



Members of the Cabinet
(Councillors A H Trollope-Bellew (Leader), M J Chilcott (Deputy
Leader), M O A Dewdney, K M Mills, C Morgan, S J Pugsley,
K H Turner and D J Westcott)

Our Ref DS/KK
Your Ref

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Date 26 January 2016

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING
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OR IN OTHER LANGUAGES ON REQUEST**

Dear Councillor

I hereby give you notice to attend the following meeting:

CABINET

Date: Wednesday 3 February 2016
Time: 4.30 pm
Venue: Council Chamber, Council Offices, Williton

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

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

Therefore unless you advise otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact Committee Services on 01984 635307.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Lang', written over a light blue horizontal line.

BRUCE LANG
Proper Officer

CABINET

Meeting to be held on 3 February 2016 at 4.30 pm

Council Chamber, Williton

AGENDA

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting of Cabinet held on 6 January 2016 to be approved and signed as a correct record – **SEE ATTACHED.**

3. **Declarations of Interest**

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

4. **Public Participation**

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

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

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

5. **Forward Plan**

To approve the latest Forward Plan for the month of March 2016 – **SEE ATTACHED.**

6. **Cabinet Action Plan**

To update the Cabinet on the progress of resolutions and recommendations from previous meetings – **SEE ATTACHED.**

7. **Draft Corporate Strategy 2016/20**

To consider Report No. WSC 12/16, to be presented by Councillor A Trollope-Bellew, Leader of Council – **SEE ATTACHED.**

The purpose of the report is to seek support for the adoption of the draft Corporate Strategy for 2016/20 prior to its consideration by Council.

8. Draft Capital Programme 2016/17

To consider Report No. WSC 13/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to seek a recommendation to full Council by the Cabinet for the Draft Capital Programme 2016/17 including the proposed funding arrangements.

9. Annual Budget and Council Tax Setting 2016/17

To consider Report No. WSC 14/16, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to provide Members with all information required for Cabinet to recommend its proposed revenue budget for 2016/17 to full Council, and for Cabinet to recommend its proposed Council Tax rate for 2016/17.

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

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

CABINET**MINUTES OF THE MEETING HELD ON 6 JANUARY 2016****AT 4.30 PM****IN THE COUNCIL CHAMBER, WILLITON****Present:**

Councillor K Mills..... In the Chair

Councillor M Dewdney
Councillor S J Pugsley
Councillor D J WestcottCouncillor C Morgan
Councillor K Turner**Members in Attendance:**Councillor G S Dowding
Councillor A P Hadley
Councillor R P Lillis
Councillor P H Murphy
Councillor T VennerCouncillor S Y Goss
Councillor B Heywood
Councillor B Maitland-Walker
Councillor N Thwaites**Officers in Attendance:**Assistant Chief Executive (B Lang)
Assistant Director Operational Delivery (C Hall)
Assistant Director Energy Infrastructure (A Goodchild)
CIM Fund Manager (L Redston)
Finance Manager (S Plenty)
Democratic Services Coordinator (E McGuinness)
Media and Communications Officer (D Rundle)
Meeting Administrator (K Kowalewska)**CAB77 Appointment of Chairman****RESOLVED** that, in the absence of the Leader and Deputy Leader, Councillor K Mills be appointed as Chairman for the meeting.**CAB78 Apologies for Absence**

Apologies for absence were received from Councillors M Chilcott and A Trollope-Bellew.

CAB79 Minutes of the Meeting held on 2 December 2015

(Minutes of the Meeting of Cabinet held on 2 December 2015 - circulated with the Agenda.)

RESOLVED that the Minutes of the Meeting of Cabinet held on 2 December 2015 be confirmed as a correct record.

CAB80 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
Councillor C Morgan	All	Stogursey	Spoke and voted
Councillor K Turner	All	Brompton Ralph	Spoke and voted
Councillor D Westcott	All	Watchet	Spoke and voted
Councillor S Goss	All	Stogursey	Spoke
Councillor P Murphy	All	Watchet	Spoke
Councillor B Maitland-Walker	All	Carhampton	Spoke
Councillor N Thwaites	All	Dulverton	Spoke
Councillor T Venner	All	Minehead	Spoke

In addition, the following interests were declared:

Name	Minute No.	Description of interest	Personal or Prejudicial	Action Taken
Cllr C Morgan	CAB85	Involved in the Victory Hall project	Personal	Spoke and voted
Cllr K Turner	CAB87	Blue Badge holder	Prejudicial	Left the Chamber
Cllr S Goss	CAB85	Involved in the Victory Hall project	Personal	Spoke
Cllr S Goss	CAB87	Husband is a Blue Badge holder	Prejudicial	Left the Chamber

CAB81 Public Participation

No member of the public had requested to speak on any item on the agenda.

CAB82 Forward Plan

(Copy of the Forward Plan for the month of February 2016 – circulated with the Agenda.)

The purpose of this item was to approve the Forward Plan.

RESOLVED that the Forward Plan for the month of February 2016 be approved.

CAB83 Cabinet Action Plan

(Copy of the Action Plan – circulated with the Agenda.)

RESOLVED (1) that CAB73 – Council Tax Rebate Scheme Review to be carried forward to the Council meeting to be held on 20 January 2016.

RESOLVED (2) that CAB76 – Fees and Charges 2016/17 be deleted as actioned.

CAB84 HPC Planning Obligations Board – Allocations of CIM Funding

(Report No. WSC 3/16 – circulated with the Agenda.)

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

In the absence of the Lead Member for Resources and Central Support, the Lead Member for Energy Infrastructure presented the report and provided information on the three submitted applications for CIM funding.

The Lead Member for Energy Infrastructure proposed the recommendations of the report, which were duly seconded by Councillor M Dewdney.

During discussion of the item, Members were supportive of the Watchet War Memorial Ground application stating it was a worthwhile project; and various comments and issues were raised regarding The Princes Trust Building Brighter Futures project. It was suggested that The Princes Trust would benefit at looking at the work of the Our Place programme run by West Somerset Council and partner organisations, specifically in connection with the Employment Hubs, which supported employment and skills in the community. Other concerns raised related to what was the demand for the Building Brighter Futures project, whether it was value for money, how many jobs would be delivered and who would benefit from the project.

RESOLVED (1) that the recommendations of the Hinkley C Planning Obligations Board to release £7,500 from the CIM Fund ring-fenced for West Somerset to the Watchet War Memorial Ground Committee for the Pavilion Enhancement project be endorsed.

RESOLVED (2) that it be recommended to Full Council to endorse the recommendations of the Hinkley C Planning Obligations Board for projects applying for over £25,000 as follows:

(i) That the application from The Princes Trust should be refused and the applicant invited to work with the Employment and Skills Operations Group

and Somerset County Council in its role as Local Education Authority with a view to developing a revised project that reflects the scale of unmet provision in West Somerset, Sedgemoor and Taunton Deane.

(ii) That the application from Sedgemoor District Council for the Blake Gardens Enhancement Project is refused and that the applicant is asked to resubmit their application and provide additional information that addresses the following:

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

CAB85 Request for Allocation of Hinkley Point C Planning Obligations Funds

(Report No. WSC 2/16 – circulated with the Agenda.)

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

In the absence of the Lead Member for Resources and Central Support, the Lead Member for Energy Infrastructure presented the report advising that a great deal of consultation had taken place at every stage of the Victory Hall project to ensure the parishioners remained informed; and he drew attention to the significant impacts and disruptions that the Hinkley Point C project would have on the residents of Stogursey and surrounding areas.

The Lead Member for Energy Infrastructure proposed the recommendations which were duly seconded by Councillor K Turner.

The Quantock Vale ward members were congratulated for their work on the steering group and Members felt it was an excellent flagship project which would be of huge benefit to the community.

RESOLVED (1) that it be recommended to Full Council to allocate £400,000 of the leisure fund ring-fenced to Stogursey parish towards the redevelopment of the Victory Hall in Stogursey.

RESOLVED (2) that £8,600 of the leisure fund ring-fenced to Stogursey parish be allocated to appoint 2MD Regeneration and Vivid Regeneration to develop funding bids and to continue to help manage the redevelopment project.

CAB86 Report of the Scrutiny Task and Finish Group

(Report No. WSC 1/16 - circulated with the Agenda.)

The purpose of the report was to present the recommendations of the Scrutiny Committee following their consideration of the findings of the Scrutiny Task and Finish Group established to consider the Community Impact Mitigation Fund (CIM Fund) following their review.

The Chairman of the Scrutiny Committee presented the report and provided Members with the background information detailing the process undertaken by the Task and Finish Group. He thanked the members of the Group and the officers involved for their work and commitment, as well as the community groups who took the time to meet the Task and Finish Group to give them the benefit of their experiences of the CIM Fund application process.

The following recommendations of the Scrutiny Task and Finish Group (as detailed in the report) were considered by Cabinet:

- “3.2 That the introduction of the application form for bids of less than £1k is monitored for a period of 6 months with a report back to members outlining the feasibility of introducing application forms for:
- Bids of less than £1k;
 - Bids of less than £25k; and
 - Bids over £25k.
- 3.3 That all application forms and accompanying guidance make the position on requiring match funding (or not) very clear to all potential bidders.
- 3.4 That following a Final Investment Decision, a report is presented to Scrutiny Committee outlining the process that will be followed to produce an Overarching Funding Strategy and how all members can engage in that process.
- 3.5 Members support the inclusion of a more detailed explanation of the eligibility and funding criteria in the new application form and guidance notes. Members also support the production of real life case studies to support applicants in the future.
- 3.6 That information given to potential applicants provides details on the roles and responsibilities of both the CIM Fund Manager and the Housing and Community Project Lead. This information should help distinguish between the roles of each of these posts. This section of the guidance document should also make the arrangement with Engage West Somerset explicitly clear.
- 3.7 That all correspondence with applications who have submitted a successful Expression of Interest and have subsequently been invited to make a full application continues to make it clear that such an invitation should in no way be seen as an indication of future success.

- 3.8 That a critical path diagram is produced to show applicants what happens and when and how they can seek help and advice throughout the process. This should contain information about the decision making process and how and when to engage with elected members.
- 3.9 That a consistent approach to Word Counts is used and this approach is clearly explained in any documentation.
- 3.10 To avoid confusion, ensure that each question within the re-designed application form is only one question, not a question within a question.
- 3.11 That clear guidance is provided to applicants about how they can engage with the CIM Fund Decision making process. Such guidance should remind applicants that they have the opportunity to address Cabinet and Council meetings of West Somerset Council for 3 minutes in which to state the case for their project.

The Task and Finish Group also recommend that the Planning Obligations Board consider inviting all applicants submitting an application for the second time should be invited to present at the POB meeting.

- 3.12 That the Scrutiny Task and Finish Group is invited at an appropriate time to consider the revised application form and guidance documents before they are made publically available.
- 3.13 An update report on all these recommendations is presented to Scrutiny 12 months after adoption in order to monitor progress.”

The Lead Member for Environment proposed amended recommendations at the meeting which were seconded by Councillor C Morgan; and following an in-depth discussion, it was:

RESOLVED (1) that Cabinet thank the Scrutiny Task and Finish Group for their findings and recommendations in relation to the CIM Fund.

RESOLVED (2) that Cabinet acknowledge Scrutiny Committee’s recommendations in relation to:

- a) Changes to the Guidance Notes and Application Forms regarding the role of match funding, word counts and clearer questions to provide clarity to potential applicants (Scrutiny recommendations 3.3, 3.9 and 3.10);
- b) More detailed explanations, decision making / critical path diagrams, guidance on how and when to engage in the decision making process and the production of case studies to assist applicants (Scrutiny recommendations 3.5, 3.8 and 3.11);

- c) Information on Roles and Responsibilities in providing advice and guidance to applicants in West Somerset (Scrutiny recommendation 3.6); and
- d) Making any decision at the Expression of Interest stage clear that it does not imply or guarantee future success (Scrutiny recommendation 3.7).

Cabinet would ensure that the necessary changes were made as soon as possible and prior to any further publicity in relation to the CIM Fund process. Acknowledging Scrutiny recommendation 3.12, Cabinet noted that the process for making these changes involved a range of partners and while comments from the Scrutiny Task and Finish Group on any 'final draft' changes would be welcome, it would be the Planning Obligations Board which approved the revised materials.

RESOLVED (3) that Cabinet note Scrutiny Committee recommendation 3.4 in relation to the production of an overarching funding strategy for West Somerset but confirm that this process will be begun with discussion at the Energy Infrastructure PAG involving All Members rather than a report to the Scrutiny Committee.

RESOLVED (4) that Cabinet support the creation of an amended application form for applications up to £1,000 and whilst noting Scrutiny Committee's recommendation (3.2) relating to additional application forms for applications between £1,000 and £25,000 do not support the creation of a third form at this time.

RESOLVED (5) that Cabinet do not support Scrutiny Committee's recommendation for changes relating to the process for inviting applicants to present to the Planning Obligations Board and will support the existing process of assessing the need for applicants to present to the Board on a case by case basis.

RESOLVED (6) that Cabinet support the request from the Scrutiny Committee that an update report is presented to Scrutiny Committee in 12 months' time.

CAB87 Parking Fees and Charges

(Report No. WSC 4/16, circulated with the Agenda.)

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

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

The report sought approval for changes to the summer car park tariffs; removal of the three hour zero tariff when valid blue badges are displayed in vehicles; and an increase to six months and yearly permits; and also

identified the ongoing investment needs to improve the assets, the customers experience and convenience.

The Lead Member for Regeneration and Economic Growth presented the item and outlined the key areas contained within the report. She further advised that contact had recently been made with the Compass Disability Services who had agreed to meet to discuss the pay and display machines and that an article would be placed in the Somerset County Council 'Your Somerset' magazine to inform the public of the proposed changes to the parking charges. Members were also informed that consultation and monitoring on the charges would continue to be undertaken.

The Assistant Director Operational Delivery apprised Members of written representation received from a local resident, Mr Tony Bullen, who had raised concerns regarding how the report had been written and on how, in his opinion, the parking income expenditure was spent by WSC. In consultation with the Portfolio Holder it was decided not to circulate Mr Bullen's correspondence as the references and assumptions he made differed from that proposed in the report. The Assistant Director confirmed that the Council's proposed increase in parking charges was not for the purpose of running or supporting other functions within the Council, but to support the parking operation.

The Lead Member proposed the recommendation which was seconded by Councillor M Dewdney.

A suggestion was made to consider changing the wording of Winter and Summer to High and Low Season on the car park signs to help clearly differentiate the periods; and various questions and issues were raised regarding the blue badge charging and the Assistant Director Operation Delivery noted them down for consideration/action.

RESOLVED that it be recommended to Full Council to support the changes to the fees and charges identified in the report.

The meeting closed at 5.55 pm

9
Cabinet Forward Plan - March 2016

Forward Plan Ref / Date proposed decision published in Forward Plan	Date when decision due to be taken and by whom	Details of the proposed decision	Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this?	Contact Officer for any representations to be made ahead of the proposed decision
FP/16/3/01 10/02/2015	2 March 2016 By Leader of Council	Title: Corporate Performance Report 2015-16 Quarter 3 Decision: to provide Members with an update on progress in delivering corporate priorities and performance of council services	No exempt / confidential information anticipated	Paul Harding, Corporate Strategy and Performance Manager 01823 356309
FP/16/3/02 10/02/2015	2 March 2016 By Lead Member Resources & Central Support	Title: Budget Monitoring Report Quarter 3 Decision: to provide Members with details of the Council's expected financial outturn position in 2014/15 for both revenue and capital budgets, together with information relating to predicted end of year reserve balances	No exempt / confidential information anticipated	Paul Fitzgerald, Assistant Director Resources 01823 358680
FP/16/3/03 10/02/2015	2 March 2016 By Lead Member for Energy Infrastructure	Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point	No exempt / confidential information anticipated	Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245
FP/16/3/04 02/09/2015	2 March 2016 By Lead Member Resources & Central Support	Title: Allocation of Hinkley Point C Community Impact Mitigation Funding Decision: to present the recommendations of the HPC Planning Obligations Board for the allocation of monies from the CIM Fund	No exempt / confidential information anticipated	Lisa Redston, CIM Fund Manager 01984 635218
FP/16/3/05 04/06/2015	2 March 2016 By Lead Member Resources & Central Support	Title: Review of Financial Regulations [FR2] Decision: to recommend to Council to approve updated Financial Regulations	No exempt / confidential information anticipated	Paul Fitzgerald, Assistant Director Resources 01823 358680

Forward Plan Ref / Date proposed decision published in Forward Plan	Date when decision due to be taken and by whom	Details of the proposed decision	Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this?	Contact Officer for any representations to be made ahead of the proposed decision
FP/16/3/06 12/11/2015	2 March 2016 By Lead Member Resources & Central Support	Title: Community Asset Transfer Policy Decision: to recommend to Council to approve the Community Asset Transfer Policy	No exempt / confidential information anticipated	Tim Child, Asset Manager 07760260465
FP/16/3/07 18/11/15	2 March 2016 By Lead Member Housing, Health and Wellbeing	Title: Empty Homes Strategy and review of Empty Property Coordinator Decision: to approve the Empty Homes Strategy	No exempt / confidential information anticipated	Mark Leeman, Strategy and Partnerships Lead 01823 356411
FP/16/3/08 6/01/2016	2 March 2016 By Lead Member Community and Customer	Title: Corporate Equality Objectives 2016 Decision: to approve the Corporate Equality Objectives (Corporate Equality Scheme)	No exempt / confidential information anticipated	Angela Summers, Housing and Community Project Lead 01984 635318
FP/16/3/09 13/01/2016	2 March 2016 By Lead Member for Regeneration and Economic Growth	Title: Parking Fees and Charges – Dulverton Car Park Decision: re recommend to Council the parking fees and charges for Dulverton Car Park	No exempt / confidential information anticipated	Chris Hall, Assistant Director Operational Delivery 01823 356499

Note (1) – Items in bold type are regular cyclical items.

Note (2) – All Consultation Implications are referred to in individual reports.

The Cabinet comprises the following: Councillors A H Trollope-Bellew, M Chilcott, M Dewdney, K M Mills, C Morgan S J Pugsley, K H Turner and D J Westcott.

The Scrutiny Committee comprises: Councillors P H Murphy, R Lillis, D Archer, G S Dowding, B Maitland-Walker, J Parbrook, R Clifford, R Woods and A Behan.

