

CABINET

Meeting to be held on 4 February 2015 at 4.30 pm

Council Chamber, Williton

AGENDA

1. Apologies for Absence

2. Minutes

Minutes of the Meeting of Cabinet held on 7 January 2015 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 published on 27 January 2015 – **SEE ATTACHED.**

6. Cabinet Action Plan

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

7. Regeneration of East Quay, Watchet

To consider Report No. WSC 23/15, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **TO FOLLOW.**

The purpose of the report is to consider expressions of interest from relevant community organisations following the recent advertising of the site as a regeneration asset transfer opportunity.

8. Draft Corporate Plan 2015/16

To consider Report No. WSC 18/15, to be presented by Councillor T Taylor, Leader of Council – **SEE ATTACHED**.

The purpose of the report is to introduce the draft WSC Corporate Plan for 2015/16 for recommendation to Council.

9. Annual Budget and Council Tax Setting 2015-16

To consider Report No. WSC 21/15, to be presented by Councillor K V Kravis, 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 2015/16 to Full Council, and for the Cabinet to recommend its proposed Council Tax rate for 2015/16. The proposed 2015/16 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.

10. Capital Programme 2015/16

To consider Report No. WSC 22/15, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to seek agreement by the Cabinet for the Draft Capital Programme 2015/16 to be submitted to Full Council for approval in February.

11. Request for Allocation of Planning Obligations Funding – Minehead Illuminations Project

To consider Report No. WSC 19/15, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to make proposals for the allocation of monies secured through planning obligations to individual schemes.

12. Hinkley Tourism Action Plan Strategy and Action Plan

To consider Report No. WSC 20/15, to be presented by Councillor K M Mills, Lead Member for Regeneration and Economic Growth – **SEE ATTACHED**.

The purpose of the report is to consult with Cabinet on the contents of the Hinkley Tourism Action Partnership (HTAP) Strategy and Action Plan; and to outline proposals to Cabinet for the drawdown of HPC S106 Tourism mitigation funding to support delivery of the first phase of the action plan.

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

The Council's Vision:

To enable people to live, work and prosper in West Somerset

The Council's Corporate Priorities:

- Local Democracy:
Securing local democracy and accountability in West Somerset, based in West Somerset, elected by the people of West Somerset and responsible to the people of West Somerset.
- New Nuclear Development at Hinkley Point
Maximising opportunities for West Somerset communities and businesses to benefit from the development whilst protecting local communities and the environment.

The Council's Core Values:

- Integrity
- Respect
- Fairness
- Trust

RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

Risk Scoring Matrix

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

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

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

CABINET**MINUTES OF THE MEETING HELD ON 7 JANUARY 2015****AT 4.30 PM****IN THE COUNCIL CHAMBER, WILLITON****Present:**

Councillor T Taylor Leader

Councillor K V Kravis
Councillor S J Pugsley
Councillor K H TurnerCouncillor K M Mills
Councillor A H Trollope-Bellew
Councillor D J Westcott**Members in Attendance:**Councillor A P Hadley
Councillor D D Ross
Councillor M A SmithCouncillor P H Murphy
Councillor K J Ross**Officers in Attendance:**Assistant Chief Executive (B Lang)
Assistant Director Resources (P Fitzgerald)
New Nuclear Programme Manager (A Goodchild)
Housing Initiatives Implementation Officer (A Devine)
CIM Fund Manager (L Redston)
Housing and Community Project Lead (A Summers)
Economic Regeneration Manager (C Matthews)
Media and Communications Officer (D Rundle)
Meeting Administrator (K Kowalewska)**CAB76 Apologies for Absence**

No apologies for absence were received.

CAB77 Minutes of the Meeting held on 3 December 2014

(Minutes of the Meeting of Cabinet held on 3 December 2014 - circulated with the Agenda.)

RESOLVED that, subject to correcting the action taken for Councillor Trollope-Bellew's declaration of interest to read 'Did not speak or vote' on Minute No. CAB74, the Minutes of the Meeting of Cabinet held on 3 December 2014 be confirmed as a correct record.

CAB78 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 K H Turner	All	Brompton Ralph	Spoke and voted
Councillor D J Westcott	All	Watchet	Spoke and voted
Councillor P H Murphy	All	Watchet	Spoke
Councillor K J Ross	All	Dulverton	Spoke

In addition, the following interests were declared:

Name	Minute No.	Description of interest	Personal or Prejudicial	Action Taken
Cllr D D Ross	CAB83	Past Vice Chair of Somerset Coast PCT	Personal	Spoke
Cllr K J Ross	CAB85	Wife works for Engage	Personal	Spoke

CAB79 Public Participation

No member of the public had requested to speak.

