the application is successful the notification will advise:

- The weekly amount of the DHP award
- The period of the award
- How, when and to whom the DHP will be paid
- The requirement to report any relevant change

All notifications of decisions on DHP claims will offer the opportunity for the customer to seek review.

The right to seek a review

DHPs are not payments of Housing Benefit or Universal Credit and are therefore not subject to the statutory appeals mechanism.

The benefits service will operate the following policy for dealing with appeals against any decision on a claim for DHP:

- A customer, or person nominated to act on their behalf, who disagrees with a DHP decision may challenge the decision in writing, within one month of the notification letter
- A second Officer will review all of the evidence held and make a decision within 14 days with assistance from the Principal Benefits Officer if appropriate
- Their decision will be deemed as final.

Method of payment

The decision maker will decide the most appropriate person to pay, based upon the circumstances of each case. This could include paying:

- The customer
- Their partner
- An appointee
- Their landlord or agent
- Any third party to whom it might be most appropriate to make payment

We will pay an award of DHP by the most relevant means available in each case. Payment frequency will normally be made in line with the HB award.

Overpayments

The benefits service will seek to recover any DHP found to be overpaid. Normally this involves issuing an invoice to the customer or the person to whom the award was paid.

Recovery may be made from any on-going benefit entitlement. The overpayment notification letter will also set out the right of review.

Monitoring

All DHPs will be recorded on the benefits service software system (Northgate). Total DHP expenditure will be monitored on a monthly basis by the Principal Benefits Officer who will ensure expenditure is within budget and correctly profiled throughout the year.

All claims for DHP will be treated equally and fairly in accordance with West Somerset Councils' policies on race, diversity and equality. West Somerset Council will endeavour to ensure that no-one who applies for DHP receives less favourable treatment on the

grounds of any irrelevant consideration including age, disability, gender, religious beliefs, marital status, nationality, race or sexual orientation.

Fraud

West Somerset Councils' Benefit Service is committed to prevent any fraud and error, and to investigate and detect any fraud within the system.

A customer who tries to fraudulently claim a DHP by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where West Somerset Council's Benefit Service suspect that a fraud may have occurred, the matter will be investigated, and this may lead to criminal proceedings being instigated.

Review

This policy will be reviewed from time to time and revised to take into account any changes in legislation and to improve effectiveness. The effectiveness of this policy will be regularly monitored and results reported to senior officers and Members.

West Somerset Council reserves the right to adjust the way this policy operates from time to time, in all aspects, in the light of experience, prevailing economic climate and national benefit changes.

March 2013.

APPENDIX B – ALLOWABLE EXPENSES AND EXPENDITURE TRIGGER ITEMS**Figures based on 'Office of National Statistics' Table 3.2E
per adult in household per week (2012) Lowest 10%**

1 - Fuel and power	£10.21
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5 - Health	£0.80
6 - Transport	£11.39
7 - Communication	£4.20
8 - Misc.	£12.20
Total not to exceed £75.72 per adult *	

*Figures taken from report (Appendix C) and calculated at 10% decile group.

Additional allowances include:

- Maintenance in respect of a child or former partner Actual Expenditure
- Rent liability Actual Expenditure
- Council Tax liability Actual Expenditure

APPENDIX C – HOUSEHOLD FACTOR CALCULATIONS

OECD-modified equivalence scale	
Type of Household Member	Equivalence value
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The OECD-modified equivalence scale is the standard scale for the Statistical Office of the European Union (EUROSTAT) and several government departments in the UK use it for key household income statistics. For example, the Department for Work and Pensions (DWP) use the OECD-modified scale for their Households Below Average Income (HBAI) publication and ONS use it for the Effects of Taxes and Benefits on Household Income (ETB) analysis.

The equivalence values for each household member are summed to give a total equivalence number for the household. For example, the total equivalence value for a household containing a married couple with two children aged 10 and 14 is calculated as follows:

$$1 \text{ (first adult)} + 0.5 \text{ (second adult)} + 0.5 \text{ (14-year-old child)} + 0.3 \text{ (10-year-old child)} = 2.3$$

The total equivalence value of 2.3 shows that the household needs more than twice the income of a single adult household in order to achieve a comparable standard of living.

In the final step of the calculation the total income for the household is divided by the equivalence value. For example, if the household described in the example above has an annual income of £30,000, their equivalised income is calculated as follows:

$$£30,000/2.3 = £13,043$$

For a single adult household with an actual income of £30,000 the equivalised income remains at £30,000, because the equivalence value for this household is equal to one. This demonstrates that a single adult household will have a higher standard of living than a larger household with the same level of income.

The income decile groups were as follows: Income decile	Gross weekly income	Gross weekly equivalised income (OECD-modified scale)
1	Up to £159	Up to £131
2	£160 to £237	£132 to £179
3	£238 to £314	£180 to £226
4	£315 to £412	£227 to £276
5	£413 to £521	£277 to £332
6	£522 to £650	£333 to £399
7	£651 to £800	£400 to £483
8	£801 to £1,014	£484 to £594
9	£1,015 to £1,367	£595 to £793
10	£1,368 and over	£794 and over

APPENDIX D - DECILE LEVELS FROM OFFICE OF NATIONAL STATISTICS

United Kingdom

	Lowest ten per cent	Second decile group	Third decile group	Fourth decile group	Fifth decile group	Sixth decile group	Seventh decile group	Eighth decile group	Ninth decile group	Highest ten per cent	All house- holds
Lower boundary of group (£ per week)		132	180	227	277	333	400	484	595	794	
Commodity or service	Average weekly household expenditure (£)										
Weighted average number of persons per household	2.10	2.00	2.20	2.20	2.40	2.50	2.60	2.50	2.40	2.30	2.30
1	35.30	41.40	45.10	50.50	51.60	55.80	60.20	63.30	62.00	66.80	53.20
3	11.50	11.00	13.90	17.20	22.00	22.90	28.90	27.90	35.50	43.00	23.40
4	48.60	47.60	51.50	58.20	60.10	65.30	62.50	61.90	69.20	78.80	60.40
5	17.10	14.10	20.00	26.90	22.70	30.80	27.80	40.70	42.20	72.10	31.40
6	1.60	2.50	3.30	4.10	5.40	4.20	5.50	5.50	7.10	11.20	5.00
7	22.80	26.20	32.40	51.10	47.40	56.30	77.10	86.90	100.20	148.30	64.90
8	8.40	8.30	10.30	11.50	12.50	13.80	14.30	14.80	17.10	19.20	13.00
Total expenditure	110.80	124.30	139.40	164.90	164.50	184.00	205.10	240.40	285.60	386.40	203.10

Report Number: WSC 35/13
Presented by: Councillor T Taylor, Leader of Council
Author of the Report: Bruce Lang, Corporate Director
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Report to a Meeting of: Council
To be Held on: 27 March 2013
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: Not Applicable

Joint Working between West Somerset Council and Taunton Deane Borough Council – Membership of Joint Members Advisory Panel

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is for the Council to agree its membership of the Joint Members Advisory Panel.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The establishment of a Joint Members Advisory Panel is an important part of the project governance. Joint working between West Somerset Council and Taunton Deane Borough Council which is identified as Key Task 1.2 in the Corporate Plan 2013-16, as follows:

Key Task 1.2 - Working with Taunton Deane Borough Council to draft a business case for the commissioning or sharing of services, management and staff.