CABINET ACTION PLAN

6 JANUARY 2016	
<p>Minute Number</p> <p>Action Required</p> <p>Action Taken</p>	<p>CAB84 HPC Planning Obligations Board – Allocations of CIM Funding</p> <p>RESOLVED (1) that the recommendations of the Hinkley C Planning Obligations Board to release £7,500 from the CIM Fund ring-fenced for West Somerset to the Watchet War Memorial Ground Committee for the Pavilion Enhancement project be endorsed.</p> <p>RESOLVED (2) that it be recommended to Full Council to endorse the recommendations of the Hinkley C Planning Obligations Board for projects applying for over £25,000 as follows:</p> <p>(i) That the application from The Princes Trust should be refused and the applicant invited to work with the Employment and Skills Operations Group and Somerset County Council in its role as Local Education Authority with a view to developing a revised project that reflects the scale of unmet provision in West Somerset, Sedgemoor and Taunton Deane.</p> <p>(ii) That the application from Sedgemoor District Council for the Blake Gardens Enhancement Project is refused and that the applicant is asked to resubmit their application and provide additional information that addresses the following:</p> <ul style="list-style-type: none"> -Mitigation of the impacts of the HPC workforce on the community such as social cohesion and integration. -The potential for increased levels of match funding from Bridgwater Town Council and other s106 funding streams. -Submission of 3 quotes for the works. <p>At the Council meeting on 20 January 2016 it was RESOLVED (1) that the decision of Cabinet to release £7,500 from the CIM Fund ring-fenced for West Somerset to the Watchet War Memorial Ground Committee for the Pavilion Enhancement project be noted.</p> <p>RESOLVED (2) that the following recommendations of the Hinkley C Planning Obligations Board and Cabinet be endorsed:</p> <p>(i) The application from The Princes Trust be refused and the applicant invited to work with the Employment and Skills Operations Group and Somerset County Council in its role as Local Education Authority with a view to developing a revised project that reflected the scale of unmet provision in West Somerset, Sedgemoor and Taunton Deane.</p> <p>(ii) The application from Sedgemoor District Council for the Blake Gardens Enhancement Project be refused and that the applicant is asked to resubmit their application and provide additional information that addresses the following:</p> <ul style="list-style-type: none"> • Mitigation of the impacts of the HPC workforce on the community such as social cohesion and integration. • The potential for increased levels of match funding from Bridgwater Town Council and other s106 funding streams. • Submission of 3 quotes for the works.
<p>Minute Number</p>	<p>CAB85 Request for Allocation of Hinkley Point C Planning Obligations Funds</p> <p style="text-align: center;">11</p>

Report Number: WSC 12/16
Presented by: Cllr ANTHONY TROLLOPE-BELLEW, LEADER OF THE COUNCIL
Author of the Report: PAUL HARDING, CORPORATE STRATEGY AND PERFORMANCE MANAGER
Contact Details:

Tel. No. Direct Line 01823 356309
Email: P.HARDING@TAUNTONDEANE.GOV.UK

Report to a Meeting of: CABINET
To be Held on: 3 February 2016
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: 10/2/2015

DRAFT CORPORATE STRATEGY 2016/20

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek support for the adoption of the draft Corporate Strategy for 2016/20 prior to its consideration by Council.

2. CONTRIBUTION TO CORPORATE PRIORITIES

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

3. RECOMMENDATIONS

- 3.1 That Cabinet supports the adoption of the Corporate Strategy

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

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

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

5. **BACKGROUND INFORMATION**

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



6. DEVELOPMENT OF THE STRATEGY

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

7. FINANCIAL/RESOURCE IMPLICATIONS

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

8. COMMENTS ON BEHALF OF SECTION 151 OFFICER

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

9. EQUALITY & DIVERSITY IMPLICATIONS

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

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

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

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

10. CRIME AND DISORDER IMPLICATIONS

- 10.1 There are no direct implications.

11. CONSULTATION IMPLICATIONS

- 11.1 Early drafts of the Strategy have been shared with JMT, Tier 4 Managers, the Cabinet and JPAG.
- 11.2 An online public consultation is taking place throughout January, the findings of which will be shared with JPAG and Cabinet prior to the Strategy being adopted, since the consultation responses may influence the final document.

12. ASSET MANAGEMENT IMPLICATIONS

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

13. ENVIRONMENTAL IMPACT IMPLICATIONS

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

14. HEALTH & WELLBEING

Demonstrate that the authority has given due regard for:

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

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

15. LEGAL IMPLICATIONS

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



West Somerset Council Corporate Strategy 2016 - 20

Our Communities



Business & Enterprise



Our Place & Infrastructure

An Efficient & Modern Council

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

Introduction



Cllr. Anthony
Trollope-Bellew
Leader of the
Council

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

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

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



Penny James
Chief Executive

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

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

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

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

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

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

The Purpose of this Strategy

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

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

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

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

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

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



Our Role and Purpose

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

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

a Enabling -

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

b Championing / Lobbying –

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

c Public Safety –

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

d Supporting –

our communities and in particular keeping rural communities alive;

e Promoting –

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

f Challenging –

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

g Taking Strategic View –

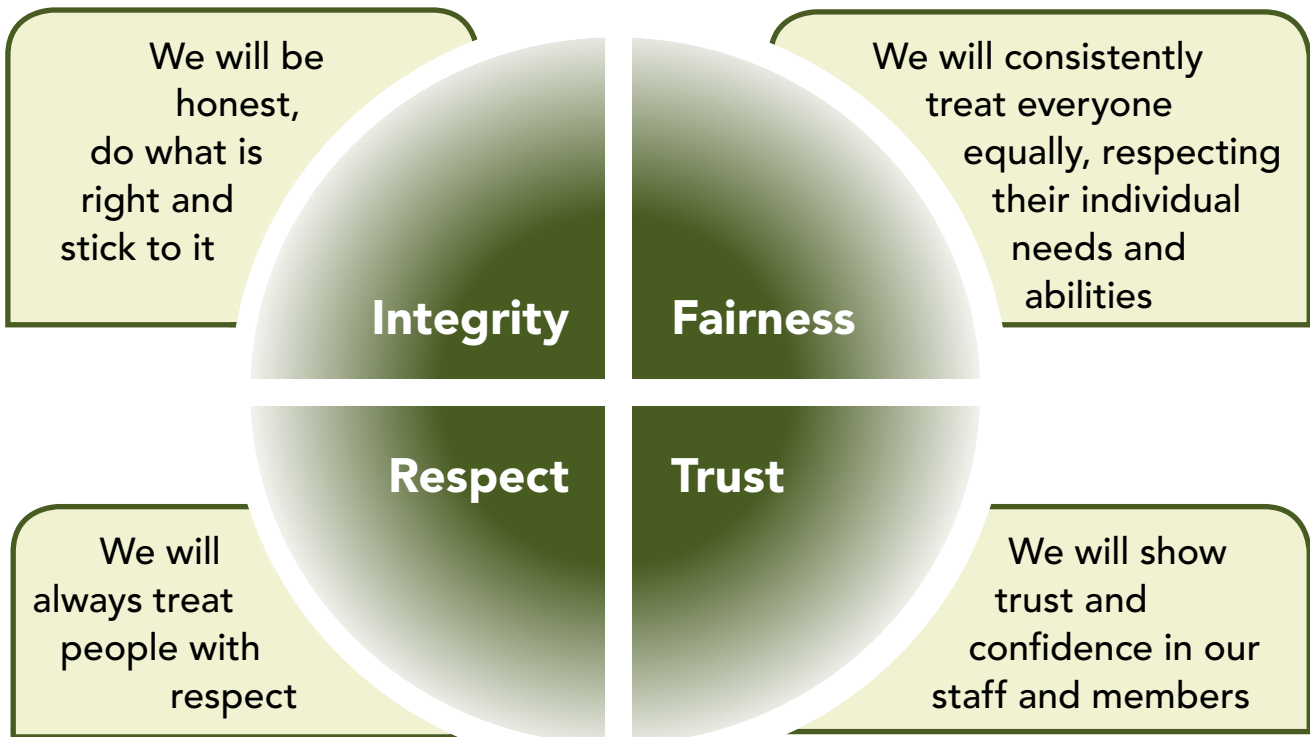
taking a district wide view of the needs of all of the communities within West Somerset and designing service provision around this.

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

Our Core Values and Principles

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

Our values inform our behaviours



Our Design Principles

Our principles inform our decision making

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

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

Our Design Principles - continued

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

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

Key Theme 1

Our Communities

Why is this important?

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



The key issues we aim to influence and improve:

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

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

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

- d *Improved education and skills – provides local people with more rewarding futures and the pool of suitable staff which enables existing and future employers to grow within West Somerset.*

Key Theme 2

Business & Enterprise

Why is this important?

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



The key issues we aim to influence and improve:

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

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

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

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

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

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

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

Key Theme 3

Our Place & Infrastructure

Why is this important?

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



The key issues we aim to influence and improve:

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

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

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

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

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

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

Key Theme 4

An Efficient & Modern Council

Why is this important?

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



The key issues we aim to influence and improve:

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

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

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

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

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

For more information contact

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English

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

Bengali

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

Chinese

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或電郵 customerservices@westsomerset.gov.uk

Hindi

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

Portuguese

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Polish

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Report Number: WSC 13/16

Presented by: Cllr. Mandy Chilcott, Lead Member for Resources & Central Services

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To be Held on: 3rd February 2016

Date Entered on Cabinet Forward Plan Or Agreement for Urgency Granted: 10/2/2015

DRAFT CAPITAL PROGRAMME 2016/17

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek a recommendation to Full Council by the Cabinet for the Draft Capital Programme 2016/17 including the proposed funding arrangements.

2. CONTRIBUTION TO CORPORATE PRIORITIES

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

3. RECOMMENDATIONS

- 3.1 Cabinet recommends to Full Council the approval of the 2016/17 Capital Programme Budget totalling £258,500, funded through a combination of capital receipts reserves and external grant funding.
- 3.2 Cabinet recommends to Full Council that authority be delegated to the S151 Officer to approve adjustments to the 2016/17 Disabled Facilities Grant Capital Budget to reflect the grant funding received from the Better Care Fund.
- 3.3 Cabinet approves a Supplementary Estimate to increase the 2015/16 Capital Programme by £15,000 to accurately reflect total asset disposal costs of land in Minehead.

4. **RISK ASSESSMENT**

- 4.1 The preparation of the proposed capital programme is based on a low risk approach to committing capital expenditure in view of the current and forecast financial resilience challenges faced by the Council. Only very limited capital expenditure is proposed using the Council's own capital reserves, with the largest item being funded through external grant funding.
- 4.2 There is likely to be further capital investment required in future both to support transformation of services and support essential asset management activities.

Risk Matrix

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

5. **BACKGROUND INFORMATION**

- 5.1 The current capital programme approach was approved by Full Council on 26th March 2014. A key part of the strategy concerns the approach to funding the capital programme and states that it will be through:
- a) the disposal of land and buildings;
 - b) by maximising third party contributions from grant funding or private sector investment; and
 - c) borrowing, as a last resort, in accordance with the Prudential Code and with full regard of the impact on the revenue budget.
- 5.2 The Council's capital reserves have improved in the last year through the completion of two significant asset sales, but continues to have limited capital resources pending the completion of various asset disposals, and it is proposed to continue to prioritise only essential spend in the short term. In line with the current year strategy it is proposed that the prioritisation of capital bids continues to be based on the following criteria:
- 1) Business Continuity (corporate / organisational)
 - 2) Statutory Service Investment (to get to statutory minimum / contractual / continuity)
 - 3) Transformation
 - 4) Invest to Save
 - 5) Other

- 5.3 Cabinet Members have considered a review of the previously agreed strategy of reducing historic capital debt by using capital receipts to reduce the debt balance. There are links with both: (i) the Treasury Management Strategy Statement and MRP Policy, which is due to be reported separately to Full Council in February; and (ii) the Draft Revenue Budget for 2016/17 included in a separate item on this agenda. Further information is included in the capital receipts section of this report below.
- 5.4 Members are also reminded of a proposed additional flexibility included within the Provisional Finance Settlement from Government received on 17 December 2015, and referred within the Budget Consultation Pack issued to all Members at the end of December. This indicates a proposal to allow authorities to use future capital receipts to fund up-front revenue costs of transformation. This is also covered later in this report.
- 5.5 The current Capital Programme in 2015/16 includes approved projects totalling £1,153,549. A copy of this year's programme is included in Appendix A for background information, and includes £240,000 for investment in superfast broadband where the costs are likely to be incurred within the next 2-3 years. The draft Capital Programme in this report adds to the current approved expenditure total.

Comments from Scrutiny Committee

- 5.6 The Scrutiny Committee reviewed the Financial Standing and MTFP Update report on 14 January which included details of the draft Capital Programme. The capital proposals were noted by the Committee with no specific recommendations for Cabinet to consider.

6. DRAFT CAPITAL PROGRAMME 2016/17

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

Table 1: Proposed Capital Bids and Funding Plan

Scheme	Priority	Cost £	Funding		
			Capital Receipts £	Grant £	Total Funding £
Offsite Backup Facility	1	15,000	15,000		15,000
IT Hardware Replacement	1	2,500	2,500		2,500
Disabled Facilities Grant	2	241,000		241,000	241,000
Total		258,500	17,500	241,000	258,500

Offsite Backup Facility £15k

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

Annual Hardware Replacement £2.5k

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

Disabled Facilities Grants (Private Sector) £241k

- 6.4 The Council has a statutory duty to provide grants to enable the adaptation of homes to help meet the needs of disabled residents. The grants are means-tested and it is currently estimated the Council will receive a grant of £241,000 from Somerset County Council's Better Care Fund, providing the necessary funding to make this scheme affordable. The actual grant for 2016/17 has not yet been confirmed therefore the same level of funding as 2015/16 is currently included in the draft capital budget. It is proposed that Full Council agrees the principle that the approved budget is adjusted to match the grant funding available when confirmed.

Contingent Costs

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

Asset Management and Transformation

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

7. 2015/16 SUPPLEMENTARY ESTIMATE

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

8. FUNDING THE CAPITAL PROGRAMME

Sources of Funding

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

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

Capital Receipts

- 8.2 These are monies received from the sale of the Council's surplus assets. The following table summarises the current and forecast Capital Receipts Reserve balance including proposed funding the draft 2016/17 Capital Programme and a proposed allocation to fund a Minimum Revenue Provision (MRP) "holiday" as explained in section 8 below.

Table 2: Capital Receipts Reserve

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

- 8.3 The Council continues to actively seek appropriate disposal of assets both to ease the burden on the revenue budget and to generate additional capital resources. Asset disposals currently being progressed include land at Seaward Way Minehead plus

two Clanville Grange properties. A sizeable receipt is potentially available from the former, subject to planning consent. In view of the proposals with the Revenue Budget options to transfer or close public conveniences it is feasible there will be further capital receipts from the sale of surplus property. Other options to identify and dispose of surplus assets are currently being explored. It is feasible that future capital receipts could range from £1m to £3m+ in the next 2-4 years, subject to market demand and price risk.

Capital Grant Income

- 8.4 The availability of capital grant funding from Central Government has reduced significantly in recent years.
- 8.5 The Council's only grant funding projected for 2016/17 is for disabled facilities grants, which is currently estimated at £241,000. This funding is passported to us by Somerset County Council from the Better Care Fund, and the actual allocation for 2016/17 has not yet been confirmed – this may not be known with certainty until after the budget has been approved this month. As referred above, it is proposed that Full Council agrees the principle that the approved budget is adjusted to match the grant funding available when confirmed.

Capital Contributions

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

Revenue Funding (“RCCO”)

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

Private Sector / External Funding

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

Borrowing

- 8.9 Capital expenditure that is not funded from cash resources (capital receipts, grants and contributions, revenue funds) is funded through borrowing. Borrowing can be supported by physical loans e.g. from the money markets or through the Public Works Loans Board (PWLB) (“External Borrowing”) and/or by temporarily using cash balances from reserves and working capital (“Internal Borrowing”). External borrowing would incur interest costs chargeable to the revenue budget. Internal borrowing would reduce the ability to generate interest income through investments.
- 8.10 The Council does not currently plan to support new capital investment in 2014/15 or 2015/16 through additional borrowing - see section 8 below.

Funding Strategy

- 8.11 As set out in the background for this report, the capital funding strategy for the Council relies largely on generating capital receipts from asset sales, and supporting spend through external funding (grants and contributions). Current estimates indicate that there is a total of £1.6m of capital funding available within the Council's capital reserves plus a further £0.241m anticipated grant funding. This does not include S106 or Hinkley funds that may be used to support revenue or capital projects, and does not take into account any possible under- or overspend in the current financial year.
- 8.12 After funding the draft Capital Programme and the proposed MRP "holiday" there would be a projected uncommitted balance of £1.15m in capital reserves.
- 8.13 It is considered a prudent strategy to retain the projected balance of unallocated receipts, to provide some flexibility to fund unplanned / unavoidable additional costs that may arise during the year; to provide resources to fund future capital programmes; and to support capital investment required to transform services and deliver ongoing revenue savings.

Flexible Use of Capital Receipts

- 8.14 Through the Autumn Statement in November and subsequent Provisional Finance Settlement issued in December, the Government has indicated its intention to introduce new powers which will "let councils spend 100% of the receipts the assets they sell to improve local services".
- 8.15 The guidance includes a new statutory requirement to approve an Efficiency Statement – as part of the revenue budget process each year – and in doing so authorities will be permitted to treat revenue expenditure "incurred on projects designed to reduce future revenue costs and/or transform service delivery" as capital expenditure during the three financial years from 2016/17 to 2018/19. This may only be funded from new capital receipts arising from asset sales after 31 March 2016.
- 8.16 At the time of writing, we await further guidance from Government on what is required in terms of governance and content for the adoption of an Efficiency Statement. Further information will be provided to Members when the requirements are known, which it is anticipated will be received with the Final Settlement details on or before 11 February 2016. On the face of it, such flexibility will be welcome given the aspirations – and need – for this council to transform and deliver significant ongoing revenue savings.

9. CAPITAL BORROWING AND MINIMUM REVENUE PROVISION

- 9.1 The capital borrowing position is formally described as the "Capital Financing Requirement" (CFR) – this essentially is the balance of historic capital spending that has been funded through borrowing thus representing the Council's capital debt balance. As highlighted earlier in this report, this can include a combination of 'internal borrowing' and 'external borrowing'. Table 4 below summarises the projected Capital Financing Requirement for 2015/16 to 2017/18. This information will also be incorporated within the Treasury Management Strategy Statement which will be considered for approval by Full Council on 24 February 2016.

- 9.2 It is also worth noting that the CFR position is included in the Council's annual Statement of Accounts which is presented to Audit Committee for approval each year, and will also be included within the Financial Outturn report that is presented to Scrutiny and Cabinet after each year end.