CAB80 Forward Plan

(Copy of latest Forward Plan published 18 December 2014 – circulated with the Agenda.)

The purpose of this item was to approve the latest Forward Plan published 18 December 2014.

RESOLVED that the latest Forward Plan published 18 December 2014 be approved.

CAB81 Cabinet Action Plan

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

RESOLVED (1) that CAB73 – Financial Monitoring Report 2014-15 (April-September 2014) be deleted as actioned.

RESOLVED (2) that CAB74 – Fees and Charges 2015/16 be deleted as actioned.

CAB82 Housing Funding Strategy – Three Allocations

(Report No. WSC 3/15 – circulated with the Agenda.)

The purpose of the report was to present to Members the recommendations of the Hinkley Point Planning Obligations Board (POB)

and to ask that Cabinet recommend to Full Council the approval of the attached three allocations from the Hinkley Housing Fund (Appendices A – C): Appendix A: Enabling Fund – Croft House, Williton - £56,000; Appendix B: Living Over the Shop - £204,750; and Appendix C: First Time Buyers Home Loan Scheme – £105,000.

The Lead Member for Housing, Health and Wellbeing presented the item in detail and went on to propose the recommendation contained in the report which was seconded by Councillor K V Kravis.

Members were supportive of the three bids and the following points were raised:

- The development of Old Croft House, Williton was thought to be a particularly good scheme by providing 12 family homes on a site that had been deteriorating for a number of years.
- The proposals showed good value for money and were deliverable.
- The funding being used either side of the District Council boundary line was welcomed.
- In response, it was advised that the interest for the First Time Buyers Home Loan Scheme was at 4% and was recyclable going back into the general loan pot, and matters concerning interest would be dealt with by the Finance team.

RESOLVED that it be recommended to Council to approve the three allocations to the Housing Fund, contained in Appendices A to C.

CAB83 Non Recovery of Debts in respect of Somerset Coast Primary Care Trust

(Report No. WSC 1/15 – circulated with the Agenda.)

The purpose of the report was to seek cabinet approval in accordance with the Financial Regulations to authorise an individual write off in excess of £5,000.

The Lead Member for Resources and Central Support presented the item providing Members with the background information advising that the matter was entirely out of the Council's control.

The Lead Member proposed the recommendation of the report which was duly seconded by Councillor A H Trollope-Bellew.

It was confirmed that 10% of the council tax liability would have to be paid by WSC, however, there would be no budgetary impact as a result.

RESOLVED that it be agreed to write off a Council Tax balance on a single account totalling £34,423.45.

CAB84 Assets of Community Value Process

(Report No. WSC 2/15, circulated with the Agenda.)

The purpose of the report was to streamline the Assets of Community Value (ACV) process at WSC, to reduce the resource implications for the council.

The Lead Member for Community and Customer presented the report and provided Members with an update stating that WSC had received 29 nominations of which 19 had been accepted for listing as assets of community value.

During the discussion the following points were made:

- This was a fine example of delegated powers and trying to streamline processes and simplifying the whole process was supported.
- The decision would be made quicker and would be fairer to applicants by speeding up the process.
- The portfolio holder decision would be undertaken by way of the executive decision process and there would be the ability to call-in the decision if required.
- A proposal was made to amend the second bullet point of recommendation 3.1 in order to specify the composition of the Review Panel pertaining to elected members, e.g. cross party representation and the exclusion of the ward member. The membership would not be fixed and the decision as to who should be invited would be made by the Monitoring Officer.

The Lead Member proposed the recommendation, as amended, with an addition to the printed recommendation to include 'Cabinet is recommended to approve the transfer of £20,000 to an Assets of Community Value Earmarked Reserve to provide a contingency for potential compensation claims', which was duly seconded by Councillor K H Turner.

RESOLVED (1) that the new suggested changes to the process be supported, which include:

- ACV listing recommendation made by officer to our Community & Customer Portfolio Holder and Assistant Director to list/not list the asset and the Portfolio Holder makes the final decision under specific delegated powers from Cabinet.
- If a review is requested by the owner, a Review Panel would consist of our Monitoring Officer as Chairperson rather than another member of the JMT for the meeting with three of our elected cross party members which would include one Cabinet member, one Scrutiny member and one other member (the Ward Member(s) for which the review applied would be excluded from the Panel).

RESOLVED (2) that the transfer of £20,000 to an Assets of Community Value Earmarked Reserve to provide a contingency for potential compensation claims be approved.