3. RECOMMENDATIONS

- 3.1 That the Portfolio Holder for Resources and Central Support together with the Shadow Portfolio Holder be confirmed as representatives on the Joint Members Advisory Panel together with two other non-Executive Members to be appointed at the meeting.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
Without effective democratic involvement/engagement the project may not meet the objectives agreed by the Council	Likely (4)	Likely (4)	High (16)
<i>Appropriate Member representation appointed to the Joint Members Advisory Panel</i>	Unlikely (2)	Moderate (3)	Low (6)

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 As Members will be aware at the respective meetings of West Somerset Council and Taunton Deane Borough Council held on 27 February 2013 and 4 March 2013, a project mandate was agreed as the basis for joint working between West Somerset Council and Taunton Deane Borough Council to draft a business case for the commissioning or sharing of services, management and staff.
- 5.2 An important element of the mandate was to ensure good project governance.
- 5.3 Whilst each Council will need to take key decisions as the project progresses involving Scrutiny, Executive, Full Council and joint Member briefings as appropriate, to further support this project and recognising its importance to the future of both organisations it was agreed to create a Joint Members Advisory Panel.
- 5.4 This Panel would consist of four Members from each Council and would work closely with the Project Team to ensure democratic involvement in the project direction. Specifically, its role would be to:
- Provide policy direction and advice to the project.
 - Review project processes and approve any exceptions to the approved scope of the project.
 - Ensure the process is properly aligned at all stages to the strategic outcomes required.
 - Support key communication processes across all key stakeholders.
 - Ensure democratic engagement and accountability throughout the project.
- 5.5 It is therefore vital that both Councils appoint appropriate representation to this Panel.
- 5.6 The mandate stipulated that four representatives should consist of the Portfolio Holder and Shadow Portfolio Holder plus two further elected Members.
- 5.7 In regard to West Somerset, it is recommended that it would be appropriate for the Resources and Central Support Portfolio Holder, Councillor K Kravis, to represent the Council on the Panel which would mean that the Shadow Portfolio Holder would be Councillor D Ross.
- 5.8 It is also recommended that the other two elected West Somerset Council representatives should be non-Executive Members and be democratically appointed at the Council meeting.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 There are no direct financial implications other than the time required from the four Members concerned to attend monthly meetings for the duration of the project, together with any appropriate travel/subsistence expenses.

7. SECTION 151 OFFICER COMMENTS

- 7.1 The appointment of four elected representatives to the Joint Members Advisory Panel is an important element to ensure good governance of this important partnership project.

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 At this stage there are no equalities issues for Members to consider. As the project progresses and a strategic business case is developed, then a full equalities impact assessment will be completed and shared with Members.

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. LEGAL IMPLICATIONS

13.1 None in respect of this report. Legal input will be required as part of the development of the business case going forward.

Report Number: WSC 36/13
Presented by: Monitoring Officer, Bruce Lang
Author of the Report: Bruce Lang, Monitoring Officer
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Report to a Meeting of: Council
To be Held on: 27 March 2013
Date Entered on Executive Forward Plan N/A
Or Agreement for Urgency Granted:

PROPOSED REVISIONS TO THE COUNCIL'S CONSTITUTION

1. PURPOSE OF REPORT

1.1 To consider agreeing proposed revisions to the West Somerset Council's Constitution.

2. CONTRIBUTION TO CORPORATE PRIORITIES

2.1 One of the functions of the Monitoring Officer is to maintain an up to date version of the Constitution.

3. RECOMMENDATIONS

3.1 The Council is recommended to approve the proposed updates and revisions to the Constitution of West Somerset Council as outlined in the report with or without amendments.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
Failure to keep the Council's Constitution up to date that will render it not fit for purpose and hinder the decision making process	3	4	Medium (12)
<i>The Council agreeing to regular updates</i>	1	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 The purpose of the Constitution is to set out how the Council operates, how decisions are made and the procedures which are followed to ensure that they are efficient, transparent

and accountable to local people. Some of those processes are required by law while others are a matter for the Council to choose.

- 5.2 There is a duty to monitor and review the operation of the Constitution and ensure that the document is kept up-to-date and fit for purpose.
- 5.3 Given that legislation and other events can happen at any time the Constitution is a living document and, therefore, it is likely that updates will need to be initiated at least annually.
- 5.4 The purpose for bringing a report at this stage is that the Constitution was last revised in June 2011 and there are therefore several outstanding matters that should be formally recognised to be included in the new Constitution as well as numerous minor designation issues. The proposed amendments can be summarised as follows:-
- A. Changing references from the old “Standards Committee” to the newly constituted Standards Advisory Committee.
 - B. Including an explanation of the role and operating protocol in respect of the Independent Person appointed under the Localism Act in relation to the Standards Regime.
 - C. Inclusion of the new Members’ Code of Conduct following the implementation of the Standards Provisions of the Localism Act 2011.
 - D. The addition of a new procedural rule headed “Conflict of Interest” that is now required following the Localism Act 2011 to make it clear when members should leave the chamber when declaring declarations of interest.
 - E. Specific changes under the Access to Information section to reflect the new requirements regarding Cabinet’s Forward Plan.
 - F. Detailed changes to the Scheme of Delegations in relation to job title designations given the recent changes to the structure of the Corporate Management Team and the inclusion of the Port Medical Officers list.
 - G. Updated Financial Regulations and Contract Standing Orders, which have been reviewed within the last two years.
 - H. Numerous minor designation and textural updates following a general review of the document.
- 5.5 It was decided not to circulate the document with the agenda given that it is in the region of 350 pages long and if any member is interested a copy is available that identifies all the proposed changes that form part of the current review.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 None in relation to this report.

7. SECTION 151 OFFICER COMMENTS

- 7.1 The maintaining of an up to date and fit for purpose Constitution is an important part of providing good governance for the Council.

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 in relation to this report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None in relation to this report.