Table 3: Capital Financing Requirement (CFR)

	2015/16 £	2016/17 £	2017/18 £
CFR Balance Brought Forward:			
External borrowing	1,000,000	0	1,000,000
Internal borrowing	4,632,700	5,489,600	4,346,500
Total CFR	5,632,700	5,489,600	5,346,500
[A] Add: Capital Programme Expenditure	1,846,759	258,500	?
[B] Less: Funding used from cash resources (capital receipts, grants and contributions, revenue funding)	-1,846,759	-258,500	?
Additional borrowing required [A-B]	0	0	?
Repayment of borrowing using revenue funding ("MRP") – MRP "holiday" proposed to 2015/16- 2017/18	0	0	0
Repayment of borrowing using capital receipts in lieu of MRP "holiday"	-143,100	-143,100	-143,100
CFR Balance Carried Forward:			
External borrowing	0	1,000,000	1,000,000
Internal borrowing	5,489,600	4,346,500	4,203,400
Total CFR	5,489,600	5,346,500	5,203,400

- 9.3 The approach in recent years has been to reduce outstanding capital debt significantly by using capital receipts income to repay loans. When the 2015/16 budget was set the intention was to use a further £1.7m of surplus capital receipts to reduce debt. This strategy has been reconsidered by Cabinet Members in recognition of the need to hold adequate capital reserves to meet future capital investment requirements such as for transformation projects that will produce ongoing revenue savings. Instead of using £1.7m of capital reserves, the proposal is to use £429,300 over between 2015/16 and 2017/18 to fund an MRP "holiday" and thus provide revenue budget savings during this period. This approach has been considered alongside a review of the approach to calculating MRP, and this is explained within the Revenue Budget report.
- 9.4 The above table shows that the majority of the CFR balance is held as 'internal borrowing'. This takes advantage of temporary cash flow surpluses that reduced the need to take out physical loans. It is currently projected that there will be a period of 9-12 months spanning the currently financial year end where no external borrowing is required, however it is expected that external borrowing will be required again towards the end of 2016 when the full impact of the Hinkley B business rates refund affects underlying cash flow balances.

10. FINANCIAL/RESOURCE IMPLICATIONS

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

11. COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 11.1 As highlighted in the 'Background Information' section of this report, it is proposed that Members consider a small Capital Programme for 2016/17, prioritising only essential and externally-funded spending. The draft Capital Programme as set out in this report is affordable based on the capital receipts and other funding that are expected to be in place.
- 11.2 The strategy to generate capital receipts to both repay capital borrowing (or fund and MRP "holiday") and support new spending remains sound, and the capital plans set out within this report reflect this approach. Members will be aware, but are reminded, that the planned disposal of assets is subject to complex commercial negotiations, which brings some risk and uncertainty to our resource planning.
- 11.3 The Council has approved work during 2015/16 to be undertaken by our Property Services team to update our information related to the council's assets, for example the completion of an up to date condition survey. This information will be crucial in support future asset management planning, which will inform our capital strategy and investment prioritisation. At this stage there remains a risk that unplanned asset maintenance will require capital funding that is not included within the Initial Capital Programme or currently identified capital bids from services.
- 11.4 Members are also advised of the potentially significant investment required in support of council-wide and service transformation. Such investment will be crucial to the future viability of council services, therefore the approach of holding a balance of uncommitted capital reserves at this stage is responsible financial planning. Proposals for transformation will be presented to Members in the near future.

12. EQUALITY & DIVERSITY IMPLICATIONS

- 12.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the Council must have due regard for:
- Eliminate discrimination, harassment, victimisation
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- 12.2 As no change is proposed in the Draft Budget for Disabled Facilities Grants, there is no requirement for a full Equality Impact Assessment to be included with this report.

13. CRIME AND DISORDER IMPLICATIONS

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

14. CONSULTATION IMPLICATIONS

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

15. ASSET MANAGEMENT IMPLICATIONS

- 15.1 The draft Capital Programme does not include any financial provision for capital maintenance or improvements of assets. Such requirements will be assessed through the completion of an up to date Asset Management Plan. The Council has committed significant resources during 2015/16 in asset compliance. The current capital reserves balance provides the Council with potential contingency funding to address essential unplanned works that are not currently approved.

16. ENVIRONMENTAL IMPACT IMPLICATIONS

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

17. HEALTH & WELLBEING

Demonstrate that the authority has given due regard for:

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

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

18. LEGAL IMPLICATIONS

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

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

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

Report Number: WSC 14//16
Presented by: Cllr. Mandy Chilcott, Lead Member for Resources & Central Services
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To be Held on: 3rd February 2016
Date Entered on Cabinet Forward Plan Or Agreement for Urgency Granted: 10/2/2016

ANNUAL BUDGET AND COUNCIL TAX SETTING 2016/17

1 PURPOSE OF REPORT

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

2 CONTRIBUTION TO CORPORATE PRIORITIES

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

3 RECOMMENDATIONS

- 3.1 Cabinet notes the forecast Medium Term Financial Plan and Reserves position, and notes the S151 Officer's Robustness Statement as set out in Appendix A of this report.
- 3.2 Cabinet recommends to Full Council the implementation of a three year MRP "holiday" from 2015/16 to 2017/18, and recommends a transfer of £225,300 from the MRP Budget to General Reserves in 2015/16.
- 3.3 Cabinet recommends to Full Council the transfer of £51,500 to General Reserves in 2015/16 comprising surplus earmarked reserves of £39,384 plus surplus income of £12,116.

- 3.4 Cabinet recommends to Full Council the transfer of £200,000 from General Reserves to the Business Rates Smoothing Reserve in 2015/16.
- 3.5 Cabinet recommends its Draft 2016/17 Budget to Full Council for approval.
- 3.6 Cabinet recommends to Full Council a 2016/17 Council Tax increase of 3.56%, increasing the Band D basic tax rate by £5 to £145.56 per year.
- 3.7 Cabinet recommends a further 2016/17 one-off Council Tax increase of 1.25% in respect of funding for the Somerset Rivers Authority, adding £1.76 to a Band D tax charge per year.
- 3.8 Cabinet recommends Full Council approves the minimum reserves level at £600,000.
- 3.9 Cabinet recommends Full Council approves the transfer of £166,456 from General Reserves to the JMASS Reserve to set aside funds to support transformation.
- 3.10 Cabinet recommends Full Council delegates a decision to the Leader, Lead Member for Resources and the S151 Officer regarding acceptance of a four year settlement provided it is in the Council's interests to do so.

4 RISK ASSESSMENT

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

Risk Matrix

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

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

5 BACKGROUND INFORMATION

- 5.1 The General Fund Revenue Account is the Council's main fund and shows the income and expenditure relating to the provision of services for residents, visitors and businesses including planning, environmental services, car parks, certain housing functions, community services and corporate services.
- 5.2 The Council directly charges individual consumers for some of its services through fees and charges. The expenditure that remains is mainly funded through a combination of local taxation (including Council Tax and a proportion of business rates) and through grant funding from Central Government (including Revenue Support Grant, New Homes Bonus and other non-ringfenced and specific grants/subsidy).
- 5.3 Each year the Council sets an annual budget which details the resources needed to meet operational requirements. The annual budget is prepared within the context of priorities identified by Members which are embedded in the Council's Corporate Plan.
- 5.4 The Council has recently reviewed its Corporate Strategy in the face of extremely difficult financial conditions, which is reported separately. The new Strategy if approved will lead to a new proposed Corporate Plan to determine up to date priorities and where the Council's limited resources are directed going forward, together with a transformation programme to deliver ongoing efficiencies. These are due to be considered by Members in early 2016.
- 5.5 It has been well reported that the Council faces significant and ongoing financial challenges, with a continuation of the annual reductions in Government funding for local council services as the Government seeks to reduce the national deficit through a squeeze on public spending, and locally through the major impact of the Hinkley B business rates reduction.
- 5.6 Members have previously considered a range of important reports that provide background on the Council's financial position and the budget strategy for 2016/17. These include:
- Financial Outturn 2014/15 – Cabinet 5 August / Scrutiny 6 August 2015
 - Medium Term Financial Plan – Cabinet 5 August / Scrutiny 6 August 2015
 - Budget Strategy 2016/17 – Scrutiny 15 October 2015
 - Budget Savings 2015/16 and Earmarked Reserves Review – Cabinet 4 November 2015 / Council 18 November 2015
 - Budget Update and Initial Savings Options 2016/17 – Scrutiny 12 November 2015
 - Fees and Charges 2016/17 – Scrutiny 12 November 2015 / Cabinet 2 December 2015 / Full Council 16 December 2015
 - Budget Update and Further Savings Options 2016/17 – Scrutiny 17 December 2015
 - Parking Fees and Charges 2016/17 – Scrutiny 17 December 2015
 - Financial Standing and MTFP 2016/17 – Scrutiny 14 January 2016

- 5.7 Continuing with the process followed in respect of the current year, 'Initial Savings Options' have been prepared that provide Members with options to reduce the Budget Gap thus aiming to meet the ambition to achieve financial sustainability. The options were reported to and noted by Scrutiny Committee on 12th November 2015. In view of the remaining budget gap Members have also been presented with "Further Savings Options" in order to help deliver a balanced budget for 2016/17. These options were reported to and noted by Scrutiny Committee on 17th December 2015. Further to this, the Council has also reviewed its fees and charges for services, and approved its charges for 2016/17 at its meeting on 16th December 2015.
- 5.8 A "Budget Consultation Pack" has again been provided to all Members (issued on 23 December 2015), to share details of draft budget proposals and the Provisional Settlement Funding Assessment that was issued by Government on 17 December 2015.
- 5.9 This report provides the Draft Revenue Budget for 2016/17 to enable Cabinet to make formal recommendations to Full Council regarding budget proposals and its recommended Council Tax increase.

Scrutiny Committee Comments

- 5.10 The Scrutiny Committee reviewed the Financial Standing and MTFP Update Report on 14 January 2016, which included details of the draft budget position for 2016/17 and MTFP forecast to 2020/21. A number of clarification questions were raised and dealt with at the meeting, and specifically the Committee:

- a) Business Rates Retention (BRR): Noted that the business rates budget estimates were still to be finalised at the time of considering their report, and noted the briefing on business rates scheduled for 18 January 2016.

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

- b) Council Tax: Discussed the options available in respect of Council tax, and made a formal recommendation to Cabinet in support of increasing Council Tax by the maximum £5 permitted within the referendum limit for 2016/17.
- c) Budget Gap: Noted the potential for identified savings to exceed the reported Budget Gap for 2016/17, but also noting that the Budget Gap forecast was likely to change once the outstanding final estimates were completed.
- d) Reserves: Debated potential use of reserves including potential to mitigate service savings in the short term or support 'invest to save' schemes. The Assistant Director Resources advised that Members should carefully consider any planned use of reserves as any spending is 'one-off'. Ideally reserves would be higher rather than lower in the face of the Council's financial situation and reflecting the need to both maintain its financial resilience and have resources available to invest in change and transformation to produce ongoing revenue budget savings. The S151 Officer comments on the adequacy of reserves within her Robustness Statement appended with this report.

- e) Savings: Scrutiny sought clarity on the Council's ability to meet the aims in the proposed Corporate Strategy related to 'Business and Enterprise' and the proposed savings within Economic Development. It was clarified that the Council supports economic initiative in a variety of ways and utilising a mix of funding including Hinkley S106-funded staff. Concern was also raised about the proposal to remove the budget for sandbags. It was clarified that support is being provided now to the higher risk areas to stock pile relevant supplies, and that parish councils are continuing to support their local communities in this regard.

6 ROBUSTNESS OF THE BUDGET PROCESS

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

Conclusion of the Robustness of the Budget and Adequacy of Reserves

- 6.2 Based on all the information above, I am able to confirm that I believe the Council's reserves to be adequate, and the Cabinet's draft budget proposals for 2016/17 to be sufficiently robust.
- 6.3 Whilst the budget for 2016/17 is balanced with clear savings plans in place, the medium term financial plan shows that we have a gap of £0.218m for 2017/18, which rises to over £1m by 2019/20. On a base budget of only £5m, with very little discretionary spend, it is questionable whether achieving this level of saving is actually possible.
- 6.4 The work underway on the transformation business cases will clarify whether the Council is viable beyond 2017/18 and will articulate the choices therefore available to the Council.
- 6.5 The conclusion in my statement last year was that we needed to take action if we were to achieve financial sustainability. It is disappointing that despite our good progress, the impact of the appeal on Hinkley B has potentially derailed this. The financial viability of the Council over the medium term is now in question.
- 6.6 My clear message to Councillors now is around the uncertainty of the financial viability of the Council in the medium term. With a limited budget base, limited reserves, and a history of services operating to a very lean position this challenge is significant.
- 6.7 The financial viability will be the subject of further reports over the coming months as we get clarity on the transformation business cases. This will confirm whether sufficient savings / income can be delivered through transformation (and whether the Council can afford the investment needed). Should this not be the case then formal action will need to be taken to protect the community.
- 6.8 Whatever the future holds – the scale of change ahead is significant.

7 REVENUE FUNDING POSITION

Provisional Settlement Funding Assessment - Summary

- 7.1 The funding settlement for 2016/17 has seen the Council's main general funding reduce by £281k in cash terms (14.5%). This comprises the Revenue Support Grant (RSG) and Business Rates (BR) Baseline.
- 7.2 The Council also receives New Homes Bonus which is based on housing growth in the district. Nationally, the Government has to date funded increases in New Homes Bonus through a reduction to the 'pot' for Revenue Support Grant.
- 7.3 Details of the Provisional Settlement Funding Assessment were issued by Government on Thursday 17 December 2015. This settlement information has been used for the draft budget included in this report. In summary, the headlines are:
- The net Settlement Funding cut by 14.5% in 2016/17; comprising Revenue Support Grant (RSG) and Business Rates (BR) Baseline.
 - RSG reduced by £290k (34.5%) compared to 2015/16, from £840k to £550k.
 - BR Baseline has increased by 0.8% (in line with September RPI), from £1,092k to £1,101k.
 - New Homes Bonus (provisional) grant increased by £143k, to £714k.
 - The Government has issued draft principles for referendums relating to Council Tax increases – and for this Council the maximum increase in 2016/17 before a referendum is needed is £5.00 on the basic tax rate (for a Band D) which equates to an increase of just over 3.5%; information included within the Provisional Settlement indicates this limit of £5 will apply each year through to 2019/20
 - Pending the establishment of the Somerset Rivers Authority (SRA) as a precepting body, Somerset County Council and all the Somerset district councils have an option to set a shadow precept of up to 1.25% for the purposes of funding the SRA (this is separate to the £5 increase limit referred in the previous bullet) – for this Council this would raise a precept of £23,728 in 2016/17 to fund the SRA (the 1.25% aims to raise £2.7m in total through council tax if all Somerset councils precept)
- 7.4 The provisional settlement also included other important information:
- Government has confirmed its commitment that local government will retain 100% of business rates by the end of this Parliament; Government will consult on proposals in the summer 2016
 - Government has published a consultation on New Homes Bonus, setting out options for reducing the number of years paid from 6 to 4 (and possibly a greater reductions), and other measures to 'sharpen the incentive' of the scheme – such as withholding funding where no Local Plan has been produced
 - Indicative four year funding information for RSG shows this will significantly reduce – and for some Councils reduce to nil – by 2019/20;

- Business Rates Tariff Adjustment: Through the funding reductions proposed by Government some councils see their RSG reduce to nil in 2018/19 or 2019/20; in these circumstances the Government is proposing to introduce an adjustment to increase the Tariff in order to ensure that cuts to funding across authorities over the four years are proportional – this does not apply to WSC – yet!;
- Rural Services Delivery Grant is projected to increase, with the national pot increasing from £15.5m in 2015/16 to £20m in 2016/17 and to £65m by 2019/20;
- The Government will offer any council that wishes it to take up a four-year funding settlement to 2019/20 – see below;
- Government has issued draft statutory guidance which would permit local authorities to treat revenue costs “incurred on projects designed to reduce future revenue costs and/or transform service delivery” as capital costs during the periods 2016/17, 2017/18 and 2018/19 – and such costs may be funded from new capital receipts arising from the sale of assets in each year. The guidance includes a new statutory requirement to approve an Efficiency Strategy as part of the revenue budget process each year.

Possible Four Year Settlement

- 7.5 As referred above the Provisional Settlement includes the following “The Government will offer any council that wishes to take up a four-year funding settlement to 2019/20...if they have published an efficiency plan”.
- 7.6 At the time of writing this report the specific details of what would be included in the four year deal, and what is not, has yet to be clarified and it is assumed at this stage that this will be covered in the Final Settlement in February. The basis of an efficiency plan is also unclear at this stage although it is anticipated this will not be an onerous process above good practice.
- 7.7 Details of the settlement ‘offer’ and the efficiency plan requirements are likely to be included with the Final Settlement details which should be published no later than 11 February, and this may be as a formal Consultation in the Spring. This will be important to consider alongside the Council’s ambitions for transformation and any proposal to use new capital receipts to fund revenue costs of schemes that produce savings. In the absence of clear governance requirements it is **requested that Members consider delegating a decision to the Leader, Lead Member for Resources and the S151 Officer regarding acceptance of a four year settlement provided it is in the Council’s interests to do so.**

General Fund Revenue

- 7.8 The following table summarises the updated funding baseline:

Table 1 – Provisional Settlement Funding Assessment headline figures

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

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

Revenue Support Grant (RSG)

- 7.10 Information included in the Provisional Settlement announcement on 17 December 2015 has confirmed our previous expectations that RSG will reduce to nil in future. Our projections in the MTFP, based on information provided with the Provisional Settlement, shows that RSG will diminish to £6k by 2020/21 and it is assumed it will be nil in the following year. However, details beyond 2016/17 may be subject to change, although the Government has indicated there is an option to agree a four year settlement which would (in theory) give authorities more certainty for financial planning. Indicative figures for West Somerset are as follows:

Table 2 – Revenue Support Grant

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

Rural Services Delivery Grant

- 7.11 The Provisional Settlement includes separate details of a Rural Services Delivery Grant (RSDG), which has previously been included within Revenue Support Grant, and will be paid as a separate non-ringfenced grant in 2016/17.
- 7.12 The national pot is increasing from £15.5m in 2015/16 to £65.0m in 2019/20. Indicative figures for West Somerset are:

Table 3 - Rural Services Delivery Grant

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
RSDG	40,903	52,778	92,362	131,946	171,530
Increase against previous year		11,875 29%	39,584 75%	39,584 43%	39,584 30%

Retained Business Rates

- 7.13 The Provisional Settlement indicates our Business Rates Baseline for 2016/17 will be £1,100,695, an increase of £9,097 or 0.8%. The Baseline is due to increase by RPI each year - the September 2015 RPI is 0.8%.
- 7.14 Our actual funding from business rates will be based on local estimates of business rates income through the Retention Scheme. Funding could therefore be above or below the Baseline. The current estimates for the 2016/17 retained business rates funding have been updated since the Members' Budget Consultation Pack and the

report to Scrutiny Committee in January, following the completion of further work to finalise the forecast of business rates income.