CAB85 HPC Planning Obligations Board – Allocations of CIM Funding

(Report No. WSC 4/15, circulated with the Agenda.)

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

The Lead Member for Resources and Central Support presented the item advising that three meetings of the CIM fund had been held to date and she introduced the CIM Fund Manager to the meeting. The Lead Member briefed Members on the applications considered by the HPC Planning Obligations Board and stressed that any unsuccessful bids could be resubmitted to the Board. It was noted that the bids had been seriously considered by the Board and there appeared to be a theme of the Board requesting further detailed information from the applicants on the mitigation impacts of Hinkley Point C, and for the bids to be more fully planned and costed. It was reported that due to the project still being in the early evolving stages, improvements to the process to assist decision making would continue to be made. She also drew Members’ attention to the financial implications section of the report.

The Lead Member went on to propose the recommendations which were duly seconded by Councillor K M Mills.

Discussions centred around the current balance of the CIM Fund and the allocation of monies released to date; and on ways of improving the application and decision making processes. The New Nuclear Programme Manager concluded by stating that both Members and Officers must do everything they could to engage with applicants when an expression of interest was submitted, and in order for the projects to receive funding the bids needed to relate to impacts taking place at Hinkley Point.

Members hoped that the Holford and Kilve Broadband Campaign would work closely with the Connecting Devon and Somerset project to improve coverage across both parishes, and the Leader stated that the Council wished to monitor the emerging pattern for broadband connectivity across the whole of West Somerset.

RESOLVED (1) that the decision of the Hinkley C Planning Obligations Board* be noted, as follows: To award £800 of CIM Funding to the Porlock Bay Shellfish Project to fund a website as part of a wider project to establish mussel and oyster beds in Porlock Bay.

*On 4th June 2014 Cabinet agreed the delegation of authority to the Planning Obligations Board to approve applications for funding up to £1000.

RESOLVED (2) that the recommendations of the Hinkley C Planning Obligations Board be endorsed, as follows:

That funding for The Sedgemoor Project is not approved, as the application did not clearly demonstrate and evidence how the project mitigates impacts on the community of the Hinkley Point C project.

That funding for the Bridgwater Digital Radio Link Project is not approved, as the application did not provide evidence of the potential impacts on the community of the Hinkley Point C project and how the project with mitigate those impacts.

RESOLVED (3) that it be recommended to Full Council to endorse the recommendations of the Hinkley C Planning Obligations Board as follows:

That funding for the Holford and Kilve Broadband project is not approved, as the need for funding cannot be established at this time.

That funding for the Watchet Hidden History Project is not approved, as the application did not provide evidence of partner support and relevant permissions to deliver the project.

That funding for the St George's Parish Centre project is not approved due to a current lack evidence of future community need for the project in light of a recent CIM funding award for a project delivering similar outcomes within the locality.

CAB86 Request for Allocation of Planning Obligations Funding (HPC S106)

(Report No. WSC 7/15, circulated with the Agenda.)

The purpose of the report was to make a proposal for the allocation of monies secured through the HPC S106 planning obligation to specifically support community outreach employment and skills activities.

The Lead Member for Resources and Central Support presented the item and provided Members with the background information. She went on to propose the recommendation of the report which was seconded by Councillor D J Westcott.

RESOLVED that the allocation of £500 from the Employment and Skills Outreach Operational Budget to support the development of the West Somerset Our Place Project be agreed.

CAB87 Proposed Business Case for Shared Legal Service

(Report No. WSC 5/15, circulated with the Agenda.)

The purpose of the report was for Cabinet to consider the draft business case for establishing a shared legal service between Mendip District Council, Taunton Deane Borough Council and West Somerset Council,

taking into account comments received as part of the consultation process, before submitting any recommendations to Full Council.

The Lead Member for Resources and Central Support presented the report, highlighting the key objectives of the project which included a 15% budget saving for WSC, and she went on to propose the recommendation which was seconded by Councillor S J Pugsley.

Members were supportive of the proposal and during the discussion clarification was provided regarding staff being TUPE'd to Mendip District Council and it was noted that the legal staff would have the opportunity to be located at any of the three bases, or work remotely, where convenient and there was not expected to be any less presence of legal staff at WSC. In addition, following the meeting, the Monitoring Officer noted the minor amendments raised regarding Appendix A to the report.

RESOLVED that it be recommended to Council to adopt the draft business case for a shared legal service – as set out in Appendix A to the report – with an implementation dated of 1 April 2015 – and that Council consider and agree the full terms of the associated Inter Authority Agreement.