10. CONSULTATION IMPLICATIONS

10.1 None in relation to this report.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 None in relation to this report.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

12.1 None in relation to this report.

13. LEGAL IMPLICATIONS

13.1 Some of the processes included in the Council's Constitution are required by law.

Report Number: WSC 48/13
Presented by: Councillor K V Kravis, Lead Member for Resources and Central Support
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Report to a Meeting of: Full Council
To be Held on: 27th March 2013
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: N/A

TREASURY MANAGEMENT STRATEGY STATEMENT, MRP POLICY AND ANNUAL INVESTMENT STRATEGY 2013-2014

1. PURPOSE OF REPORT

To inform Council of the proposed Treasury Management Strategy, Minimum Revenue Policy and Annual Investment Strategy for 2012-2013 in line with the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

2. CONTRIBUTION TO CORPORATE PRIORITIES

None directly in relation to this report, however it is a statutory requirement that the Treasury Management Strategy, Minimum Revenue Policy and Annual Investment Strategy for 2013-2014 is approved prior to the commencement of the financial year.

3. RECOMMENDATIONS

To approve the combined Treasury Management Strategy, Minimum Revenue Policy and Annual Investment Strategy for 2013-2014.

4. RISK ASSESSMENT (IF APPLICABLE)

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.	Unlikely (1)	Major (3)	Medium (1)
<i>The Treasury Management Strategy is approved by Full Council in March 2013 at the latest.</i>			

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, Minimum Revenue Policy Strategy and Annual Investment Strategy are attached to this report. In order to comply with both legislative and policy requirements the documents contain a significant amount of data and technical detail. 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.

5.2 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.

6. FINANCIAL/RESOURCE IMPLICATIONS

6.1 As set out in the report.

7. SECTION 151 OFFICER COMMENTS

7.1 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.

7.2 The Audit Committee will scrutinise the performance against the strategy on a 6-monthly basis thereafter, strengthening its role and accountability by the Authority.

7.3 With regard to the Authority'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.

- 7.4 The capital finance requirement (CFR) refers to historic capital spend made by West Somerset which has not yet been properly financed. Some of the debt is external, £3.5m, and it is expected that this loan will be repaid from the proceeds of asset sales. The rest of the debt is where the Council has borrowed against its own reserves and working capital to finance capital spend ie/. 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 as the money was being held for a purpose eg/. reserves and to pay our creditors. The repayment can be either through further asset sales or by making an annual minimum revenue provision. If nothing is done in the long term WSC will need to borrow money as it uses up its reserves.
- 7.5 The minimum revenue provision (MRP) is an amount charged to revenue every year to cover the CFR (eg/. pay it back). As capital is used on the purchase, improvement or construction of assets then the MRP has to reflect the expected life of the asset; if the CFR is as a result of the construction of a building then the MRP will be the amount outstanding divided by the number of years of asset life we have left on the building. If the CFR is say £4.5m then an annual MRP would be 4,500,000 divided by 60 (estimated asset life) which is £75,000 per annum.
- 7.6 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 so an amount will need to be included within the Medium Term Financial Plan (MTFP) for annual revenue contributions to capital spend.

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 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. **LEGAL IMPLICATIONS**

13.1 None in respect of this report.

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2013/14

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.3 Treasury Management Strategy for 2013/14

The strategy for 2013/14 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. With this in mind appropriate training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Sector as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2013/14 – 2015/16

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £000	2013/14 Estimate
Information Technology	159
Environmental Services	148
Housing	290
Total	597

Given the financial position of the Authority it was deemed appropriate to only set a one-year capital programme as part of the recent budget setting process for 2013-2014.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure £000	2013/14 Estimate
Non-HRA	597
Total	597
Financed By:	
Capital Receipts	
Capital Grants	180
Capital Reserves	417
Revenue	
Net Financing Need For The Year	0

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Financing Requirement					
CFR – non housing	7,660	7,411	4,606	1,123	
Total CFR	7,660	7,411	4,606	1,123	
Movement in CFR	260	(249)	(2,805)	(3,483)	

Movement in CFR represented by					
Net financing need for the year (above)	260	(249)	(2,785)	(3,363)	
Less MRP/VRP and other financing movements	0	0	(20)	(120)	
Movement in CFR	260	(249)	(2,805)	(3,483)	

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement):

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

Existing practice - MRP will follow the existing practice outlined in former CLG regulations (option 1).

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year. Any capital expenditure that is not supported or funded from capital receipts or revenue reserves will require an amendment to the policy.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £m	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Fund balances / reserves	2,239	1,433	1,376	1,359	
Capital receipts	1,511	1,598	3,583	0	
Provisions	6	10	10	10	
Other	266	300	300	300	
Total core funds	4,022	3,341	5,269	1,669	
Working capital*	1,998	720	(513)	(396)	
Under/(over) borrowing	4,160	3,911	4,586	4,586	
Expected investments	1,860	150	150	150	

*Working capital balances shown are estimated year end; these may be higher mid-year

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	<1%	<1%	0	0	0

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 Incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Council tax - band D	Nil	Nil	Nil	Nil	Nil

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
External Debt					
Debt at 1 April	3,500	3,500	3,500	0	
Expected change in Debt	0	0	0	0	
Other long-term liabilities (OLTL)	0	0	0	0	
Expected change in OLTL	0	0	0	0	
Actual gross debt at 31 March	3,500	3,500	0	0	
The Capital Financing Requirement	7,660	7,411	4,606	1,123	
Under / (over) borrowing	4160	3,911	4,606	1,123	

Total Investments at 31 March					
Investments	1,860	150	150	150	
Investment change	1,023	(873)	0	0	

Net Debt	1,640	3,350	(150)	(150)	
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Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance 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.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Debt	7,500	7,500	7,500	7,500
Other long term liabilities	Nil	Nil	Nil	Nil
Total	7,500	7,500	7,500	7,500

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Debt	10,000	10,000	10,000	10,000
Other long term liabilities	Nil	Nil	Nil	Nil
Total	10,000	10,000	10,000	10,000

3.3 Prospects for interest rates

The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively 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 will incur a revenue loss between borrowing costs and investment returns.
-

3.4 Borrowing strategy

It is the intention for the Council to hold its current PWLB loan until maturity in February 2014, at which point the debt will be repaid. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Council Officers, in conjunction with the treasury advisors, will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast*, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

The Council's borrowing strategy will give consideration to new borrowing in the following order of priority:

- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for the long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at longer term rates which will be higher in future years
- Temporary borrowing from the money markets or other local authorities
- Short dated borrowing from non PWLB below sources
- Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

This offers a range of options for new borrowing, which will spread debt maturities away from a concentration in longer dated debt.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2013/14	2014/15	2015/16
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates:			
• Debt only	100%	100%	100%
• Investments only	30%	30%	30%
Limits on variable interest rates			
• Debt only	100%	100%	100%
• Investments only	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2013/14			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maturity structure of variable interest rate borrowing 2013/14			
	Lower	Upper	
<i>Under 12 months</i>	0%	100%	
<i>12 months to 2 years</i>	0%	100%	
<i>2 years to 5 years</i>	0%	100%	
<i>5 years to 10 years</i>	0%	100%	
<i>10 years and above</i>	0%	100%	