- 7.15 The Draft Budget includes net Retained Business Rates funding of £1,420,937. This represents 13.0% of the projected total net collectible business rates income of £10,914,822. Table 2 below summarises the budget estimates:

Table 4 – Business Rates Funding Estimates

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

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

Retained Business Rates - Contingent Risk

- 7.19 A letter has recently been sent to a number of local billing authorities by a national property agent acting on behalf of some public sector premises requesting mandatory business rate relief.
- 7.20 This Council has not received such a letter but we have been made aware of the details through a number of professional and advisory sources.

- 7.21 This is a complex legal matter and at this stage the Council would not accept any such request for mandatory relief. Further guidance is expected from the Department for Communities and Local Government on this matter.

Business Rates Smoothing Reserve

- 7.22 In order to mitigate budget risk regarding volatility in retained business rates, the Council maintains a contingency in a Business Rates Smoothing Reserve. The projected balance in this reserve, following the funding of the significant Collection Fund Deficit of £2,729,063 within the 2016/17 Draft Budget, is £251,165.
- 7.23 Despite holding this contingency sum, and the previous Hinkley B appeal being concluded, the risk of funding volatility in future remains high. For example, within the Draft Budget for 2016/17 the Council could experience funding losses of approximately £330,000 before a Safety Net payment is triggered. It is therefore prudent for the Council to increase its contingency to cover the impact of budget losses on business rates funding, and an **additional transfer of £200,000 from General Reserves to the Business Rates Smoothing Reserve in 2015/16 is recommended**, increasing the Smoothing Reserve balance to £451,165. This will enable the Council to mitigate losses in the short term and provide time to implement any necessary action to respond to a change in the underlying funding position.

New Homes Bonus Grant (NHB)

- 7.24 The New Homes Bonus (NHB) Grant has been in place since 2011/12. It is funding allocated by Government, separate to Revenue Support Grant and Business Rates, which incentivises and rewards housing growth. The NHB grant is non-ringfenced which means the Council is free to decide how to use it. The current scheme design sets out that each year's Grant allocation will be payable for six years. The Government has recently announced the Provisional NHB Grant allocation of £713k for 2016/17. This is £4k more than the previous MTFP forecast, and is an increase of £142k (24.8%) compared to 2015/16.
- 7.25 The Government has also issued a consultation document as part of the Provisional Settlement outlining possible changes to New Homes Bonus Funding. The consultation concludes on 10 March 2016. There are a number of options being proposed but the indications are that the number of years allocation will drop and for the purposes of the MTFP forecast we are assuming that in 2017/18 we will only receive 5 years allocation and in 2018/19 and subsequent years we will only receive a 4 year allocation. This has been reflected in the Forecast table below. It is feasible a reduction to 4 years could be implemented sooner in 2017/18. Historically, all NHB Grant has been used to support ongoing spending of the Council, with a small proportion allocated to support capital spend during 2015/16. The prospect of reductions to this funding in future significantly increases the risk of not producing a balanced budget.
- 7.26 The following table summarises the grant income (rounded figures) to date and future estimates currently included in the MTFP.

Table 5 – New Homes Bonus Grant Forecast

	11/12 £k	12/13 £k	13/14 £k	14/15 £k	15/16 £k	16/17 £k	17/18 £k	18/19 £k	19/20 £k	Cumulative £k
2011/12 Grant	91	91	91	91	91	91				546
2012/13 Grant		147	147	147	147	147				735
2013/14 Grant			145	145	145	145	145			725
2014/15 Grant				60	60	60	60			240
2015/16 Grant					128	128	128	128		512
2016/17 Grant						142	142	142	142	568
Subtotal	91	238	383	443	571	713	475	270	142	3,326
2017/18 Estimate							146	146	146	438
2018/19 Estimate								63	63	126
2019/20 Estimate									50	50
Total	91	238	383	443	571	713	621	479	401	3,940

Housing Benefit & Council Tax Admin Grant

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

8 COUNCIL TAX

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

	£
Council Tax Income Budget 2015/16	1,885,584
Increase due to change in Tax Base (Band D equivalents)	9,444
Increase due to proposed £5 increase in Tax Rate	<u>67,410</u>
Estimated Balance as at 31 March 2017	<u>1,962,438</u>

- 8.3 The Government's trigger for a referendum for "excessive Council Tax increases" is set at £5 - so any increase above £5 will require a referendum of local taxpayers.

9 SOMERSET RIVERS AUTHORITY COUNCIL TAX PRECEPT

- 9.1 Through the Provisional Settlement the Government also announced that the County Council and the five district Councils in Somerset can raise additional funding for the

Somerset Rivers Authority by setting a “shadow” precept based on up to 1.25% of each Council’s 2015/16 basic tax rate – which is £1.76 a year for a Band D. This would be for the purpose of funding the Somerset Rivers Authority in 2016/17 pending its establishment as a precepting body. The amount of additional Council Tax this would raise in West Somerset is £23,728 ($£140.56 \times 1.25\% = £1.76 \times 13,481.99$ Band D Equivalents) in relation to the WSC tax rate.

- 9.2 Assuming SCC also set a precept for the SRA at 1.25% this would raise a further £173,109 from West Somerset residents ($£1,027.30$ 15/16 Band D Tax $\times 1.25\% = £12.84 \times 13,481.99$ Band D Equivalents).
- 9.3 The overall opportunity across Somerset aims to raise £2.7m in funding for the SRA in 2016/17. The SRA Board is scheduled to consider its 2016/17 final budget proposals in March 2016. Within this, draft budget information shared with Somerset authorities indicates that the £2.7m would be prioritised to progress key workstreams within the Flood Action Plan including
- dredging and river management
 - urban water management
 - resilient infrastructure
 - building local resilience
- 9.4 At the time of issuing this report officers continue to work with SRA colleagues to summarise budget information for 2016/17 – the intention is to issue further information to Cabinet as soon as this is available.
- 9.5 **Cabinet is minded to recommend to Full Council the SRA Council Tax Rate of £1.76 for a Band D in 2016/17** utilising the authority given by Government pending the establishment of the SRA as a separate precepting body.
- 9.6 An increase in the Council’s own basic tax of £5 plus the 1.25% increase to precept for the SRA means a combined increase of £6.76 (4.81%) a year (13p per week) for a Band D.

Table 6 – Potential Tax Increase Including SRA Precept

2015/16 WSC Basic Tax Rate (Band D)	140.56
Proposed increase in 2016/17 on WSC Basic Tax Rate	5.00
2016/17 WSC Basic Tax Rate (Band D)	145.56
SRA “shadow” precept at 1.25% of 2015/16 Basic Tax Rate (Band D)	1.76
2016/17 WSC Basic Tax Rate plus SRA Tax Rate (Band D)	147.32
Total increase as a percentage	4.81%

10 ADDRESSING THE BUDGET GAP

- 10.1 In line with the agreed approach to budget setting, Cabinet has considered a number of options to address the Budget Gap. In addition, financial estimates have been reviewed and updated through the budget process and the Budget Gap updated accordingly.
- 10.2 Various changes to the budget gap have been reported through the budget process, both in terms of changes to cost and income estimates through detailed budget work, and as a result of proposed and approved changes by Members. The Draft Budget

closes the budget gap in full through a combination of savings, fees and charges and additional council tax income.

- 10.3 In addressing the gap Members have considered capital pressures alongside the consideration of the revenue budget. The council currently has limited capital resources and is planning to allocate some revenue budget to help fund the capital programme. Work is ongoing to fully identify the funding requirements in respect of the council's assets. It is likely that additional funding requirements will be identified during the next 6-12 months, and it is important to take account of this risk when considering the adequacy of revenue and capital reserves.
- 10.4 Table 5 below summarises the changes to draft budget estimates since November 2015 and includes the changes proposed by Cabinet in order to set a balanced budget for 2016/17.

Table 7 – Budget Gap Reconciliation 2016/17

	See Para	£k	Gap £k
Budget Gap reported to Scrutiny 17 December 2015			549
MRP Holiday (3 years from 15/16)	10.6	-143	
RCCO budget not required in 16/17 – one off saving	10.7	-39	
Housing Benefit overpayment recovery change	10.8	-45	
New Homes Bonus update to reflect Provisional Settlement	10.9	-4	
Rural Services Delivery Grant Provisional Settlement	10.10	-53	
RSG reduction – separate out Rural Services Delivery Grant	10.10	41	
RSG estimate update to reflect Provisional Settlement	10.11	-19	
Car Park fees and charges (Full Council 20 January 2016)	10.12	-35	
Budget Gap reported to Scrutiny 14 January 2016			252
Council Tax increase of £5	10.13	-30	
Waste Contract adjustment as per Business Plan	10.14	-41	
Initial and Further Savings Options	10.15	-258	
Increase in Business Rates Retained Income (NNDR1)	10.16	-8	
Business Rates Collection Fund Deficit final estimate	10.17	-51	
Reduction in Transfer from BR Smoothing Reserve	10.17	51	
Support for charitable lottery feasibility review	10.18	3	
Sub-total – Budget Surplus			-83
Transfer to JMASS Reserve to fund transformation	10.19	83	
SRA One-off contribution in 2016/17	9.1	24	
1.25% Council Tax increase to fund SRA contribution	9.1	-24	
Final HB and CTRS Admin Grant	7.24	TBC	
Budget Gap 2016/17			0

- 10.5 **MRP:** The Budget Gap reported to Scrutiny in December assumed a change in the MRP Policy. The formal approval for this change in policy will be included as part of the Treasury Management Strategy report to Full Council in February 2016. As the Draft Budget assumes this policy change will be approved further information is included on Appendix C clearly setting out the budget implications. The revised policy reduces the annual cost of MRP from £216,300 per initial MTFP estimates to

£143,100. The saving of £72,200 is incorporated within the Budget Gap of £252k reported to Scrutiny in December.

- 10.6 The Draft Budget also includes a recommendation to implement a three year MRP “holiday” which will provide a revenue saving of £143,100 in 2015/16, 2016/17 and 2017/18. This relies on a mitigating action of setting aside the equivalent amount in capital receipts reserves (£143,100 x 3 years) thus making a prudent reduction in capital debt whilst relieving some of the pressure on the revenue budget. This is reflected also in the Draft Capital Programme report to Cabinet on this agenda.
- 10.7 **Revenue Contribution from Capital Outlay (RCCO):** The Draft Capital Programme for 2016/17 does not require funding from revenue as there are sufficient resources available within capital reserves. Therefore a revenue budget saving of £39k is proposed in 2016/17.
- 10.8 **Housing Benefit Overpayments:** Through the 2015/16 budget monitoring process a predicted underspend has been reported in relation to Rent Allowances. This is in respect of invoices being raised to recover monies from overpayments of housing benefit that have been made. It has been estimated that an ongoing saving of £45k can be reflected in 2016/17 proposed budget.
- 10.9 **New Homes Bonus:** As detailed in Section 7.21 above our initial estimates were very close to the figures announced within the Provisional Settlement, however an increase of £4k can be used to contribute towards reducing the underlying budget gap.
- 10.10 **Rural Services Delivery Grant:** Within the Provisional Settlement the Rural Services Delivery Grant has now been separately identified from Revenue Support Grant. The net increase in this grant is £12k but for transparency we have shown the movement in the table above as the gross amounts.
- 10.11 **Revenue Support Grant:** Within the provisional settlement Revenue Support Grant is £19k higher than previously included within MTFP forecasts – but still a significant cut as shown earlier in this report.
- 10.12 **Car Park Fees and Charges:** Car parking fees and charges were approved at Full Council on 20 January 2016. The new fee structure results in estimated additional income of £35k.
- 10.13 **Council Tax Increase:** The proposed increase of £5 in the basic tax rate provides an additional £30k income to address the Budget Gap in 2016/17 (and later years), on top of the previous income forecast based on an assumed 1.99% increase.
- 10.14 **Waste Partnership:** The up to date Somerset Waste Partnership Business Plan, presented to Scrutiny 14 January 2016, set out a budget requirement for West Somerset’s costs of waste collection and recycling that was less than previously predicted, providing a saving of £41k.
- 10.15 **Initial and Further Savings Options:** Cabinet Members are minded to support the implementation of the Initial and Further Savings Proposals that have previously been reported. The options are summarised in Appendix B and Confidential Appendix H and if these are all implemented this will provide ongoing savings of £259k in 2016/17.

- 10.16 **Business Rates Retained Income:** The indicative budget forecast for retained business rates income has decreased by £133,839 in 2016/17 compared to the previous year. The final estimate is however £8,026 higher than previous estimates reported to Members, and is therefore marginally favourable to the Draft Budget.
- 10.17 **Business Rates Collection Fund Deficit:** The Council's 40% share of the estimated deficit in 2015/16 in the Business Rates Collection Fund is reduced from £2.780m to £2.729m, reflecting the up to date forecast undertaken in January 2016. This is £51k less than previous estimates undertaken in the autumn, and is offset by a corresponding reduction in the transfer from the BR Smoothing Reserve to fund the deficit.
- 10.18 **Charitable Lottery Feasibility Support:** The Cabinet is minded to allocate a one-off budget of £3,000 in 2016/17 to support a feasibility exercise that facilitates the launch of a fund raising scheme such as a lottery run by and on behalf of a collaboration of charitable and community groups. This would aim to boost income for such bodies/groups and help to mitigate reductions in direct local authority grant due to council budget pressures.
- 10.19 **Transfer to JMASS Reserve:** In view of the significant financial and organisational challenges the Council faces, it is proposed to set aside the projected one-off budget balance of £83k in 2016/17 into the JMASS reserve. This will increase the prospects of the Council having sufficient funding to support the upfront investment that will be needed to implement change.
- 10.20 In conclusion, it is a significant achievement to present a draft balanced budget considering the scale of Gap at the start of the budget process this year. This includes prudent proposals to set aside additional funds for transformation projects that will seek to deliver ongoing efficiency savings to help address funding reductions in future years.

11 DRAFT GENERAL FUND BUDGET SUMMARY 2016/17

- 11.1 The following table provides a summary of the Draft Budget for 2016/17.

Table 8 – Draft Revenue Budget 2016/17

	Original Budget 2015/16 £	Draft Budget 2016/17 £
Total Spending on WSC Services	4,640,133	4,632,260
Somerset Rivers Authority Contribution	0	23,728
Revenue Contribution to Capital	76,633	0
Capital Debt Repayment Provision (MRP)	225,300	0
Interest Costs	35,000	13,000
Interest Income	-15,000	-15,000
Transfers to/from Earmarked Reserves	-149,928	-2,479,063
Transfer to/from General Reserves	0	-166,456
AUTHORITY EXPENDITURE	4,812,138	2,008,469
Retained Business Rates	-1,554,776	-1,420,937
Revenue Support Grant	-839,588	-550,320
Rural Services Delivery Grant	-40,903	-52,778
New Homes Bonus	-571,015	-713,531
Surplus(-)/Deficit on Collection Fund – Council Tax	-70,200	-13,800
Surplus(-)/Deficit on Collection Fund – Business Rates	149,928	2,729,063
Expenditure to be financed by District Council Tax	1,885,584	1,962,438
Council Tax raised to fund SRA Contribution	0	23,728
Total Council Tax Raised by WSC	1,885,584	1,986,166
Divided by Council Tax Base	13,414.8	13,482.0
Council Tax @ Band D – West Somerset Services	140.56	145.56
Council Tax @ Band D – Somerset Rivers Authority	0	1.76
Council Tax @ Band D – WSC including SRA	140.56	147.32
Cost per week per Band D equivalent	2.70	2.83

Note: this table does not include town/parish precepts.

12 MEDIUM TERM FINANCIAL PLAN FORECAST

- 12.1 The Council prepares its annual budget within the context of the Medium Term Financial Plan. This provides estimates of the budget requirement and budget gap in future years. The following table provides a summary of the current indicative MTFP based on the current Draft Budget estimates and assumptions regarding costs, income and funding trend in future years.
- 12.2 The net budget and funding for 2016/17 are noticeably lower than in future years. This is due to the Business Rates Collection Fund Deficit of £2.73m as a result of the successful Hinkley Point Business Rates appeal. This was provided for at the end of 2014/15 and set aside within the Business Rates Smoothing Reserve to mitigate the deficit in the budget – the net transfers from earmarked reserves includes £2.73m from the Smoothing Reserve.

Table 9 – MTFP Forecast

	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Forecast Net Expenditure	4,630,260	4,704,698	5,038,507	5,229,197	5,359,842
SRA Contribution	23,728	0	0	0	0
Earmarked Reserve Transfers	-2,479,063	0	0	0	0
General Reserve Transfers	-166,456	0	0	0	0
WSC NET BUDGET	2,008,469	4,704,698	5,038,507	5,229,197	5,359,842
Parish precepts*	870,603	870,603	870,603	870,603	870,603
TOTAL NET BUDGET	2,879,072	5,575,301	5,909,110	6,099,800	6,230,445
Retained Business Rates	-1,420,937	-1,442,992	-1,470,651	-1,497,030	-1,522,076
Collection Fund Deficit (BR)	2,729,063	0	0	0	0
Revenue Support Grant	-550,320	-316,885	-170,193	-6,340	0
Rural Services Delivery Grant	-52,778	-92,362	-131,946	-171,530	-171,530
New Homes Bonus	-713,531	-621,192	-479,540	-402,169	-309,653
Council Tax – WSC	-1,962,438	-2,013,411	-2,065,746	-2,119,461	-2,174,577
Council Tax – To Fund SRA	-23,728				
Collection Fund Surplus (Ctax)	-13,800	0	0	0	0
WSC NET FUNDING	-2,008,469	-4,486,842	-4,318,076	-4,196,530	-4,177,836
Council Tax – Parishes*	-870,603	-870,603	-870,603	-870,603	-870,603
TOTAL FUNDING	-2,879,072	-5,357,445	-5,188,679	-5,067,133	-5,048,439
Budget Gap – In Year	0	217,855	502,576	312,236	149,340
Budget Gap – Cumulative	0	217,855	720,431	1,032,667	1,182,006

*Parish Precepts to be updated once all precepts received for 2016/17

- 12.3 Whilst the agreed budget strategy for this year is focussed on the short-term target of balancing the budget for next year, it is very important for Members to note the longer term budget gap and consider the ongoing financial pressures through the budget process – **the scale of challenge over the Medium Term Financial Plan remains substantial and serious.**

13 GENERAL RESERVES

- 13.1 The Council considers its reserves position as part of the overall financial framework that underpins the Budget Strategy. This framework includes an acceptable minimum reserves level, which has been reviewed this year by the S151 Officer. It is proposed to increase the minimum reserves to £600k to better reflect the risks facing the Council and to protect services to the community. The recommendation is that this the new operational minimum level, and funding decisions will be taken bearing this in mind.
- 13.2 Further information in support of the proposed Minimum Reserves is included in Appendix D. In addition, the S151 Officer comments on the acceptable minimum reserves within her “Robustness of Budget” statement – see Appendix A.
- 13.3 The General Fund Reserves position as at 1 April 2015 was £530k. Taking into account approved changes during the year, the current balance is £797k. The Draft Budget and additional recommendations within the current year provide a projected

uncommitted balance of £710k if all proposals are approved, as shown in Table 10 below.