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.6 Debt rescheduling

The Council has no plans to reschedule its current debt with the Public Works Loan Board.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Sector ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Sector in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in Appendix 2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands):

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

** This category is for AAA rated Government debt or its equivalent; please also see collateralised deposits added into appendix X as an investment instrument.*

The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1 There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries, with the exception of the UK as this is the Council's domestic market, with a minimum sovereign credit rating of AAA. The list of counterparties that qualify using this credit criteria as at the date of this report are shown in Appendix 3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2012/13 0.50%
- 2013/14 0.50%
- 2014/15 0.75%
- 2015/16 1.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next four years are as follows:

2012/13	0.50%
2013/14	0.50%
2014/15	0.60%
2015/16	1.50%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	2013/14	2014/15	2015/16
Principal sums invested > 364 days	£m Nil	£m Nil	£m Nil

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

:

4.6 Policy on the use of external service providers

The Council uses Sector as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

5 Appendices

1. Economic background
2. Treasury management practice 1 – credit and counterparty risk management (option 1)
3. Approved countries for investments
4. Treasury management scheme of delegation
5. The treasury management role of the section 151 officer

5.1 APPENDIX: Economic Background

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high. The question remains as to how much damage a Greek exit would do and whether contagion would spread to cause Portugal and Ireland to also leave the Euro, though the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of the Chinese economy that indicate it may be heading for a hard landing rather than a gradual slow down.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, now look as if they will fail to achieve their objectives within the original planned timeframe. Achieving this target is dependent on the UK economy growing at a reasonable pace but recession in the Eurozone, our biggest trading partner, has depressed growth whilst tax receipts have not kept pace with additional welfare benefit payments. It will be important for the Government to retain investor confidence in UK gilts so there is little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector has rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had the time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the costs of such support escalate were to become prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;

- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's AAA rating at the start of 2013).

5.2 APPENDIX: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

	* Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
UK Government gilts	UK sovereign rating		5 years
UK Government Treasury bills	UK sovereign rating		6 months
Money market funds	AAA	100%	Liquid
Local authorities	N/A	100%	1 year
Term deposits with banks and building societies	Yellow Purple Blue Orange Red Green No Colour		Up to 5 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months Up to 3 months Not for use
CDs or corporate bonds with banks and building societies	Yellow Purple Blue Orange Red Green No Colour		Up to 5 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months Up to 3 months Not for use
Gilt funds	UK sovereign rating		

Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating or note 1	In-house
UK Government Gilts	UK sovereign rating	In-house buy and hold
Bonds issued by multilateral development banks	AAA	In-house buy and hold
Treasury Bills	UK sovereign rating	In house

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	* Long-term AAA Stable Net Asset Value	In-house
2. Money Market Funds	* Long-term AAA Stable Net Asset Value	In-house

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. The Council will not be undertaking any non-specified investments.

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 31 March 2010 and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. A local authority, parish council or community council.
2. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 2 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
3. A body that is considered of a high credit quality (such as a bank or building society). For category 3 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

Yellow – 5 Years - £5.00m

Purple – 2 Years - £2.50m

Orange – 1 Year - £2.50m

Red – 6 Months - £2.50m

Green – 3 Months - £2.50m

Blue – 1 Year – Part nationalised institutions - £5.00m

It may also be necessary to override the above if the credit ratings of counter parties deteriorate.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

5.3 APPENDIX: Approved countries for investments

UK and AAA rated sovereigns:

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

5.4 APPENDIX: Treasury management scheme of delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.5 APPENDIX: The treasury management role of the section 151 officer

The S151 Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Report Number: WSC 46/13
Presented by: Councillor Kate Kravis, Lead Member for Resources and Central Support
Author of the Report: James Holbrook, Major Projects Manager
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Report to a Meeting of: Council
To be Held on: 27th March 2013
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: n/a

HINKLEY POINT C: ECONOMIC DEVELOPMENT ALLOCATION

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present to Members the recommendations of the Hinkley Point Planning Obligations Board (POB) and to approve the attached Economic Development Paper (Appendix A) to release this allocation of funds.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The allocation of these funds will enable the Council to deliver against the Corporate Priority of '*maximising opportunities for West Somerset communities and businesses to benefit from the Hinkley development whilst protecting local communities and the environment*'.

3. RECOMMENDATIONS

- 3.1 That Council approve the proposals contained within Appendix A to allow for the release of these allocated funds.

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to deliver or meet its Corporate priorities and objectives	Possible (3)	Major (4)	Medium (12)
<i>The Council has ensured that its corporate priority for Hinkley Point C makes specific reference to maximising opportunities for West Somerset businesses</i>	Possible (3)	Moderate (3)	Medium (9)
The initiatives set out in the Economic Development paper are not delivered	Possible (3)	Major (4)	Medium (12)
<i>Delivery of the project activity is embedded in the targets of the Service Plan and will be monitored on a quarterly basis</i>	Possible (3)	Moderate (3)	Medium (9)

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 Appendix A sets out details of the first phase of Economic Development activity proposed by the Economic Development team of the Council. The funds are allocated within the Section 106 legal agreement to carry out Site Preparation Works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037). The legal agreement requires the Council to take into account the recommendations of the Planning Obligations Board when deciding how to apply those elements. Any decisions made by the Board, also need to be referred to Cabinet/Council (as required).
- 5.2 This activity intends to draw down the first allocation of £64,000.
- 5.3 The first phase contains proposed activity centred around three main themes. This includes the following:
- (i) **Business Research and effective communications:** Undertaking research to enable West Somerset Council to fully understand the needs of local businesses and the specific areas of business support that they will require to enable them to actively engage with the HPC project (to include setting up systems to ensure that key messages and information is effectively disseminated)
 - (ii) **Business support and capacity building of the supply chain:** Building capacity of the key business sectors that are most likely to benefit from the HPC project, which includes the Food & Drink and hospitality sectors.
 - (iii) **Building business resilience in our key towns and villages:** Building the resilience of business activity within the key towns and villages (Minehead, Watchet, Williton and Stogursey) to ensure that they are fit for purpose and have a quality and varied offering to take advantage of the increase in demand from HPC construction workers.
- 5.4 Appendix A sets out the policy context for targeting the Economic Development Allocation in detail. It is considered that there is a clear fit between West Somerset's economic priorities and the terms of the Section 106 for the Economic Development allocation (Schedule 6).
- 5.5 The Economic Development Team consulted with West Somerset Members who attended the Economic & Regeneration Policy Advisory Group on October 17th 2012, who gave their support to the approach outlined in this paper.
- 5.6 The Economic Development and Major Projects Teams within the Council have also sought the views of the Planning Obligations Board in advance of presenting them to Council, in accordance with the requirements of Schedule 6, Para 4.2 of the Section 106 agreement.
- 5.7 The Planning Obligations Board has a number of functions ascribed to it by the Section 106 and comprises of two representatives from West Somerset Council, two representatives from Sedgemoor Council, two representatives from Somerset County Council and two representatives from NNB Genco (EDF Energy). West Somerset Council chairs this Board.
- 5.8 The Board's role is to review the proposed allocation of funds and seek to ensure that the principal purpose of the contribution to maximise the economic benefit to West Somerset is achieved.

- 5.9 The Board was pleased to see that that the report provided details of match funding and were happy to support the proposals for this first tranche of funding. It was considered that there were a number of exciting projects proposed and that these aligned with the criteria set out in the Section 106 legal agreement. Therefore it was considered that these proposals should be put forward to Council with a recommendation to approve.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 These are contained within the Economic Development Paper.

7. SECTION 151 OFFICER COMMENTS

- 7.1 This is a drawdown of £64,000 of the s106 monies held in connection with the site preparation works; as such there is no impact on the Council's revenue position.

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 The Council's commitment to equalities and diversity is reflected in the Council's Core Values of the Corporate Plan.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 There are no direct implications.

10. CONSULTATION IMPLICATIONS

- 10.1 Internal discussions have taken place between the Economic Development and Major Projects Team. These proposals have been presented to the Economic Development and Regeneration Policy Advisory Group on October 17th 2012. The proposals were presented to the Planning Obligation Board on the 22nd January 2013. The attached papers were subsequently circulated and a special meeting of the Planning Obligations Board members was held on the 5th March 2013 to formally discuss the content of this paper. The Board recommended that Council should approve this paper.

11. ASSET MANAGEMENT IMPLICATIONS

- 11.1 There are no direct implications.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

- 12.1 There are no direct implications of approving the Economic Development allocations. However, there are obviously environmental impacts associated with the wider proposed development of Hinkley Point C. These have been assessed within the Environmental Statement submitted by NNB Genco with the application to carry out Site Preparation Works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037) and mitigation measures have been secured.

13. LEGAL IMPLICATIONS

- 13.1 These funds have been paid by a developer (NNB Genco) due to the signing of a Section 106 legal agreement for planning permission to carry out the site preparation works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037). As part of this legal agreement West Somerset Council shall take into account the recommendations of the Planning Obligations Board when deciding how to apply those elements of the Economic Development Contributions (Schedule 6 – Economic Development, Para. 4.2 of the S106).



APPENDIX A

Report to the HPC Section 106 Planning Obligations Board - February 2013

1. **Summary** - This paper sets out details of the first phase of Economic Development activity planned by West Somerset Council (WSC) utilising the funds allocated within the Site Preparation Works S106.
- 1.2 The first phase contains proposed activity centred around three main themes. This includes (i) business research and effective communications, (ii) business support and capacity building of the supply chain and (iii) building business resilience in our key towns and villages. This activity intends to draw down the first allocation of £64,000
- 1.3 WSC is now seeking the Board's views on these proposals in advance of activity, in accordance with the requirements of Paragraph 4.2, Schedule 6 of the Section 106 agreement.
2. **Background** - The Economic Development Allocation to West Somerset Council within the Preliminary Works Section 106 and Development Consent Order (DCO) Section 106

S106 / Phasing	Amount	Year allocated
Site Prep Works		
Phase One	64,470	2012
Anniversary of Phase One	64,470	2013
DCO		
Year 3 – Year 9	75,000 per annum	2014 - 2021
Year 10	37,500	

The Section 106 (for site preparation works):-
Schedule 1, and schedule 6 paragraphs 4.1.1 – 4.1.6 refer.

The criteria for the allocations set out in the DCO S106 are similar.

3. **Policy context for targeting the Section 106 Economic Development Allocation**

- 3.1 The West Somerset Council (WSC) Corporate priorities (2012/13) for economic well being are as follows

Priority: ECONOMY–A thriving and increasingly varied local economy where people will have the skill to work and prosper

Objective: Broaden the variety of employment opportunities within the district

Specific actions include :

- Stimulating demand for super fast Broadband roll out
- Promotion of higher skills delivery, specifically in relation to the nuclear supply chain.
- Support local businesses to access the HPC supply chain
- Provide business support by developing a mentoring programme, and other initiatives.
- Work with EDF via the jobs brokerage programme and West Somerset Community College (WSCC) training programmes to maximize the employment opportunities for local residents.
- Ensure that our most disadvantaged communities are able to access employment and training opportunities.

- 3.2 The economic priorities from the Councils *2011 Economic Strategy (Responding to Change)* are as follows
- Upskilling and retention of skilled workers
 - Enterprise and entrepreneurship
 - Business support
 - Improve connectivity
 - Protecting and developing key assets (which includes)
 - Supporting and developing the tourism economy
 - Place based regeneration and building economic resilience in our towns and villages
 - Ensuring that we work with other service areas within the Council (e.g. housing / environmental services, Community) to support inclusive economic regeneration.

Accordingly it can be seen that there is a clear fit between the District of West Somerset's economic priorities and the terms of the Section 106 for the Economic Development allocation.

- 3.3 Each member of staff within the Economic Regeneration Service has an individual work plan that aligns to the Corporate Plan, Service Plan and the economic priorities for the District.
- 3.4 Team plans identify actions and activity that will deliver these. These range from working with partnerships to inform, support, influence and deliver (i.e. Minehead Vision Group, Exmoor Tourism Partnership, Williton Regeneration Forum) seeking external funding to deliver specific programmes and projects (i.e. local tourism initiatives in Watchet & Porlock, business mentoring, town team funds for Minehead). In relation to skills and employment the Team works proactively with the West Somerset Community College, Organisations and Agencies that deliver pre-employment support, as well as skills and training to ensure that their priorities are aligned with that of the economic needs of the area. The Corporate Plan, Service Plan, Individual Work Plans and those areas that WSC has successfully secured funds from all have key performance indicator targets, which are reported against on a quarterly basis.
4. **Funding Economic Development Activity in West Somerset** - From 2008-2011 economic development activity was funded via the Working Neighbourhoods Fund (WNF), the headline figures are as follows
- £149,000 of WNF allocated to 13 specific projects
 - £397,000 of external funding levered in
 - 32 jobs created
 - 40 work experience opportunities created (6 month work placements and graduate intern placements)
 - 150 businesses receiving training / networking opportunities
 - Specific tourism activity, including 2011 & 2012 brochure, public relations support and marketing campaigns.
- 4.1 From 2011 there has not been a specific base budget for economic development, and all recently commissioned activity has relied on the ability to leverage in external funds (these include successful bids to Local Action for Rural Communities (LARC), Seaside Strategy Funding for Minehead and bids to developer contributions for Minehead (specifically the Morrisons S106). In addition the staff team has supported other Organisations to access external funding which includes the EDF investment in WSCC, and supporting the Creative Industries to obtain Creative Industry Development Funding.
- 4.2 The examples given above demonstrate that the Economic Development Team has been able to effectively target relatively small amounts of funding to support projects that have clear outcomes and are able to leverage in additional funding. The WNF

allocation utilised over three years amounts to a budget of just under £50K per annum.