Table 10 – General Reserves

	£
Balance Brought Forward 1 April 2015	529,899
<i>Supplementary Budget Allocations:</i>	
Wheddon Cross public convenience	-12,000
Exford public convenience	-9,000
Transfer of 2015/16 budget savings	212,092
Transfer of earmarked reserves	156,119
Asset compliance supplementary costs	-80,000
Current approved balance	797,110
Recommended transfer of MRP Savings in 2015/16 (revised policy)	82,200
Recommended transfer of MRP Savings in 2015/16 (MRP “holiday”)	143,100
Recommended transfer of surplus earmarked reserves (para 13.4)	51,500
Recommended transfer to Business Rates Smoothing Reserve (para 7.20)	-200,000
Sub-total: Projected Balance 31 March 2016	873,910
Proposed transfer to JMASS Reserve (para 13.5)	-166,456
Projected Balance	707,454

Surplus Earmarked Reserve / Additional In Year Saving

- 13.4 Full Council on 18 November approved the transfer of surplus earmarked reserves of £156,119 to general reserves. The Council has also recovered costs in respect of Economic Development staff time seconded to the LEP providing an income surplus in the current year. Economic development capacity is incorporated into the planned delivery of Hinkley-funded activity from April 2016 therefore, a further in year saving of £51,500 has been identified in the current year (£39,384 earmarked reserve surplus plus £12,116 income). It is proposed to transfer these savings to General Reserves in the current year.

Transfer to JMASS

- 13.5 Further to the proposed transfer of the one-off revenue budget balance in 2016/17 of £83k (para 10.19), it is proposed to transfer a further £167k from General Reserves thus increasing the reserve balance by £250k in total. This will result in a total reserve balance of £525k which will provide essential funding to support important organisational and service transformation in the delivery of services to the community of West Somerset.
- 13.6 Overall the projected General Reserves balance provides some short-term financial resilience for the Council. This is really important in the context of the approved Budget Strategy for 2016/17 and the tough financial challenges ahead. The projected balance of £707,454 is £107,454 above the recommended minimum.
- 13.7 For information, additional information regarding projected earmarked reserve balances is included in Appendix G.

14 FINANCIAL/RESOURCE IMPLICATIONS

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

15 COMMENTS ON BEHALF OF THE SECTION 151 OFFICER

15.1 The Provisional Funding Assessment has confirmed that our funding forecasts were reasonably accurate, and shows a steep reduction in funding particularly in respect of Revenue Support Grant. Of significant concern is the current review of New Homes Bonus which suggests this funding source will also be reduced in future years. Whilst the MTFP has been updated to reflect an initial best estimate of the reduction, the position could be worse which is a big risk in the context that the Council relies on this grant fully to fund local services each year.

15.2 Subject to final decision making by Members the Draft Budget would enable the Council to set a balanced budget for next year. This incorporates a sensible proposal to earmark funds specifically for important investment in transformation to deliver ongoing revenue savings in future.

15.3 It will be a significant achievement to set a balanced budget for 2016/17, however the **financial challenge remains serious** and Members are encouraged to consider the forecast funding cuts and Medium Term Financial Plan projections in the face of the difficult decisions to finalise the budget. Members are also requested to heed my conclusion on the robustness of the budget and adequacy of reserves as set out in section 6 and Appendix A.

16 EQUALITY & DIVERSITY IMPLICATIONS

16.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for are:

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

16.2 The Initial and Further Savings Options have been examined to assess what impact it may have on equality and diversity. Relevant Impact Assessments are included in Appendix E.

17 CRIME AND DISORDER IMPLICATIONS

17.1 There are no direct implications connected to the recommendations in this report.

18 CONSULTATION IMPLICATIONS

18.1 Proposals in respect of relevant options have been shared with external organisations including Town and Parish Councils and voluntary/charitable groups. The Draft Budget will also be shared for consultation with the Minehead Trade Chamber, as a representative of business rate payers, and feedback will be shared with Members.

19 ASSET MANAGEMENT IMPLICATIONS

- 19.1 There are limited asset management implications in respect of the budget options under consideration for this budget. The Property Services team is in the process of reviewing and updating information held about the council's assets, which will help to inform the development of an updated Asset Management Plan and identify future asset maintenance requirements. There is a risk that the lack of capital resources limits the Council's ability to invest in significant capital maintenance in the short term, which also presents a risk for the revenue budget. Maintaining adequate general reserves provides some mitigation for this risk.

20 ENVIRONMENTAL IMPACT IMPLICATIONS

- 20.1 Each option must be examined to assess what impact it may have on the environment – no significant implications have been identified in respect of the Savings Options under consideration.

21 HEALTH & WELLBEING

- 21.1 Demonstrate that the authority has given due regard for:
- People, families and communities take responsibility for their own health and wellbeing;
 - Families and communities are thriving and resilient; and
 - Somerset people are able to live independently.
- 21.2 Health and wellbeing implications have been considered in respect of the Initial and Further Savings Options, with relevant information included within the appendices to this report.

22 LEGAL IMPLICATIONS

- 22.1 S.32 of the Local Government Finance Act 1992 sets out in detail how the Council must calculate its budget by estimating gross revenue expenditure, net income, and the Council Tax needed to balance the budget; S.25 of the Local Government Act 2003 requires the Chief Finance Officer (S151 Officer for this Council) to report on the robustness of the budget-setting estimates and the adequacy of the proposed financial reserves (see Appendix A).
- 22.2 The District Council is required to set the Council Tax for the financial year starting 1 April by no later than the preceding 11 March each year (3 weeks before the new financial year). West Somerset is the billing authority for the district area and must, therefore, resolve to bill and collect Council Tax on behalf of Somerset County Council, Avon and Somerset Police and Crime Commissioner, and Devon and Somerset Fire and Rescue Authority. As well as its own expenditure on the provision of services, it must also take account of local precepts issued by the parishes and towns in the District.
- 22.3 Once the Council Tax has been set the process of billing taxpayers can begin. The tax set meeting is arranged for 24 February 2016, by which time all the precepts should have been received. Any precepts not received will be assumed at 2016/17 figures. Parish precepts will be advised to Council on 24 February 2016.

Supporting Appendices:

- Appendix A Robustness of Budget and Reserves Position
- Appendix B Initial and Further Savings proposals
- Appendix C MRP Policy Proposals
- Appendix D Minimum Reserves Review
- Appendix E Equalities Impact Assessments
- Appendix F Cost Centre Analysis
- Appendix G Earmarked Reserves
- Appendix H Confidential – Initial and Further Savings Options

APPENDIX A**ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE COUNCIL'S RESERVES****STATEMENT BY S151 OFFICER (CHIEF FINANCE OFFICER)**

– Shirlene Adam, Director - Operations

1.0 Introduction

1.1 The purpose of this appendix is to outline and meet the statutory requirements contained in the Local Government Finance Act 2003 which requires the Council's Section 151 Officer to report to Members on:

- The robustness of budget estimates; and
- The adequacy of proposed reserves.

1.2 This appendix provides detailed evidence to support my assessment.

1.3 The conclusion of my review is set in the main body of the report (para 6) and repeated at the end of this appendix.

2. Background

2.1 The financial history of the Council has been well documented and is widely understood. Over the last 2 years, Councillors have supported the ambitions set out in the paper "Towards a Financially Fit Future" (Scrutiny July 2014) and made good progress towards achieving the goal of financial sustainability. The first phase of JMASS (Joint Management & Shared Services) delivered significant savings and brought resilience to service delivery to the West Somerset community. The planned second phase of JMASS – "transformation" – would, with investment, bring further savings.

2.2 In May 2015, the Council was advised of the outcome of a business rates appeal on Hinkley B power station. The impact on the Council's finances was significant – wiping out over £1.6m of reserves and reducing ongoing business rates income by over £0.3m each year. This undermines the Council's ability to progress with the transformation plans and fundamentally challenges the financial sustainability of West Somerset Council in the medium term.

2.3 Members will be aware, via the recent briefings, of the approach to progressing the transformation business case (and by default the viability of West Somerset Council). The ambition is to report back to Members on the outcome of this work in around 3 months.

- 2.4 The draft settlement position is roughly “as predicted” in our medium term financial planning. The new ability to raise up to an additional £5 of council tax offers an opportunity to improve the Council’s funding position, as does the potential to agree a four year funding settlement with Government. The consultations on New Homes Bonus (NHB) and Business Rates (NDR) will bring new risks for us to consider in future, and we will need to significantly reduce our reliance on NHB to support revenue funding.
- 2.5 The draft settlement also offered the opportunity for authorities in Somerset to raise additional tax to fund the work of the Somerset Rivers Authority of which we are all Members. The request to Government to provide this body with separate precepting powers has not been put in place yet – so meantime the Government have offered us the flexibility to add an additional 1.25% to our own Band D Tax position. To progress this, we need to add this to West Somerset’s budget and tax bill. We can’t show this separately on the tax bill but we can add some explanatory words to help our taxpayers understand the increase. The budget report sets out the requirement for this funding and the indicative spending plan for 2016/17. The overall funding request of the SRA is £2.7m of which WSC’s share is £23,728.
- 2.6 In the meantime, the Council is required to set a budget for 2016/17. The budget report prepared sets out the necessary detail to enable Members to make safe budget decisions for 2016/17 and to be sighted on the scale of the financial challenge ahead.
- 2.7 From my perspective as your s151 Officer, the budget proposal shared by Cabinet is based on the most accurate information available therefore presents an accurate reflection of the Council’s financial position. The key issues to be aware of are as follows:-
- Through a policy change, we are suggesting the Council should progress a “MRP holiday” for 3 years. There will still be prudent provision for repayment of debt – but it will be made from capital receipts rather than the revenue budget.
 - The revenue, capital, and treasury forecasts are aligned and transparent.
 - The budget proposal recommends funding is set aside in the Business Rates Smoothing Reserve. This will offer protection to day to day service delivery from “financial shocks” hitting the Council via the business rates retention scheme. The reserve will – should the budget be approved allow for 1.5 times the “annual funding risk” facing the Council on NDR alone.
 - The minimum level of reserves has been fundamentally reviewed this year and I recommend that this is increased to £600k (with an operational zone of down to £500k which will only be breached in exceptional circumstances). Should the budget be approved, the General Fund Reserves will be slightly

higher than the minimum level set – offering some contingency for unforeseen events during 2016/17.

- The budget proposal does not rely on the use of General Fund Reserves to support day to day spending.
- Looking forward the Council faces a budget gap challenge of over £0.2m for 2017/18 which rises to £0.7m for 2018/19 and then reaches over £1m for 2019/20. It is currently unclear whether this is achievable from such a small base budget – the work underway will clarify and present options for Council to consider.

3. ROBUSTNESS OF BUDGET ESTIMATES

3.1 The proposed budget for 2016/17 (and the forecast position for future years) is the financial interpretation of the Council's priorities and, as such, has implications for every citizen of West Somerset together with all other stakeholders.

3.2 In commenting on the robustness of the budget and level of reserves and balances, the following factors have been taken into consideration and are considered in the remainder of this appendix:

Section 4	Government funding
Section 5	Capital programme funding
Section 6	Inflation and other key assumptions
Section 7	Delivery of savings
Section 8	Risks and opportunities with partnerships
Section 9	Financial standing of the Council (level of borrowing, debt outstanding)
Section 10	Track record in budget management
Section 11	Virement and control procedures
Section 12	Risk management procedures
Section 13	Key risk issues in 2016/17 budget
Section 14	Adequacy of Reserves
Section 15	Conclusions

4. Government Funding

4.1 Through the Autumn Statement 2015 and the subsequent Provisional Settlement in December 2015 the Government has confirmed its intention to move to 100% retention of business rates funding by local authorities by the end of this Parliament. At this stage there are no firm indications of how this will work and we await a consultation on proposals in the summer of 2016.

4.2 The provisional settlement set out the provisional funding position for 2016/17, and an indication of the position for the following 3 years.

The Government intend to consult further on whether authorities wish to accept a “4 year” settlement.

- 4.3 The headline cash reduction in West Somerset Council's Government funding is 14.5% for 2016/17. This means the challenges predicted in our MTFP are “real” – and have been further exacerbated by the impact of the Hinkley B business rates appeal.
- 4.4 The Government has announced the referendum trigger level will continue to be 2% except for Police and Crime commissioners and shire district authorities which are in the lowest quartile. These authorities, of which West Somerset is one, may increase their council tax by £5 before triggering a referendum. Parish Councils have not been subject to the referendum limit previously and are not for 2016/17.
- 4.5 There is no Council Tax Freeze Grant available for 2016/17 tax set, and the final grant settlement position will be confirmed in early February.
- 4.6 The Cabinet's draft budget proposes a £5 council tax increase – taking advantage of the freedom offered to lower-quartile Band D authorities in the draft settlement. From a financial planning perspective, faced with the financial challenges ahead, it is sensible to maximise the income generating potential available and the increase in the base budget will improve the likelihood of being able to balance the budget in future years.
- 4.7 The Cabinet's draft budget proposal also now clarifies the position on the Somerset Rivers Authority (SRA), and how the flexibility offered by Government for 2016/17 will work in practice. The overall SRA budget for 2016/17 is £2.7m of which £23,728 is to be raised from the taxpayers of West Somerset by way of an additional tax charge – on top of the Councils increase – of £1.76 or 1.25% based on a Band D property (equivalent to 3p per week).

5 Capital Programme Funding

- 5.1 The Cabinet's draft budget proposals for the capital programme are set out in a separate agenda item at this meeting. To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators. These are listed in full in the Treasury Management Strategy Statement which is shared separately for approval.
- 5.2 The Cabinet's draft capital programme follows the principles of the Prudential Code, and I am satisfied that the treasury implications are clear and within affordable limits.

- 5.3 The provisional settlement set out the Government's intention to allow authorities the flexibility to use capital receipts received during a fixed time period to fund revenue spending that is transformational (ie brings revenue savings!). The detail on this has yet to emerge but this is clearly something we will wish to investigate for West Somerset Council.

6 Inflation and Other Key Budget Assumptions

- 6.1 I have reviewed the budget proposals and confirm the following key assumptions:-

Area of Budget	How is this addressed within the WSC budget process?
Inflation assumptions	<p>General – inflation has <u>not</u> been applied to budgets unless there is direct justification ie as a contract condition.</p> <p>Salaries – 1% for 2016/17 and 2017/18, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – We will pay a lump sum of £310k in 16/17 in respect of the historic WSC pension deficit. In addition, we will pay the current employer pension contribution of 13.5% on West Somerset Council's share of staffing costs.</p> <p>Major Contracts – as per the legal documents supporting the contracts</p>
Income Levels	Income projections are based on <u>realistic</u> assumptions on usage, and the most recent Government guidance on fee levels when appropriate. They also take into account historic trends and current year variations against budget.
Economic assumptions	Investment interest assumptions are based on independent economic forecasts and include the impact of Treasury Management decisions made in earlier years.
Salaries Budgets	As one of the largest areas of spend, the

	<p>salaries budgets have been reviewed in detail. They have been built up by costing each individual post and cross-checked to the JMASS proposals.</p> <p>The cost sharing arrangement in place to ensure both Taunton Deane Borough Council and West Somerset Council is currently being tested to ensure continued robustness.</p>
Growth in service requirements	<p>The MTFP identifies service growth areas e.g. refuse collection. This is then firmed up by detailed discussions with Managers during the budget process. Growth assumptions for future years in the Council Tax base have been held at 0.5% per year on a prudent estimate of the net effect of local growth, council tax support and other discounts.</p>
Efficiency Initiatives	<p>Where initiatives are sufficiently well developed, they are included in savings plans.</p>
Significant Budget areas which are subject to change during the year	<p>The high risk/high value budgets of the Council are rigorously examined and only prudent increases built into them. In addition when forecasting, the performance in both previous and current years is taken into account.</p>
Member engagement in budget development	<p>Scrutiny has been updated on the MTFP position during the budget setting process. The savings proposals were also shared for discussion and all Members were issued with a Budget Consultation Pack just before Christmas. All Councillors have had the opportunity to be briefed on the proposals during their Group Meetings in January 16.</p>
Changes in Legislation	<p>Legislative changes are analysed by officers and their effect built into the MTFP and budget.</p>
Sustainability	<p>The proposed budget takes into account the future financial pressures faced by the Council. Effective financial modelling for the medium term is in place, although</p>

	<p>there is some risk around the confirmation of the 4 year picture.</p> <p>I am comfortable that best estimates have been used.</p> <p>The Council can set a robust budget for 16/17. Beyond that there is uncertainty. The work to develop the transformation business case is now urgent and essential, and will progress at pace over the next 3 months. This will articulate (at a high level) the options available for the Council and the residents of West Somerset.</p>
Sensitivity Analysis	<p>The financial planning model allows the Council to predict the likely outcomes of changes to key data ie inflation, council tax, Government funding etc.</p> <p>This is helpful in sharing “what if...” scenarios internally and with partners and members.</p> <p>The Budget Consultation Packs issued to Members also provides data on tax choices – showing the impact on the Council of this important decision.</p>
The impact of the Capital Programme on the Revenue Budget	<p>The MTFP identifies changes to the base budget as a result of the capital programme.</p>

7. Delivery of Savings

- 7.1 The savings proposals presented in the 2016/17 budget proposal have been reviewed for robustness, and are realistic and deliverable in terms of the level of saving and the timing. Delivery of the other proposals, if approved, will be the responsibility of the Management Team and progress on this will be monitored during the year. Should there be any risk to the delivery of the identified savings, this will be reported to Members via the budget monitoring regime.
- 7.2 The real challenge will be, as Members are aware, to close the budget gap in future years. With a limited budget base, limited reserves, and a history of services operating to a very lean position, this challenge is significant. The viability of the Council is in question and whatever option within the transformation business case is progressed – the scale of change ahead is significant.

8. Partnership Risks & Opportunities

- 8.1 Having completed the first phase of JMASS, the focus is now to develop the business case for transformation.
- 8.2 The Council has several other key partnership arrangements in place to support our ambitions and deliver key services. These are supported by contractual arrangements. The most significant is our Somerset Waste Partnership which is monitored via the Somerset Waste Board and supporting officer monitoring groups.
- 8.3 The Waste Partnership has recently proposed a new operating model which should deliver savings to the partners and will help to address the budget challenges.

9 Financial Standing of the Council

- 9.1 The Council fully complies with the Prudential Code and has an up to date Treasury Management Policy and Strategy in place and is operating within the agreed parameters. The Council currently has £1.0m of outstanding external debt, which will be repaid in February 2016. The Council is likely to manage with internal borrowing alone until late 2016, when external borrowing may be needed again. In addition there is £4.4m of outstanding internal debt for which prudent repayment plans are in place. The Council currently has nearly £6.890m invested for itself and £10.347m in relation to Hinkley placed in the markets in accordance with our policies. This will fluctuate during the year and we continue to monitor our cash-flows carefully.
- 9.2 The Council's Treasury Management Practices are prudent and robust, ensuring the Council is not exposed to unnecessary risk in terms of its investment policies. We continue to work with our treasury advisors (Arlingclose) to maximise investment return whilst preserving capital.
- 9.3 The adequacy of the Council's reserves is discussed later in the appendix.

10 Track Record in Budget Management

- 10.1 The Council has a good track record in budget management. The most recent years have resulted in the following outturn positions:-

Year	£Variance	%Variance of Approved Net Budget
2011/12	(£0.297m)	(6.08%)
2012/13	(£0.558m)	(11.30%)

2013/14	(£0.102m)	(1.90%)
2014/15	£0.228m	4.20%
2015/16	(£0.107m)	(2.2%)

- 10.2 In the context of gross expenditure of over £24m, the above variances are reasonable. We are of course subject to unforeseen elements such as the level of the Hinkley appeal which had a significant effect on the 2014/15 forecasting and of course on our ongoing financial position. The rebuilding of our Business Rates Smoothing Reserve will help mitigate this ongoing risk.
- 10.3 Members are currently provided with regular in-year updates on key budget variances (Scrutiny and Cabinet).

11 Virement & Control Procedures

- 11.1 The Financial Regulations contain formal rules governing financial processes and approvals (virements are simply transfers of budget between departments). The Financial Regulations and Financial Procedure Notes are currently being reviewed and updated.

12 Risk Management

- 12.1 I am satisfied that the Council has adequate insurance arrangements in place, and that the cover is structured appropriately to protect the Council.
- 12.2 The Council has a Risk Management Policy in place which defines how risk is managed at different levels in the organisation. It defines roles, responsibilities, processes and procedures to ensure we are managing risk effectively.
- 12.3 Equalities Impact Assessments (EIA) Reviews – where appropriate – are included for Members to review.
- 12.4 Financial risks are managed through budget setting and by our level of reserves. We mitigate as many risks as possible by following good practice, and by monitoring key financial risks on a regular basis.

13 Key Risk Issues In 2016/17 Budget

- 13.1 The figures in the proposed budget for 2016/17 are based on our best estimates. These will require intensive monitoring throughout the year, and swift corrective action taken should they vary from budget. The issues I need to bring to Members attention where there is financial risk are:-

13.2 Business Rates Retention Scheme I am satisfied that the Council has put in place sound arrangements to monitor the flow of Business Rates income and valuation changes throughout the year. The information coming from our Revenues team is robust, and we need to continue to improve our modelling approach to ensure we are forecasting with as much accuracy as possible. We need to engage services across the Council to work with us on ensuring all chargeable premises are notified and billed, and this will continue to be a focus of improvement during 16/17.

13.3 The key risks associated with Business Rates Retention for West Somerset Council are:

13.3.1 **Level of Appeals.** These were previously funded by the National Pool but all appeals approved post 1/4/13 (regardless of how far they go back) will be funded 50:50 (Central Govt : Local Govt). There are 54 appeals outstanding (NDR total value of £14.1m) as at December 2015 and this continues to be a high risk area for us moving forward. We have built good working relationships with the Valuation Office, but this is a huge area of uncertainty, clearly illustrated by the impact of the Hinkley appeal, that directly impacts on our financial sustainability.

On 21st January we were informed of a potential new risk emerging nationally on business rates, concerning some public sector premises potentially being granted charitable relief. This is very new, and very uncertain but would have a devastating impact on our business rates income – and on authorities up and down the country. We need to monitor this new issue as it develops – but meantime – my advice is to bolster our Business Rates Smoothing Reserve accordingly.

13.3.2 **Collection Rates.** The continuing “challenge” of collecting tax from businesses who do not have funds remains. Previously the national pool funded any reduction in collection rates. Again this will now be an issue to be funded locally and we continue to work with businesses to ensure they are sighted on all the assistance available. We will look at the business case for further investment in “collection” across the Council’s debts.

13.3.3 **Reliefs.** All mandatory reliefs were previously funded nationally by the pool. Whilst this has been taken care of in the initial funding calculations, any new mandatory reliefs introduced by the Government would have to be funded 50 : 50 (Central : Local).

13.3.4 **Pooling.** The other councils in the county of Somerset, along with BANES and North Somerset formed a Business Rates Pool in 2015/16 which will continue in 2016/17. The Pool Board did consider whether it was appropriate to add West Somerset Council to the pooling arrangement for 2016/17. The risks for all involved are significant (including WSC) so this was not supported.

- 13.3.5 **Levy / Growth.** The “opportunity” is there for local authorities to benefit financially from growth. In simple terms, for every £1 of additional business rates generated (above the Govt set baseline) then WSC will keep £0.20.
- 13.3.6 **Accounting Arrangements:** To mitigate the risk on this large income stream the Council increased the Business Rates Smoothing Reserve in 2014/15. This earmarked reserve helps provide additional mitigation against fluctuations mid-year (which if not provided for could hit the taxpayer significantly). This reserve has been fundamental in the attempt to mitigate the impact of the Hinkley appeal. Unfortunately the level of the appeal was unprecedented and the reserve has been severely depleted and will need to be bolstered. With the challenges that the Council faces this is a difficult request and there is a risk that surplus funds will not be available and the balance on this reserve will be inadequate. This will mean a direct impact on our limited General Reserves. We are therefore proposing a £200k transfer to this reserve as part of budget setting which will bring the balance to c£450k at the end of the financial year 2016/17.
- 13.4 **Council Tax Reduction Scheme.** Members have recently approved the new scheme for 2016/17. We will continue to monitor the financial impact on the Council. The key risks on this item remain as last year – on the level of take-up. To date we are managing this within approved budgets, but it is something that we monitor very closely.
- 13.5 **Housing Benefits / Subsidy.** We expect the administration grant we receive from Government to support this function to further reduce in 2016/17 and have budgeted appropriately. We expect the responsibility for funding this to shift to local authorities in future years (linked to the 100% retention of NDR), and will monitor any consultations on this closely.
- 13.6 Subsidy budgets are very difficult to estimate due to the fluctuating volume of claims received and the different levels of subsidy payable of types of claimant error. The total benefit subsidy budget is approximately £14.1m – and therefore small fluctuations in this budget can have a big impact on the budget of the Council. Systems are in place to ensure this is monitored on a monthly basis. In addition assumptions on the level of subsidy payable on Local Authority overpayments are at a prudent level.
- 13.7 **Impact of Economic Changes** – the Council’s budgets reflect our best estimates of the impact of current economic conditions. This is an issue we need to monitor continually through the budget monitoring process – particularly on income streams from car parking, land charges, building control and development control, and expenditure on issues such as homelessness.

- 13.8 **Hinkley Point C** – the Council continues to work with Government and EDF on the development of Hinkley Point C. Arrangements are in place to govern all key financial decisions on this project and robust monitoring arrangements are in place. The Council continues to deliver the support work using temporary staffing arrangements funded via the s106 agreement. We need to review and adjust our financial monitoring arrangements continually as the project progresses.
- 13.9 **Asset Management** – The Council is currently undertaking compliance and condition survey works. This essential work will help inform the needs of the service to ensure assets are in an appropriate condition and that legal requirements and standards are adhered to. This will help clarify future maintenance and investment needs which will be built into the MTFP. The size of the potential financial liability is as yet unclear, but Members should bear this in mind when allocating resources and levels of reserves.
- 13.10 **New Homes Bonus (NHB) Forecasts** – The Council has historically used 100% of New Homes Bonus funding to support the revenue budget. The ambition to reduce reliance on this source of funding had not progressed in the 16/17 draft budget proposal. This remains a challenge for the future.
- 13.11 **Joint Management & Shared Services** – The budget has been prepared based on the JMASS Business Case approved in 2013, and the latest information on the potential costs and savings across the two Councils.
- 13.12 **Overall Funding & Capacity Risk** – the level of Government revenue grant has reduced again for 2016/17. The Council has reduced in size considerably over the last 5 years, and this brings risk in terms of capacity (to deliver new savings ideas and to deliver significant service change). The JMASS project has brought some stability to this risk in the current year and 2016/17, but difficult choices will need to be made beyond that. Investment in our “transformation” agenda will be key to ensuring this risk is further mitigated.
- 13.13 Finally, the Council must continue to monitor the impact of the Welfare Reform agenda on our community and the resultant demand for service and support, particularly as the Government move towards implementing Universal Credit.

14. **ADEQUACY OF RESERVES**

- 14.1 With the existing statutory and regulatory framework, it is my responsibility as s151 Officer to advise the Council about the adequacy of the Council’s reserves position.

- 14.2 All reserves are reviewed at least annually and my formal opinion updated during the budget setting process each year. A full review of the level of General Fund Reserves has been carried out and a recommendation is made in the budget report to increase the Minimum General Fund Reserve Level to £600k. The evidence to support this change is set out in Appendix D.
- 14.3 Due to the major impact of the Hinkley B appeal we carried out a review of earmarked reserves earlier than normal during 2015/16 – and returned a total of £0.156m from earmarked reserves to the General Fund Reserve.
- 14.4 The Cabinet's draft budget for 2016/17 does not rely on the use of General Fund Reserves.
- 14.5 My opinion is given in the knowledge that known risks (strategic, operational and financial) are managed and mitigated appropriately in line with the Council's policies and strategies. The headlines of my findings on each key reserve are set out in the remainder of section 14 below. My conclusions / opinion is set out in section 15.

General Fund Reserve

- 14.6 The predicted General Fund Reserve position is set out in section 13 of the main report. The predicted balance on this reserve, having set the 2016/17 budget is £0.707m. Although above the minimum acceptable level of reserve, there are several significant financial risks facing the council.
- 14.7 The level of reserve is adequate however the Council is carrying a very significant risk in terms of the need to reduce expenditure. It is essential that cost reductions are planned in 2016/17 for delivery in 2017/18 and beyond as the Council will be operating with minimum levels of reserves to fund any cost pressures or non-delivery of savings or income budgets.
- 14.9 The future viability of the Council is in question over the medium term, and the transformation business case work will support Members in their difficult challenge ahead.

Earmarked Reserves

- 14.10 At 1 April 2016, the Council expects to have in the region of £1.2m in specific earmarked reserves. The main earmarked reserves include the following:
- Business Rates Smoothing Reserve £0.5m
 - JMASS Reserve £0.5m

- 14.11 Given the uncertainty on business rates and the new risks emerging, my advice would be to keep bolstering the Business Rates Smoothing Reserve to protect any impact on services to the community.

15. CONCLUSION

- 15.1 Based on all the information above, I am able to confirm that I believe the Council's reserves to be adequate, and the Cabinet's draft budget proposals for 2016/17 to be sufficiently robust.
- 15.2 Whilst the budget for 2016/17 is balanced with clear savings plans in place, the medium term financial plan shows that we have a gap of £0.218m for 2017/18, which rises to over £1m by 2019/20. On a base budget of only £5m, with very little discretionary spend, it is questionable whether achieving this level of saving is actually possible.
- 15.3 The work underway on the transformation business cases will clarify whether the Council is viable beyond 2017/18 and will articulate the choices therefore available to the Council.
- 15.4 The conclusion in my statement last year was that we needed to take action if we were to achieve financial sustainability. It is disappointing that despite our good progress, the impact of the appeal on Hinkley B has potentially derailed this. The financial viability of the Council over the medium term is now in question.
- 15.5 My clear message to Councillors now is around the uncertainty of the financial viability of the Council in the medium term. With a limited budget base, limited reserves, and a history of services operating to a very lean position this challenge is significant.
- 15.6 The financial viability will be the subject of further reports over the coming months as we get clarity on the transformation business cases. This will confirm whether sufficient savings / income can be delivered through transformation (and whether the Council can afford the investment needed). Should this not be the case then formal action will need to be taken to protect the community.
- 15.7 Whatever the future holds – the scale of change ahead is significant.

Shirlene Adam
Director – Operations (s151 Officer)
January 2016

WEST SOMERSET COUNCIL - 2016/17 SERVICE / BUDGET OPTIONS

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£							
INITIAL SAVINGS NON-CONFIDENTIAL													
RS	Chilcott	ICT Annual Maintenance and Support	Remove the "unspecified web enhancements" element of the budget	5,000			5,000	This means that we won't be able to develop the existing website to work with mobile devices and will need to look to the Transformation funding to fund web development. Reduces opportunity to improve accessibility prior to transformation.	Risks increased customer dissatisfaction in the short term and reduces the scope for self-service. Risks losing the SOCATIM 3 star rating for the website.	Med	Med	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Annual Customer Satisfaction Survey	Cease to undertake the survey which saves external production, packing & postage costs	1,500			1,500	There is no statutory requirement to issue a survey, although this is a key indicator for JMASS Phase 1. (Note: Of the 18,000 surveys issued last year, 785 responses were received)	Reduces level of assurance regarding public opinion of service delivery and the Council's ability to benchmark	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA. It is noted however that this option reduces understanding of the perceptions of different groups within our community.
RS	Chilcott	IT Infrastructure	Predicted underspend that we judge can safely be removed from the budget.	4,000			4,000	Predicted underspend with no service impact.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Communication lines	Cancel link between Minehead depot and Contact Centre office as no longer required	5,000			5,000	No service impact.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
IT	Mills	Marketing the area through culture	Remove Grant to Artlife	6,000			6,000	Reduction will remove the provision for culture and creative industries in West Somerset. This will reduce the ability to deliver the outputs currently within the SLA.	Reputational risk through removing general fund support for arts and culture. Support is provided for bids to other funding sources.	Med	Low	High	See impact assessment provided with report - Appendix E
BL	Chilcott	Legal Services	Realignment of SHAPE legal partnership costs to reflect current demand and costs	2,800			2,800	No impact on service delivery - budget will more accurately reflect confirmed costs of the partnership arrangement.	No material risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
AG	Morgan/ Chilcott	Contribution from HPC funds to corporate costs	Sustainable contribution from HPC S106 towards the corporate costs of the Council employing and managing staff	50,000			50,000	The contribution reflects the resources needed to deliver the activities required and funded, and is dependent upon the Final Investment Decision by EDF to proceed with Hinkley C.	That EDF make their FID by end of 2015 and Transition to the DCO in early 2016 (which is when all future payments are paid / are locked into a firm timetable for payment (i.e. first anniversary of Transition, second anniversary of Transition, etc.))	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Debt collection enforcement agent fees	3,500			3,500	Budget reduced to reflect current need. Leaves £500 for extreme cases where collection agents needed for corporate debts and costs not funded by debtors.	No significant risks identified	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Insurances	1,600			1,600	Insurance costs recharged to tenants of council properties, not currently reflected in the budget. Can be incorporated subject to any future asset changes.	There is a risk of bad debt, which is considered to be low.	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
PF	Chilcott	Finance	Interest costs	2,000		(2,000)	0	Based on current borrowing requirements and interest rates, it is feasible to reduce the interest budget for two years. Total budget will be £13,000 in 2016/17 and 2017/18.	Interest rate and cash flow volatility, and/or council decisions to incur additional capital borrowing could put pressure on budget	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
SL	Westcott	Voluntary and Community Grants	Home Start West Somerset - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix F
SL	Westcott	Voluntary and Community Grants	Engage West Somerset - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix G
SL	Westcott	Voluntary and Community Grants	CLOWNS - Reduction in grant funding	2,000			2,000	This proposal would see a reduction of the annual grant from £3,000 to £1,000. The grant helps to fund highly valued service to vulnerable and hard to reach households, and can lever in additional funding for local projects and initiatives.	The reductions in grant funding places a risk to continuity or reduction of services available.	Med	Med	Med	See impact assessment provided with report - Appendix H