- 4.3 It is considered that there is merit in continuing this approach with the utilisation of the HPC S106 economic development allocation. The table below gives an indication of how the first draw down of the funds could be most effectively targeted for 2012/13 and 2013/14.

5. **Proposed allocation of the Phase 1 allocation.**

- 5.1 The first proposed draw down of S106 allocation is broadly based around three key areas of activity
- I. Undertaking research to enable us to fully understand the needs of our local businesses and the specific areas of business support that they will require to enable them to actively engage with the HPC project (to include setting up systems to ensure that key messages and information is effectively disseminated)
 - II. Building capacity of the key business sectors that are most likely to benefit from the HPC project, which includes the Food & Drink and hospitality sectors.
 - III. Building the resilience of business activity within the key towns and villages (Minehead, Watchet, Williton and Stogursey) to ensure that they are fit for purpose and have a quality and varied offering to take advantage of the increase in demand from HPC construction workers.

Project / activity	Total Cost of activity	S106 Contribution	External funding levered in
Building an effective business database, undertaking research and establishing good communication networks	£15,000	£15,000	None (other than staff time, and some private sector in-kind support)
Food & Drink Sector - building the supply chain	£18,800	£4,000	£14,400 (funds secured from LARC and others)
Business Mentoring and other business support programmes	£32,000	£10,000	£22,000 (funds secured from LARC, Fredericks Foundation, WSC)
Specific business support for the Tourism and hospitality sectors	(min) £80,000	£15,000	£45,000* (funds secured from ENPA Partnership Fund and £20,000* from Interreg Project 'Cool')
Town / Village Centre support (Minehead, Williton, Stogursey & Watchet)	£20,000	£20,000	Staff support (project management)
Cumulative Total	£165,800	£64,000	£101,400

Additional Notes re allocations

- 5.2 Those projects marked with * show the totality of tourism and marketing funding we have been successful in securing. We wish to use a small allocation of S106 funding to support much needed additional business support for that sector in the short term.
- 5.3 The appendices provides more detail about specific activity. It should be noted that this programme of activity will lever in an additional £100,000 of external funding.

- 5.4 This paper outlines proposals for the first draw down of the S106 allocation. A further allocation of £64,470 is available within this quarter. More work (and research) will help to determine how these funds are allocated. We wish to be able to be reactive as well as proactive as new opportunities potentially come on line to provide match funding to lever in far greater sums and activity. For instance, we are aware that there will be a further round of Coastal Communities Funding, Growing Places Fund, a rural Broadband project, and other wider strategic projects such as the Connecting Devon & Somerset Broadband Project that we may want to add localised value to, as well as engage in partnership projects with other local authorities and the Local Enterprise Partnership where appropriate and relevant to the West Somerset economy.
- 5.5 Where WSC commissions activity to deliver specific project activity, this will be subject to the normal financial regulations of the Council in respect of procurement. Contracts / Service Level Agreements and Partnership Agreements (where relevant and appropriate) will contain project milestones and outcomes that align to performance management targets. Monitoring and evaluation of success will be an integral element of this.
- 5.5 We have consulted with our West Somerset Members via the Economic & Regeneration Policy Advisory Group (October 2012) who gave their support to the approach outlined in this paper.

Corinne Matthews
Economic Regeneration & Tourism Manager
February 2013

Appendix A – Specific Project Proposals

Project 1	Establishing robust business intelligence and communication networks – Project Cost £15,000.	
<p>Proposal and Project outline:</p> <p>WSC is well aware of the potential opportunities to West Somerset businesses that the Hinkley Point project could bring. From our work with the Local Business Engagement Forum we are convinced that the Facilities Management aspect of the project, with the desire to use local services and products as much as possible could provide significant opportunities for West Somerset businesses.</p> <p>The Facilities Management Conference planned for February 2013 will be a major milestone in raising awareness of this to our local businesses.</p> <p>However, we remain concerned that there are still only a relatively small number of businesses registered on the HPC Somerset Supply Chain Portal and recognise that currently our SME's are not understanding the wider implications of the project and its potential impact.</p> <p>To enable us to ensure that our businesses are able to maximise the positive impacts of the project we need to be able to target specific sectors and communicate the right messages to them, and then follow this up with specific business support where this is needed.</p> <p>The business intelligence and information we have available to us is currently insufficient. We do not have an up-to-date sectorial breakdown of registered businesses or the current ability to communicate directly.</p> <p>The proposal is to</p> <ol style="list-style-type: none"> (1) Purchase a comprehensive business database from a reputable commercial supplier. (2) Undertake a survey of all our businesses to better understand their capacity for engagement with this project and to assess their business support needs, and also help us to compile our own <u>on-going database</u> of business intelligence to ensure that we do <u>not</u> have to purchase further editions from the commercial sector. (3) Establish targeted sector based communication channels to ensure that the right messages and information are provided at all times, including intelligent links to skills and training. (4) Invigorate the West Somerset Business Forum (private sector led) to act as ambassadors for the Project and support co-operative and collaborative working practices. 		
<p>Anticipated Outcomes:</p> <ul style="list-style-type: none"> ➤ X business directly communicated with. ➤ X% of businesses directly supported ➤ An increase in the number of local relevant companies registered on the HPC Supply Chain Portal ➤ An increase in the number of companies actively engaged with the HPC project within West Somerset ➤ An increase in the number of local companies directly involved/ supplying to the HPC project 	<p>Anticipated Match Funding:</p> <ul style="list-style-type: none"> ➤ Private sector (local business support) to champion the benefits of the project to enable economic transformation in West Somerset. ➤ Adding value to local and countywide initiatives including the HPC Somerset Supply Chain Portal and the work of Into Somerset. 	

Project 2	Food & Drink Sector – building the supply chain. Project Cost £18.8K	
<p>Proposal and Project outline: The project will work with local food & drink producers step-by-step to build capacity and encourage the scaling up of production through collaborative working. The project aims:-</p> <ul style="list-style-type: none"> • To provide food producers with new market opportunities • Encourage collaborative working in the food and drink sector through a step-by-step scaling up approach to supply chain engagement • Assist businesses in the visitor / hospitality sector and associated supply chain in adding value to their product offer through the addition of branded food and drink • Join up complementary sectors - establish food & drink and tourism 'business relationships' • Enhance the experience for visitors and encourage them to purchase local produce during and after their stay in Somerset <p>The project is seen as a preparatory process in encouraging businesses and building their capacity to become "Hinkley Ready", leading to wider opportunities as part of the HPC supply chain to service significant opportunities such as:</p> <ul style="list-style-type: none"> • The Cannington Court EDF Campus coming on-line 2014 • The Public Information Centre and other appropriate main site developments 2015 and onwards. <p>The Target Area consists of West Somerset, Quantocks, Cannington Cluster and rural Taunton Deane (75 Parishes, 57,000 population). Sedgemoor DC are partners in this project for those parishes that fall in the Western Somerset area.</p>		
<p>Anticipated Outcomes:</p> <ul style="list-style-type: none"> ➤ An increase in the number of local relevant companies registered on the HPC Supply Chain Portal ➤ An increase in the number of companies actively engaged with the HPC project within West Somerset ➤ An increase in the number of local companies directly involved/ supplying to the HPC project ➤ Development of New Co-operatives / Supply Chains to make best use of marketing and local distinctiveness ➤ Number of activities to support rural retail ➤ Improved localisation of products and services ➤ New products trialled / product feasibility studies 	<p>Anticipated Match Funding:</p> <p>Quantock Hills AONB - £1,000 plus officer time in kind to manage the project.</p> <p>Sedgemoor DC - £1,500</p> <p>Local Action for Rural Communities - £11,900</p>	

Project 3	Business Mentoring and Training – Project Cost £32,000	
<p>Proposal and Project outline:</p> <p>The project will use business expertise to provide mentoring support to local business and to support them via a range of focused workshop. This will include an event to encourage collaborative working within the business community of the Western Somerset area.</p> <p>The project will:</p> <ul style="list-style-type: none"> • Train local business leaders in the rural Western Somerset area to be equipped with the skills to become voluntary business mentors. • Provide a mentoring service (utilising the trained mentors) for existing businesses in the rural western Somerset area that want to grow and develop into more sustainable, well managed and profitable companies. Start-ups will also be supported where there is limited or no opportunity to sign-post them to other appropriate localised support. • Provide the opportunity for small businesses in the area to attend a number of workshops on key subject areas identified to be areas of weakness within the local business community. • Provide businesses with the opportunity to attend an event which will highlight the benefits of collaborative working, networking and mentoring for businesses in the Western Somerset area <p>The business event will highlight the general benefits of collaborative working, but will be particularly timely and relevant to the businesses within the Western Somerset area given forthcoming opportunities to engage with contractors at Hinkley Point through the scaling up of provision. This activity will compliment and add value to the Facilities Management Conference.</p> <p>The Target Area consists of West Somerset, Quantocks, Cannington Cluster and rural Taunton Deane (75 Parishes, 57,000 population).</p>		
<p>Anticipated Outcomes:</p> <ul style="list-style-type: none"> ➤ Number of Businesses Supported - 50 ➤ Businesses successfully completing a training activity - 75 ➤ Successful business collaborations - 10 	<p>Anticipated Match Funding:</p> <p>Fredericks Foundation* - £3,000.</p> <p>Local Action for Rural Communities - £19,000</p> <p>(* Fredericks Foundation are a registered charity that provide micro-loan support for local businesses)</p>	

Project 4	Specific business support for the tourism and hospitality sectors – Project Cost £80,000
<p>Proposal and Project outline: Over 25% of the West Somerset working age population works within the tourism and hospitality sector. In 2011 the value of tourism to the District was £126M¹. However, despite these headline figures, the tourism and hospitality sector is demonstrating a steep decline, which is of considerable concern. Support is required to help drive up quality of provision within this sector and to attract new entrants and retain young people as employees. There is also a proven need to upskill many of those business owners to become better acquainted with technology and modern marketing techniques. This is of particular importance to the HPC project, to ensure that the tourism economy is in peak condition once the construction phase ramps up and many more visitors are attracted to the area, but also to ensure that the tourism industry can provide a training 'pipeline' to provide suitable candidates for the significant number of HPC facilities management jobs.</p> <p>WSC (working with the Exmoor Tourism Partnership) has been successful in levering in some funding for 2013 marketing and promotion activity from the Exmoor National Park Partnership Fund. In addition to this partnering with Exmoor National Park, Somerset County Council and Sedgemoor District Council it has also drawn in EU funding² of £135,000 to Somerset to support rural tourism.</p> <p>The project has a number of different strands (research, ICT, business development, marketing and promotion, and management and communications. We wish, however, to add value to two areas of activity, business development and ICT. West Somerset Council are the project leads for these two strands, which includes some localised activity, but also extends across Sedgemoor and wider Somerset.</p> <p>Business Development – Establishment of 4 networks</p> <ul style="list-style-type: none"> • Dunster, to set up a tourism network and establish develop an active tourism offer; • Coleridge Way; • A county-wide green tourism network; and • Wetland / wildlife tourism, around the Levels and Moors and Steart <p>Once the networks have been established and key partners and stakeholders engaged with a package of business support mechanisms will be established. Other activity within the project will support this, which includes research and marketing and promotion.</p> <p>ICT – Activity will include developing business systems (such as booking on line facilities) ICT workshops linked to the Connection Devon and Somerset Broadband project (demand stimulation and business competitiveness) and IT upskilling and training activity.</p>	
<p>Anticipated Outcomes:</p> <ul style="list-style-type: none"> ➤ 4 new tourism business networks established ➤ 50 businesses sign up to 'Green Charter' status ➤ 25 Business upgrading IT facilities and using new business tools. ➤ 50 businesses receiving intensive IT training support 	<p>Anticipated Match Funding:</p> <p>Exmoor National Park Partnership Fund £45K.</p> <p>Interreg Project (WSC allocation) £20K</p>

¹ Value of Tourism 2011 – SW Research Company

² Interreg manche channel programme – Other project partners, Norfolk, Kent, Pas de Calais, Gite de Francaise and Somme

Project 5	Town / Village Centre support (Minehead, Williton, Stogursey and Watchet) – Project Cost £20,000	
<p>Proposal and Project outline:</p> <p>The local High Streets of West Somerset are under threat, not only in our towns but in our larger villages, which have always traditionally served as local centres for the rural area and the wider hinterland.</p> <p>The aim of this project is to raise the profile of West Somerset' towns and villages as key service centres that can meet a whole range of everyday needs via independent providers.</p> <p>The towns that we intend to work with are those that will have the most capacity to provide services and activities for construction workers and their families, either because of their proximity to the site itself (Stogursey) or the Washford Park & Ride facility (Williton, Watchet and Minehead)</p> <p>This project will pilot individually tailored shop local schemes in 4 service centres and provide bespoke and professional business support for retailers in the areas of customer service / promotion and marketing (including e-commerce), growing profitability and interior design / layout.</p> <p>The project also aims to support and help grow the capacity of the Chamber of Trade organisations in each of the towns and villages (except Stogursey) to enable on-going sustainability and ownership of the shop local programmes. In Stogursey the objective will be to establish a small business network.</p>		
<p>Anticipated Outcomes:</p> <ul style="list-style-type: none"> ➤ Number of retail businesses supported - 50 ➤ Retail businesses successfully completing a training activity – 50 ➤ % number of retail businesses retained within each Town / Village ➤ Profitability of retail business improved by X% 	<p>Anticipated Match Funding:</p> <p>Volunteer time in kind from business leaders in each Town / Village</p> <p>Cash contribution from businesses towards training costs.</p>	