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£	£						
SL	Westcott	Voluntary and Community Grants	Exmoor Lengthsman - Removal of grant funding	2,000			2,000	The contribution towards the Lengthsman would be removed in full due to the Council's affordability challenge. It is recognised that the grant helps to fund a highly valued service.	No material risks identified	Med	Med	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
CH	Mills	Removal of the Dulverton car parks lease	Bring back the Dulverton car parks under WSC control, with WSC benefiting from the parking income	10,000	0		10,000	Cease the current lease arrangements with DTC with WSC taking back the income from pay and display, and parking fines.	DTC will lose a funding stream that they currently have from the parking income	Low	Med	High	See impact assessment provided with report - Appendix I
CH	Dewdney	Increase the toilet charge from 20p to 50p	Increase to the pay on entry charge for the currently chargeable public toilets	6,500			6,500	Some one off costs associated with changing the coin devices	If the charge is increased too much there is a risk that existing income may diminish, it may also make the stored cash a target for theft	Low	Low	Med	See impact assessment provided with report - Appendix M
CH	Dewdney	Removal of the emergency sandbag response	Cease to provide sandbags and provide no further support to communities who hold their own	2,000			2,000	This budget supports the flooding response to communities and the sandbag service, the proposal here is to remove the entire budget	businesses and householders may not make adequate preparations following the council's decision to cease this provision leading to less protection within our communities	Med	Med	High	See impact assessment provided with report - Appendix N
RS	Chilcott	Stationery & Printing	Predicted underspend. In-year saving of £4k for 2015/16	5,000			5,000	Predicted underspend with no service impact	Possible risk that the underspend doesn't materialise	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	Water Coolers	Remove the water coolers	1,000			1,000	Water will no longer be provided on all floors & in the meeting rooms, but will be available from the mains supply in the canteen area.	Potentially increases the risk of accidents/slippages resulting from staff carrying water up the stairs.	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
RS	Chilcott	IT Photocopying	Current printer contract expires end Sept 2016. £7,500 saving is based on reducing the number of printers from 9 to 6 (5 at WSH plus 1 at the Minehead Office) from 1/10/16.	3,750	3,750		7,500	No service impact. Saving results from implementing a new contract & removing un-used printers	None	None	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
IT	Mills	Business Support	Recall loans funding from Fredericks Foundation - one off saving in 2016/17	15,000	(15,000)		0	Reduction will affect availability of loans for micro businesses, however demand is currently below funding available in the loans pot.	The loan pot totals £ 27,000.	Low	Low	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA. The reduction in loan pot size should not have a major effect as based on current loan takeup sufficient monies will remain. No protected characteristics should therefore be affected.
IT	Mills	Economic Development	Removal of WSC General Fund contribution to economic development through JMASS phase two transformation	35,000			35,000	This would remove the financial contribution that WSC makes through it's general fund to Economic Development. The monies are dedicated to West Somerset baseline economic projects. This would undoubtedly effect the delivery of the council's emerging priorities. This removal would lead into a need to restructure the tasks delivered in support of the Economic Delivery priorities.	The risk associated with the removal of this funding affects tasks relating to baseline West Somerset economy simply put these could not be resourced. In risk terms this will mean ceasing activity although alternative options may be available through JMASS phase 2.	High	High	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
BL	Chilcott	Legal Services	10% reduction in West Somerset contribution to the Partnership in 2016/17	11,800	(11,800)		0	No intention to reduce the level of legal service available to the council (so no implications to the council as a customer of the service).	None- these have been mitigated by the saving only being guaranteed for one year to check on any operational implications	None	None	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
SL	Turner	Temporary Accommodation	Reduced temporary accommodation cost through ending lease agreements on two properties and replace with suitable accommodation that can be let and funded through income	6,000			6,000	Based on demand, we believe there should be no impact on ability to house people requiring temporary accommodation. The Business Case is based on better use of assets	We will continue to monitor demand and balance this with supply in the private rented sector and our leased accommodation	Low	Low	High	Not Applicable. Service standards will be maintained, but delivered more cost-effectively.
RS	Chilcott	E-consultations	Replace existing e-consultations system for lower cost option (e.g survey monkey). Expectation that new website/CRM system will have this capability built in but won't be available until new systems in place.	4,400			4,400	The e-consultations function is quite widely used. We currently have 5 open surveys (covering Customer Feedback, Planning Customer Satisfaction, Revs & Bens Customer Satisfaction, Benefits Visiting Service Customer Survey and Building Control Customer Satisfaction) and a total of 1,698 people registered on the site. However, there are alternative options and research indicates that we could purchase a lower cost alternative and reduce the budget from £5,400 to £1,000.	Only low risks associated with a change in business process.	Low	Low	High	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.

AD	Lead Member	Service Option Heading	Description of the Service Option	2016/17	2017/18	2018/19	Ongoing Savings	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Equalities Impact Assessment
				£	£	£	£						
TB	Dewdney	Reduction of funding support to Quantock Hills AONB service	Quantock Hills AONB	4,000			4,000	The proposal is to reduce the contribution to the Quantock Hills AONB from £5k to £1k. This is in reality a reduction for them of £16,000 because of the 3:1 nature of Defra grant based on LA contributions. The proposal may bring challenge as to whether the Council is fulfilling responsibilities under the Localism Act's duty to co-operate with neighbouring councils and other statutory bodies, whilst also failing to meet the duty of regard for AONB purposes imposed on Local Authorities by the CRoW Act 2000, however maintaining funding at £1000 aims to mitigate this risk	The concerns raised could in theory lead to a legal challenge of this decision. There is also a reputational risk in light of SCC's previous proposal to cut funding and WSC's vociferous opposition to it.	High	High	Med	Initial assessment indicates no direct implications for protected groups. No requirement for full EIA.
CH	Dewdney	Public Conveniences	Seek to transfer ownership and/or management of public conveniences facilities to other organisations by April 2017, thus ceasing the cost liability of the Council.	0	107,000		107,000	Transfer of toilets would see another organisation take on the running responsibilities and financial liabilities. There is likely to be a need for one off funding in order to achieve the transfer. Any remaining facilities not transferred or managed by another organisation by April 2017 will be closed with plans to dispose surplus assets.	Experience has shown this to be a very emotive service area and not always easy to extract the savings that are intended. WSC will remain responsible for the buildings until such time as they are handed over, sold or demolished. This option will have a cost implication to implement - to be determined.	High	Med	Med	See impact assessment provided with report - App O
SL	Westcott	Voluntary and Community Grants	West Somerset Advice Bureau	3,800			3,800	The WSAB are confident of being able to continue with a saving at this level, but would result in a reduced number of hours of debt worker provision.	There is a risk that this will lead to reduced Ctax collection and increased demand on the Revs and Bens service and on the Housing Options service. WSAB are also considering a CIM fund bid.	Med	Med	High	See impact assessment provided with report - Confidential App P
SUB-TOTAL INITIAL SAVINGS OPTIONS - NON-CONFIDENTIAL				197,650	83,950	(2,000)	279,600						
SUB-TOTAL INITIAL SAVINGS OPTIONS - NON-CONFIDENTIAL - CUMULATIVE				197,650	281,600	279,600							

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

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

Appendix C

Option 3 (a) Asset Life Method with Equal Instalments**Phase One**

Using Option 3(a) of the CIPFA guidance This assumes that the cap receipt of £1.7m is NOT set aside in 16/17, but that the MRP calculation methodology is changed.

	2015/16	2016/17	2017/18	Subtotal	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£	£	£
Current MTFP Budget for MRP	-225,300	-216,300	-139,600	-581,200	-134,100	-128,700	-123,500	-120,900
Option 3 Proposed Payment of MRP	-143,100	-143,100	-143,100	-429,300	-143,100	-143,100	-143,100	-143,100
Revenue Saving (-)	-82,200	-73,200	3,500	-151,900	9,000	14,400	19,600	22,200
Capital receipt set aside								

Phase Two

Using Option 3(a) of the CIPFA guidance This assumes that the cap receipt of £1.7m is NOT set aside in 16/17, the MRP calculation methodology is changed but that surplus receipts are used to mitigate a 3-year "MRP holiday" and are set aside annually

	2015/16	2016/17	2017/18	Subtotal	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£	£	£
Revised MRP requirement per Phase 1	-143,100	-143,100	-143,100		-143,100	-143,100	-143,100	-143,100
MRP holiday for first 3 years					-143,100	-143,100	-143,100	-143,100
Revenue Saving (-)	-143,100	-143,100	-143,100	-429,300	0	0	0	0
Capital receipt set aside	-143,100	-143,100	-143,100	-429,300				

Saving for both Phases -225,300 -216,300 -139,600 **-581,200**

What does this mean for the term?

	Capital Financing Requirement	Years	
Existing methodology	5.633m	27	Based on budgeted repayments including principal repayment of £1.7m in 16/17
New methodology	5.633m	39.38	Based on repayments of £143,100

Minimum Level of General Reserves

1. BACKGROUND INFORMATION

- 1.1 It is particularly pertinent when there are significant challenges to councils' budgets and when Central Government funding is falling at an exceptional rate, to consider how this risk is being mitigated and how exposed the Council is to adhoc events, risks and pressures.
- 1.2 With this in mind, the s151 Officer requested a review of reserves and for the minimum acceptable level of General Reserves to be challenged to establish whether it is appropriate and to benchmark against other councils to see how we compare and whether we are over exposed to risk.

2. APPROACH AND METHODOLOGY

- 2.1 Reserves are reviewed by this Council on an annual basis to give assurance that they are appropriate and adequate. Due to the constraints on the Council's budget it is not possible to mitigate against every eventuality and it would be imprudent to set aside funds simply as a percentage of net expenditure or "just in case". With the challenges associated with setting a balanced budget for West Somerset, earmarking reserves is an important exercise and each year a review is done to challenge the levels and intended use of these reserves. In some cases, earmarked reserves are deemed to be no longer required/too high and are returned to general reserves.
- 2.2 In order to arrive at an appropriate level, various publications were reviewed and the Council was benchmarked against its nearest neighbours in terms of size, demography, NDR value per head etc*:
- LAAP Bulletin 99 Local Authority Reserves and Balances
 - CIPFA Stats Nearest Neighbours Model*
 - Audit Commission "Striking a Balance" Questionnaire
 - CIPFA Delivering Good Governance in Local Government

3. MITIGATING RISK – GENERAL RESERVES

- 3.1 The CIPFA LAAP Bulletin says "When reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes":
- A working balance to help cushion the impact of uneven cashflows and avoid unnecessary temporary borrowing – this forms part of general reserves
 - A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves
 - A means of building up funds to meet known or predicted requirements – via earmarked reserves (legally part of the General Fund)

- 3.2 As part of the review of the adequacy of the general reserves balance it is prudent to consider the particular risks that the Council faces and how these are mitigated by earmarked reserves and other mechanisms.
- 3.3 There are a number of general risks which are relevant to all or most councils and for the most part are mitigated with a robust approach to budget setting in the MTFP. These include inflation and interest rates; the timing of capital receipts; demand led pressures; the delivery of efficiency savings; the availability of Government grants and general funding; and the general financial climate. These risks are considered at every stage of the budget setting process and the experience of the s151 and senior finance officers will be fundamental in identifying and addressing the pressures relating to these risks.
- 3.4 An indicator of the risks particular to the Council is the Risk Register. This captures those risks which need to be managed and monitored as they can potentially have a very detrimental effect on the financial or reputational standing of the Council. We have therefore used the Council's risk register as the starting point for the risk matrix.

4. QUANTIFYING THE FINANCIAL RISK

- 4.1 The risk-based assessment gave a range of appropriate "minimum" general reserves levels as £507k to £769k. With consideration to the challenging situation the Council finds itself in it may be prudent to recommend the higher level but with the challenges of budget setting an average level is more practicable with the caveat that this may not mitigate all risks. The average from the analysis is £638,688.

5. STRIKING A BALANCE QUESTIONNAIRE

- 5.1 The Audit Commission's questionnaire is a good aide memoire to highlight the areas a Council should consider when assessing the minimum level of reserves. It also draws on benchmarking to establish how other councils mitigate their risks. This questionnaire and the CIPFA stats Nearest Neighbour Model were used to benchmark against 15 other councils which have similar attributes. The average minimum level of general reserves for the 13 councils for which budget levels were available, was 12.72% as opposed to the 9.88% that West Somerset Council currently holds.

6. CONCLUSION AND NEXT STEPS

- 6.1 The risk assessment and Audit Commission questionnaire are useful tools in establishing West Somerset's minimum level of general reserves. This must be caveated with the assertion that if the Council relies on reserves to address a budget gap it will be immediately exposed to a heightened risk if it does not remain above the minimum level.
- 6.2 **With reference to the analysis that has been undertaken and with attention to the risks that the Council faces and its limited ability to mitigate risk, a recommendation is made to increase the minimum level of reserves to £600k.**

Equality Impact Assessment

Responsible person	Ian Timms	Job Title Assistant Director Business Development
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Termination of service	
	Budget/Financial decision	Removal of core grant aid of £6000
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	MTFP Proposal for WSC 2016/17 to remove core grant	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	<p>In 15/16 provision of the £6000 grant enabled Art life to provide a core arts development service to support voluntary and community organisations within the cultural sector in West Somerset. This proposal would remove that funding to deliver a £6000 general fund budget reduction. This would therefore remove any residual general fund monies to support Arts and Culture in West Somerset.</p> <p>The core grant investment from WSC provided for a one day per week Coordinator post to deliver the arts service. This is attached at the end of this Assessment.</p> <p>ARTlife complimented this by employing the Coordinator for a total of two days per week during 2015-16. This two days a week was targeted at developing the service</p> <p>In addition to the Coordinator’s time, ARTlife raised additional funds delivering a range of projects and initiatives.</p> <p>The proposed policy will remove the Core grant element.</p>	
Which protected groups are targeted by the policy?	<p>The Service Level Agreement targeted four key groups. These groups will therefore be most likely to be affected by the proposal.</p> <ul style="list-style-type: none"> ▪ Young people and children ▪ Older people 	

	<ul style="list-style-type: none"> ▪ Disabled people ▪ People suffering an economic disadvantage 								
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p>	<p>Discussion with 2 board members and Artlife coordinator.</p> <p>Review of Core service delivery. Evidence from reports provided by Artlife on service provision. Knowledge from partnership work on landscape art project for Hinkley Point. Artlife reports to scrutiny in past few years.</p> <p>Knowledge of rurality in West Somerset.</p>								
<p>Section two – Conclusion drawn about the impact of change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>									
<p>The removal of funding will terminate the current arrangements to provide core funding to Artlife impacting support for the cultural sector in West Somerset.</p> <p>The impacts will be felt on Rural isolation due to the sparsity of the population. The cut will in all likelihood lead to reduced opportunities for cultural gatherings which are aids to the community gathering. This is likely therefore to affect individuals who are less mobile or elderly. This would be negative for the protected characteristics relating to older people and disabled people.</p> <p>The reduction will mean that there will be no professional support to the community and voluntary arts sector as Artlife will be unable to continue the employment of the coordinator. This will therefore, it is likely this will lead to fewer successful funding bids / successful events - also losing 15 years of knowledge and experience.</p>									
<p>I have concluded that there is/should be:</p> <table border="1" data-bbox="208 1093 1906 1331"> <tr> <td data-bbox="208 1093 878 1177">No major change - no adverse equality impact identified</td> <td data-bbox="878 1093 1906 1177"></td> </tr> <tr> <td data-bbox="208 1177 878 1220">Adjust the policy</td> <td data-bbox="878 1177 1906 1220"></td> </tr> <tr> <td data-bbox="208 1220 878 1264">Continue with the policy of removing the funding</td> <td data-bbox="878 1220 1906 1264" style="text-align: center;">✓</td> </tr> <tr> <td data-bbox="208 1264 878 1331">Stop and remove the policy</td> <td data-bbox="878 1264 1906 1331"></td> </tr> </table>		No major change - no adverse equality impact identified		Adjust the policy		Continue with the policy of removing the funding	✓	Stop and remove the policy	
No major change - no adverse equality impact identified									
Adjust the policy									
Continue with the policy of removing the funding	✓								
Stop and remove the policy									

<p>Reasons and documentation to support conclusions:</p> <p>Whilst clearly there will be impacts on the community there are possibilities for other sources of funding to be utilised for delivery of the core service. The impacts are likely to be relatively diffuse though and will broadly speaking impact rurality issues.</p> <p>The Arts service provision is not statutory although it does add to the economic prosperity of the area through creation of wider cultural activities.</p> <p>On consideration of the impacts as they are not easily quantifiable combined with the fact that funding may be able to be sourced from other providers the conclusion is that the funding must be removed.</p>	
<p>Section four – Implementation – timescale for implementation</p>	
<p>Discussion held with Art life board members and coordinator on 11th November to discuss cut proposal.</p> <p>Proposal to be reviewed after 17th December Scrutiny meeting. Further discussions if required.</p> <p>Cut to be applied from 1st April 2016.</p>	
<p>Section Five – Sign off</p>	
<p>Responsible officer Ian Timms Date 30.11.15</p>	<p>Management Team Ian Timms Date 02.12.15</p>
<p>Section six – Publication and monitoring</p>	
<p>Published on 10/12/15</p>	
<p>Next review date N/A</p>	

Action Planning

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

Actions table					
Service area			Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions
The removal of funding reduction will sever the direct funding link to WSC that has existed over a period of years Artlife will need to make alternate arrangements to deliver the service	Remove Core grant from Revenue Budget.	Ian Timms	31 st March 2016	If removed no further monitoring will be necessary	Hope to assist Artlife to secure funding from non - council funded sources
	Explore other funding routes with Artlife	Ian Timms	31 st March 2016	Will be carried out on ad hoc basis	May assist in retention of service and some arts provision to support economy
	Retain "in kind" desk space, existing phone number and storage space agencies to enable smooth transition.	Ian Timms	31 st March 2017		Artlife will be able to transit effectively to new arrangements

3. CORE SERVICE AIMS

3.1 To increase opportunities for residents and visitors to participate in and enjoy the arts

3.1.1 To provide an advice and information service

ARTlife will provide an advice and information service to the general public and special interest groups and individuals as and when requested. This service could include:

- information on cultural events and opportunities in West Somerset when requested
- information on a wide range of cultural funding opportunities
- information on ARTlife's own management and decision making processes and how to participate in these
- additional information and advice on a range of issues relevant to cultural work e.g. disability access, public art development, marketing.

The advice and information service will be made available through:

- the ARTlife web site and partner websites including creativesomerset.com
- telephone based advice and information and individual surgeries

3.2 To ensure that the cultural needs of West Somerset are understood and acted on by other agencies

3.2.1 Liaison with West Somerset Council

ARTlife will make its expertise available to the Officers and Members of West Somerset Council to inform them of its work. It will also use this expertise to play a role in both general corporate planning and relevant specific areas of service, in particular economic regeneration and tourism. It will do this through:

- briefing Members as appropriate, in their roles as advocates for West Somerset
- attendance at appropriate Officers' meetings
- producing regular monitoring/financial reports
- producing an Annual Report
- developing appropriate new partnership projects related to regeneration initiatives

3.2.2 Liaison with external agencies

ARTlife will liaise with external agencies such as Arts Council England South West and other relevant groups to maintain the profile of ARTlife and to represent and advocate on behalf of the cultural sector in West Somerset.

It will also create opportunities for joint planning, arts development and funding by:

- attending appropriate meetings
- ensuring it receives up to date information on cultural issues and opportunities
- sharing in the development of cross-boundary joint strategies and projects which enhance ARTlife's own strategic objectives, in partnership with West Somerset Council personnel

3.3 To foster and develop the principles of the West Somerset Arts Consortium

3.3.1 To encourage member organisations to adopt the policies and philosophies of ARTlife in the management of their own organisations

- By adopting appropriate equalities policies
- By supporting the value of collaborative working

3.3.2 To promote the consortium structure of ARTlife as a model of good practice

- To other West Somerset agencies
- To county, regional and national agencies
- To arts and non-arts groups

West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

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

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Reduction in overall grants budget

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

Home Start West Somerset is a visiting support service for vulnerable families with at least one child under 7. Trained volunteers offer practical and emotional support via outreach services in West Somerset through weekly 2/3 hour home visits. They also link families to other specialist services such as Sure Start, West Somerset Advice Bureau. MIND, CLOWNS. The families supported are affected by low income, disability, isolation, ill-health (mental and physical), bereavement, disability, housing problems and debt. Home Start West Somerset was established in 2002.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

- Overall reduction of grant budget by 1st April 2016.
- Reduction in grant funding.

Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

- Study of agreement
- AGM & report
- Home-Start response to notification of cuts
- Home-Start website
- Commentary in discussion with Home-Start

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the 'protected characteristics' in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Protected Group	Findings – Highlight potential negative impact or missed opportunities for promoting equality
Disability (includes mental health, physical & sensory)	Clients suffering from physical disabilities and/or mental health issues including depression.
Pregnancy and maternity	Prejudice / domestic violence advice and support.

Non-statutory

Socio-economic (low income individuals & families)	Many users of the service are from low income families.
Rural Isolation	West Somerset is a rural district with poor transport networks- the Homestart outreach service helps to alleviate this.
Social isolation	Single parents, first time parents and younger parents are often socially isolated from peers.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
Support Home-Start to source additional funders and potential for partnership working with other organisations	Home-Start are a stronger organisation through joint project initiatives which have been externally funded.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan specifying responsible officer and timeline.

Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All completed EIAs are available on the WSC website

Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	
Date:	

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): Budget Update and Initial Options 2016/17

<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report: Scrutiny Committee

Outcome from report being considered

West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

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

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Overall savings in grants budget.

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

Engage offers support and development services to VCS groups in West Somerset (23% of CD worker’s contract.) Manages and develops the West Somerset Voluntary Sector Forum. Financial support received from WSC provides substantial leverage to other funding.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

- Need to reduce overall grant budget by 1st April 2016.

Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

Commentary with Engage during monitoring discussions. Study of agreement AGM & report Business Plan Response to notification of potential cuts Website Partnership outcomes

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the ‘protected characteristics’ in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Many of the organizations using the services of Engage, support people within the protected groups. Therefore any reduction or decline in the work of Engage could potentially have a “knock – on” affect of people with protected characteristics.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
Support Engage in identifying additional sources of funding. Explore areas where partnership working could pool resources and secure joint funding.	Engage will not be limited to local authorities for its funding. Engage will achieve partnership working which will enhance future funding possibilities.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan identifying responsible officer and timeline.
--

Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All completed EIAs are published on the WSC website.
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Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	Angela Summers
Date:	4/11/15

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): **Budget Update and Initial Options 2016/17**

<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report e.g. Scrutiny Committee

Outcome from report being considered

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West Somerset Council

Equality Impact Analysis Record Form 2015

When reviewing, planning or providing services West Somerset Council needs to assess the impacts on people.

We must show we have given due regard to the General Equality Duties in relation to our decision making processes, policies, strategies, services and functions as set out in Section 149 of the Equality Act 2010:

The three aims we **must** have due regard for:

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

Service Area: Housing and Communities	
Title of policy/ practice/ service of function	Reduction of funding in order to make overall savings in grants budget.

Section 1: Why are you completing the Impact Assessment *(please ✓ as appropriate)*

Proposed new policy or service	Change to policy or service	Budget/Financial Decision	
		✓	

Section 2: About the Service/Policy Decision

CLOWNS provides recreational and educational, physical activities and healthy living learning for pre-school children and their families. Families gain skills in areas such as numeracy, literacy and communication through participation in educational and physical activities and access information on further learning opportunities.

Section 3: Information about the change to the service *(explain the proposal and reason for the change)*

- Need to reduce overall grant budget by 1st April 2016.
- Reduce grant funding in 2016/17

Section 4: What evidence has been used in the assessment?

(List the consultation/engagement undertaken and data or intelligence you have gathered. This may include customer or staff profiles/feedback, complaints data, demographic data, research, user consultation, engagement or survey results.)

Commentary with CLOWNS Study of agreement AGM & report Response to notification of cuts Website

Section 5: Effect on protected characteristic

With reference to the analysis above, for each of the 'protected characteristics' in the table below please record your conclusions with evidence around equality impact in relation to the savings proposal/service change.

Protected Group	Findings – Highlight potential negative impact or missed opportunities for promoting equality
Disability (includes mental health, physical & sensory)	Children with special physical and/or mental needs are supported to learn and play alongside more able children and families thus enabling integration.
Race (includes ethnic origins, colour and nationality)	There has been a noted increase in migrant workers seeking services. The impact of the Hinkley Point development may see a further increase in people from migratory populations in future years and CLOWNS helps to support migratory families and the service helps mitigate negative effects of development.

Non-statutory

Socio-economic (low income individuals & families)	Many users of the service are from low income families.
Rural Isolation	West Somerset is a rural district with poor transport networks; for many families in West Somerset, CLOWNS is the only accessible offer of its kind for isolated communities.
Carers	Carers of children who are physically and/or mentally disabled and those with additional needs.

ACTION PLAN

This table must be completed where all negative impacts have been identified, and the steps that could be taken to mitigate this impact or to promote improved equality of opportunity or good relations.

Action	Outcome	Lead Officer	Timescale
We will work with CLOWNS in seeking partnership projects/funding to improve their resilience	A more robust organisation which is much more resilient to future funding challenges.	Christine Gale	March 2017

Section 7: Monitoring and review/ mainstreaming into service plans

Please indicate whether any of your actions have been added to service or work plans and your arrangements for monitoring and reviewing progress/ future impact?

Work planned/undertaken is added to Corporate Equality Action Plan and also written into relevant Team work plan identifying responsible officer and timeline.
--

Section 8: Publishing the completed assessment

How will the assessment, consultation & outcomes be published and communicated.

All assessments will be published on the WSC website.

Section 9: Sign Off

Completed by:	Christine Gale
Date:	14/10/2015
Reviewed by:	Angela Summers
Date:	4/11/15

Decision-making processes

Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures

Attached to report (title): **Budget Update and Initial Options 2016/17**
<https://www.westsomersetonline.gov.uk/getattachment/Council---Democracy/Council-Meetings/Scrutiny-Committee-Meetings/Scrutiny---12-November-2015/Agenda-and-Reports-12-11-2015.pdf.aspx>

Date of report: 12.11.15

Author of report: Steve Plenty

Audience for report: Scrutiny Committee

Outcome from report being considered

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Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Do not offer an extension on the Dulverton car park lease	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	Dulverton Town Council (DTC) have a lease arrangement from WSC to operate the car park, this proposal ceases that arrangement by not extending the lease.	
Which protected groups are targeted by the policy/decision/service?	No protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This proposal removes the existing inequality in one Town Council being able to raise revenue from parking charges. There are no proposals to change the pricing schedule, but it is considered that this will remove a funding stream from Dulverton Council. This equalities impact assessment does not seek to advise		

what impacts this may have on the services previously supported by this funding stream. DTC will need to consider how these financial implications are managed

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	

Reasons and documentation to support conclusions

It is no longer considered acceptable for one Town Council to have the financial advantage of operating the car parks.

Section four – Implementation – timescale for implementation

April 2016

Section Five – Sign off

Responsible officer Tracey-Ann Biss

Date 30th Oct 2015

Management Team

Date

Section six – Publication and monitoring

Published on

Next review date

Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Parking Permit charge changes	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	Whilst supporting the use of permits across the district this proposal seeks to reduce the current level of discount available to regular users of the car parks.	
Which protected groups are targeted by the policy/decision/service?	No Protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge, permit volumes	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
Permit charges will increase for all users of the service but the level of discount is still much greater than neighbouring authorities.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of discount currently offered through the permitting scheme.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingency Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Blue badge charging for WSC car parks	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To make use of the car parks chargeable to blue badge holders	
Which protected groups are targeted by the policy/decision/service?	All those who meet the criteria to hold a blue badge	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This proposal will mean that all users of the pay and display car parks will pay towards the cost of the service.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of service previously offered.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Tracey-Ann Biss	Job Title Parking and Civil Contingencies Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Pay and display parking charge change for summer tariffs.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	The purpose is to change driver behaviour during peak tourist times. This change will mean more drivers use the other carparks improving traffic flow through the more urbanised areas.	
Which protected groups are targeted by the policy/decision/service?	No protected groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge, occupancy data on car parking bays.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
Parking charges will increase for all groups and users.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council wished to influence driver behaviour and ensure traffic management through this option.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Tracey-Ann Biss Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Increase the charge for public toilet assess in facilities that are already chargeable.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To increase the charge for access to the already chargeable public toilets from 20p to 50p	
Which protected groups are targeted by the policy/decision/service?	No specific groups have been targeted through this proposal.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge and income received.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
This is a financial change only and does not impact on the availability of the facilities.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means there is a need for a greater contribution from the service users to support this service.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Remove the emergency sandbag provision	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To remove the responsive service and all provision of sandbags to the community in times of flooding	
Which protected groups are targeted by the policy/decision/service?	No Protected groups have been targeted through this proposal, but some groups will be impacted more than others. Those who are not physically able to collect sandbags from other outlets will be at a greater disadvantage.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge of service.	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
No sandbag provision will be provided through West Somerset Council. In implimention this proposal WSC would offer its remaining stocks to the Town and Parish Councils to see if they would like to hold them for their communities. WSC would not replenish these stocks.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions The Council's financial position means that it is no longer viable to support the level of discount currently offered through the permitting scheme.	
Section four – Implementation – timescale for implementation	
April 2016	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 30 th Oct 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Equality Impact Assessment – pro-forma

Responsible person	Cyril Rowe	Job Title Open Spaces Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	X
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Cease all financial responsibility for the operation of public toilets from 1st April 2017	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	To cease the provision of this non statutory service by West Somerset Council	
Which protected groups are targeted by the policy/decision/service?	The young, the elderly, those with certain disabilities and those that require the use of toilets with little or no notice will be impacted more greatly.	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....	Management knowledge	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
There will be no facilities provided by this Council. This may have further impacts for drug users and homeless sleepers as traditionally the toilet facilities are used for this purpose. These people may move into more public areas. There may be an increase in public urination as a result of this change.		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy/decision/service	X
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions: The Council's financial position means there is not the funding to support this discretionary function.	
Section four – Implementation – timescale for implementation	
April 2017	
Section Five – Sign off	
Responsible officer Cyril Rowe Date 8 th December 2015	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

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

Actions table						
Service area				Date		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	

Appendix F

Proposed Revenue Budget 2016/17**1. Council Spending - Budget Book**

The budget is presented in Service Plan format, to provide information on the resources allocated to each of the Corporate Priorities.

Budget Book 2016/17 - Cost Centre Level

Budget 2015/16	Cost Centre Description	Cost Centre Number	Budget 2016/17
£225	Member Services	4300	£254,410
£118,029	Legal	4302	£105,790
£55,160	Elections	4303	£57,140
-£22,794	Land Charges	4304	-£22,920
£307,652	CDC	4305	£137,960
£306,700	Human Resources	4306	£358,570
£41,200	Postages	4307	£41,200
£15,110	Information Team	4308	£9,450
£1,370	Corporate Director	4311	£1,370
£80,230	Executive Support Team	4312	£800
£230,625	Finance	4359	£241,395
£58,300	Internal Audit	4360	£58,300
£245,300	Investment & Interest	4361	-£2,000
£70,000	Insurance	4362	£68,400
£96,245	WSC - TDBC Project	4384	£88,880
£1,603,352			£1,398,745
£44,690	Economic Development	4322	-£9,800
£7,450	Tourism	4323	£1,450
-£57,380	Licensing	4338	-£23,600
£10,000	Housing Bed & Breakfast	4339	£10,000
£13,450	Housing Temporary Accommodation	4340	£7,450
£25,500	Housing Homelessness Admin	4341	£25,500
£202,620	Planning Policy	4342	£84,350
£121,380	Housing Staff	4343	£128,900
£37,710	Food Safety	4344	£7,300
£75,110	Environmental Health	4345	£95,130
£5,350	Environmental Health Staff	4346	£10,410
£600	GM Housing & Community	4347	£600
£117,545	Housing Benefit Administration	4349	£0
-£259,064	HB Rent Allowance	4350	-£38,600
£5,000	HB Non HRA Rent Rebate	4351	£8,300
£6,000	Benefits Staff	4352	-£23,570
£152,050	CT Collection	4353	-£44,340

-£80,950	NDR Administration	4355	-£80,950
£990	Revenues Staff	4356	£160,410
£42,905	Housing Private Sector Renewal	4368	£42,910
£43,570	Housing Enabling	4379	£44,270
£0	Dog Wardens	4429	£20,050
£514,526			£426,170
£99,040	Design and Print	4301	£91,990
£163,430	Customer Services	4309	£162,660
-£19,335	Roughmoor Depot	4313	-£19,100
-£12,922	Estates - Assets	4314	£37,080
-£61,960	Roughmoor Enterprise Centre	4315	-£61,960
£61,680	Estates	4316	£61,940
£74,586	West Somerset House	4317	£59,160
£31,060	Contact Centre	4318	£19,160
£15,200	Coast Protection	4319	£15,200
£8,590	Flood Defence	4320	£6,590
£4,820	VIIC	4321	£4,890
-£136,540	Development Control	4324	-£9,710
£25,020	Building Control	4325	£64,120
-£410,725	Parking - Off Street	4326	-£459,720
£91,532	Parking Staff	4327	£96,670
£130,510	Public Conveniences	4330	£119,540
£197,372	Open Spaces	4331	£179,380
£1,088,880	Waste	4332	£1,062,500
£460,360	Street Cleansing	4333	£440,360
£640	GM Environment & Services	4334	£640
£1,400	Community Development	4335	£18,520
£18,854	Community Safety	4336	£16,830
£47,000	Community Links	4337	£39,200
£308,800	IT	4357	£306,080
£64,000	Telephones	4358	£64,000
£39,206	Brunel Way Depot	4374	£34,210
£11,902	Watchet Harbour	4375	£24,900
-£7,300	Barnsclose Units	4376	-£7,300
£895	Minehead Harbour	4378	£13,900
£0	Growth Delivery	4410	£1,210
£2,295,995			£2,382,940
£68,860	Chief Executive	4392	£70,160
£40,070	Asst Chief Executive	4393	£41,080
£21,610	Director – Operations	4394	£22,060
£15,110	AD – Corp Services	4395	£15,510
£37,790	AD – Resources	4396	£38,790
£15,110	AD – Operational Delivery	4397	£13,630

£10,150	Director – Housing and Communities	4398	£10,380
£15,130	AD – Housing and Communities	4399	£15,510
£20,310	Director – Growth and Development	4401	£20,760
£15,110	AD – Planning and Environment	4402	£15,510
£15,110	AD – Business Development	4403	£15,510
£7,570	AD – Property Development	4404	£7,750
£0	Nuclear Programme	4405	-£50,000
£8,300	Health and Safety	4414	£8,050
£15,010	Community Leisure	4415	£15,690
£28,840	Housing Partnership	2171	£29,350
£3,260	Business Support (Hsg)	4416	£3,530
£54,480	Business Support (Growth and Dev)	4412	£55,260
£25,430	Facilities Management	4413	£27,200
£13,660	Corp Strategy and Performance	4418	£13,840
£12,610	Corp Transformation Programme	4419	£12,980
£28,040	Comm and Client Services	4420	£12,360
0	Civil Contingencies	4427	£7,300
£471,560			£422,405
£4,885,433	Total Revenue Budget (Excludes Parishes)		£4,630,260
£76,633	Revenue Contribution to Capital Outlay		£0
-£149,928	Transfers to/from Useable Reserves		-£2,645,519
£4,812,138	NET BUDGET		£1,984,741
-£1,404,848	Retained Business Rates		-£1,420,937
-£880,491	Revenue Support Grant		-£603,098
0	Council Tax Freeze Grant		0
-£571,015	New Homes Bonus		-£713,531
0	Collection Fund Deficit (BRR)		£2,729,063
-70,200	Collection Fund Surplus (Council Tax)		-13,800
£1,885,584	COUNCIL TAX REQUIREMENT		£1,962,438

SUMMARY OF EARMARKED RESERVES

Earmarked Reserve Account	Opening Balance 1 April 2015 £	Transfers 2015/16 £	Projected Balance 31 March 2016 £	Proposed Transfers 2016/17 £	Projected Balance 31 March 2017 £
Area Based Grant	84,384	-84,384	0		0
Community Safety	3,533		3,533		3,533
Land Charges	25,511		25,511		25,511
Tourism	12,107		12,107		12,107
Sustainability Reserve	57,698	-40,000	17,698		17,698
Minehead Events	396		396		396
DHP Reserve	44,861	-44,861	0		0
District Election Reserve	30,000		30,000		30,000
Water Bathing Signs	1,266		1,266		1,266
Other Election Reserve	23,663		23,663		23,663
Inspire	7,131		7,131		7,131
Transparency Code	2,588	-2,588	0		0
Exmoor at your Fingertips	1,780	-1,780	0		0
Minehead Town Centre Signage	500		500		500
Our Place	10,934		10,934		10,934
CCTV	1,565		1,565		1,565
Homelessness Prevention	43,620		43,620		43,620
Morrison's Footpath	6,000		6,000		6,000
JMASS Reserve	275,714		275,714	250,000	525,714
Watchet Harbour Dredging	13,200	-13,200	0		0
Customer Service Equipment Reserve	666	-666	0		0
Car Parking Reserve	15,767	-5,767	10,000		10,000
Environmental Health Reserve	3,718		3,718		3,718
Minehead Harbour Dredging Reserve	5,500	-5,500	0		0
Online DHP Reserve	5,375	-5,375	0		0
Compliance Works – Estates	26,736	-26,736	0		0

Earmarked Reserve Account	Opening Balance 1 April 2015 £	Transfers 2015/16 £	Projected Balance 31 March 2016 £	Proposed Transfers 2016/17 £	Projected Balance 31 March 2017 £
Strategic Housing Market Area Assessment Reserve	1,000	-1,000	0		0
Business Development Reserve	3,195		3,195		3,195
Planning Reserve	20,000	-20,000	0		0
Somerset Growth Board	957	-957	0		0
Dulverton Mill Leat	12,195		12,195		12,195
Hinkley Corporate Cost Reserve	50,000	-50,000	0		0
Revenues and Benefits Reserve	67,905	-7,903	60,002		60,002
Training Reserve	10,000	-10,000	0		0
Licensing Staff Reserve	10,000	-10,000	0		0
Finance Reserve	15,000		15,000		15,000
Community Right to Challenge	5,000		5,000		5,000
Assets of Community Value	10,000		10,000		10,000
Business Rates Retention Smoothing Account	2,930,156	250,072	3,180,228	-2,729,063	451,165
Planning Policy Reserve	61,725	-61,725	0		0
Totals	3,901,346	-142,370	3,758,976	-2,479,063	1,279,913