**Minutes of the Meeting of the Standards Advisory Committee
held on 5 March 2013 in the Council Chamber, Williton**

Present:

Mr T Evans Chairman

Councillor H J W Davies
Councillor S O de Renzy-Martin
Mr J Gamlin
Mr I Gunn

Councillor J Davis
Councillor J Fulwell
Councillor P Grierson
Councillor D J Westcott

Officers in Attendance:

Monitoring Officer (Bruce Lang) Meeting Administrator (Elisa Day)

SA19 Apologies for Absence

An apology for absence was received from Councillors L Somerville Williams.

SA20 Minutes

Minutes of the previous meeting of the Standards Advisory Committee held on 4 December 2012 were circulated with the agenda.

RECOMMENDED that the Minutes of the meeting held on 4 December 2012 be confirmed as a correct record.

SA21 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	Description of Interest	Personal or Prejudicial	Action Taken
Cllr P Grierson	All items	Minehead	Personal	Spoke and voted
Cllr D J Westcott	All items	Watchet	Personal	Spoke and voted

SA22 Public Participation

The Chairman confirmed that no member of the public had requested to speak on any agenda items.

SA23 The Localism Act, 2011 –Implementating the New Ethical Standards Regime

A. Registration of Interest forms and adoption of Code of Conduct

The Monitoring Officer reported on the latest position in regard to the completion of Register of Interest forms by District Councillors and confirmed that updated Register of Interest forms had been received from all District Councillors and would be put onto the Council's website within the next few weeks.

The Electoral Services Officer reported on the latest position in regard to the adoption of a new Code of Conduct by Parish and Town Councils in West Somerset and confirmed that only two Parish Councils had not confirmed that the new Code of Conduct had been adopted. She also confirmed that, out of the 36 Town and Parish Councils in the District, 28 had sent in completed forms for all their Councillors and a further 5 had sent in some completed forms but not all.

The Monitoring Officer advised that arrangements had been made for the information on the forms to be transferred to the Council website over the next few months.

B. Working with the Police in regard to dealing with complaints under the new regime

The Monitoring Officer reported on discussions with the local Police Inspector in regard to joint working on relevant matters relating to complaints made in regard to Councillor Code of Conduct issues in West Somerset. He confirmed that both parties would take the 'common sense' approach and if either received complaints that would impact on the other party they would advise each other accordingly.

C. Procedure for determining requests for dispensations

The Committee considered Report No. WSC 10/13 prepared by the Monitoring Officer to consider guidance and application forms in regard to the process to be followed to determine applications for dispensations received from District Councillors for recommendation to full Council for adoption.

During discussion on this item it became clear that as drafted, the proposals would require all applications for dispensation to have to be considered by the full Committee and then recommended to full Council. It was acknowledged that in the majority of cases, this process would prove impractical due to the timescales involved and therefore, after much discussion, an alternative approach was discussed for recommendation to Council which would streamline the process.

This would involve the Council being recommended to grant delegated power to the Monitoring Officer to deal with applications for dispensations from District Councillors in consultation with the Standards Advisory Committee. If timescales would not permit this then the Monitoring Officer should be granted delegated powers to deal with an application in consultation with the Independent Chairman of the Committee or Vice Chairman and if this was not possible then the Monitoring Officer would be granted delegated powers to deal with an application but only in exceptional circumstances. In the latter two cases, the outcome of the application would be reported to the next meeting of the Standards Advisory Committee so that the process could be kept under review.

D. Investigation and Hearing Procedures

The Committee considered recommending for adoption, with or without modification, investigation and hearing procedures in relation to complaints received under the new standards regime.

E. Issues relating to the role of the Independent Person

The Monitoring Officer reported on various points relating to the role of the Independent Person and confirmed that the points agreed in principle at the last meeting had been taken into consideration when producing the role description and operational protocol which was attached to the agenda.

He advised that a Somerset wide workshop would be organised but not until the new regime had been in place for twelve months so that experience could be drawn upon during the workshop.

RECOMMENDED (1) that further contact is made with Town and Parish Councils who still have outstanding forms and support given to enable these to be updated/completed accordingly.

RECOMMENDED (2) that joint working and discussions continue, as appropriate, between the Monitoring Officer and the Local Police in regard to dealing with complaints.

RECOMMENDED (3) that the Monitoring Officer be granted delegated authority to deal with requests for dispensations under the Localism Act 2011 in consultation with the Standards Advisory Committee.

RECOMMENDED (4) that, if timescales do not permit the Monitoring Officer to be able to consult with the Standards Advisory Committee, the Monitoring Officer be granted delegated authority to deal with applications for dispensation after consultation with the Independent Chairman or Vice Chairman of the Standards Advisory Committee with the outcome being reported to the next ordinary meeting of the Committee.

RECOMMENDED (5) that, in exceptional circumstances, when neither Recommendation (3) or Recommendation (4) above is possible, the Monitoring Officer be granted delegated authority to deal with applications for dispensation with the outcome being reported to the next ordinary meeting of the Standards Advisory Committee.

RECOMMENDED (6) that Council adopt the guidance notes and application form as circulated with the agenda as now amended by Recommendations (3), (4) and (5) above in respect of the consideration of applications for dispensations received from district councillors

RECOMMENDED (7) that Investigation and Hearing Procedures in relation to complaints received under the new standards regime be adopted as circulated with the agenda.

RECOMMENDED (8) that the Role Description and Operational Protocol in relation to the Independent Person, as circulated with the agenda, be agreed.

SA24 Monitoring Officer's Update

The Monitoring Officer submitted a progress report on activities undertaken since the last meeting and confirmed that he was still receiving requests for advice on a regular basis.

RECOMMENDED that the report be noted.

SA25 Dates of the Next Meeting

It was confirmed that the next meeting of the Committee was scheduled for Tuesday 18 June 2013 commencing at 4.30pm.

The Monitoring Officer advised that a complaint had been received and the Committee need to agree arrangements for an initial assessment and, to stay within the procedure guidelines, this should be undertaken by 3 April 2013.

NOTE: following the meeting, it was agreed to undertake an initial assessment of the complaint on Thursday 21 March, 2013 at 3.30pm in the Council Chamber, West Somerset House.

The meeting closed at 5.50pm