The meeting closed at 6.08 pm

9
Weekly version of Cabinet Forward Plan published on 27 January 2015

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	Documents and background papers to be available to decision maker	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/15/3/01 22/04/2014	4 March 2015 By Councillor T Taylor – Leader of Council	Title: Corporate Performance Report 2014-15 – 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/15/3/05 22/04/2014	4 March 2015 Councillor K V Kravis – 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/15/3/02 22/04/2014	4 March 2015 By Councillor D Westcott – Lead Member for Community and Customer	Title: Consideration of nomination/s received under the Community Right to Bid Legislation Decision: To approve community listing		No exempt / confidential information anticipated	Simon Lewis, Assistant Director Housing and Community Development 01823 356397
FP/15/3/03 22/04/2014	4 March 2015 By Councillor C Morgan – Lead Member for	Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point		No exempt / confidential information anticipated	Andrew Goodchild, New Nuclear Programme Manager 01984 635245

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	Documents and background papers to be available to decision maker	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
	Environment – Hinkley Point				
FP/15/3/04 6/02/2014	4 March 2015 By Councillor K V Kravis – Lead Member Resources & Central Support	Title: Review of Financial Regulations [FR2] Decision: to offer comment on the Financial Regulations		No exempt / confidential information anticipated	Paul Fitzgerald, Assistant Director Resources 01823 358680
FP/15/3/05 18/12/2014	4 March 2015 By Councillor D Westcott – Lead Member for Community and Customer	Title: Discretionary Housing Payment and Discretionary Council Tax Rebate Policy for 2015/16 Decision: to present the Discretionary Housing Payment and Discretionary Council Tax Rebate Policy for 2015/16 for recommendation to Council		No exempt / confidential information anticipated	Heather Tiso, Head of Revenues and Benefits 01823 356541
FP/15/3/06 09/01/2015	4 March 2015 By Councillor K V Kravis – Lead Member Resources & Central Support	Title: Business Rates Discretionary Rate Relief Policy Decision: to recommend to Council to seek approval of a Business Rates Discretionary Rate Relief Policy		No exempt / confidential information anticipated	Dean Emery, Principal Revenues and Debt Recovery Officer 01823 356433
FP/15/3/07 27/01/2015	4 March 2015 By Councillor A H Trollope-Bellew – Lead Member Environment General	Title: Building Control Shared Service Decision: to consider entering into a 4 authority partnership for building control services, for recommendation to Council		No exempt / confidential information anticipated	Chris Hall, Assistant Director Operational Delivery 01823 356361

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	Documents and background papers to be available to decision maker	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/15/4/01 22/04/2014	1 April 2015 By Councillor K V Kravis – Lead Member Resources & Central Support	Title: Allocation of Section 106 funds held – Quarter 4 Decision: to make proposals for the allocation of monies secured through planning obligations to individual schemes, and to update members with the current funding position.		No exempt / confidential information anticipated	Tim Burton, Assistant Director Planning and Environment 01823 358403
FP/15/4/02 22/04/2014	1 April 2015 By Councillor D Westcott – Lead Member for Community and Customer	Title: Consideration of nomination/s received under the Community Right to Bid Legislation Decision: To approve community listing		No exempt / confidential information anticipated	Simon Lewis, Assistant Director Housing and Community Development 01823 356397
FP/15/4/03 22/04/2014	1 April 2015 By Councillor C Morgan – Lead Member for Environment – Hinkley Point	Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point		No exempt / confidential information anticipated	Andrew Goodchild, New Nuclear Programme Manager 01984 635245
FP/15/4/04 09/01/2015	1 April 2015 By Councillor K V Kravis – Lead Member Resources & Central Support	Title: West Somerset's New Corporate Debt Policy Decision: to recommend to Council to approve the new corporate debt policy		No exempt / confidential information anticipated	Dean Emery, Principal Revenues and Debt Recovery Officer 01823 356433

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 T Taylor, K V Kravis, K M Mills, C Morgan S J Pugsley, A H Trollope-Bellew, K H Turner and D J Westcott.

The Scrutiny Committee comprises: Councillors P H Murphy, R Lillis, M J Chilcott, M O A Dewdney, G S Dowding, J Freeman, P N Grierson, B Heywood and K J Ross.

CABINET ACTION PLAN

7 JANUARY 2015	
Minute Number	CAB82 Housing Funding Strategy – Three Allocations
Action Required	RESOLVED that it be recommended to Council to approve the three allocations to the Housing Fund, contained in Appendices A to C.
Action Taken	At the Council meeting on 21 January 2015 it was RESOLVED that the release of funds for three projects from the £4.000.000 that has been paid by EDF Energy to West Somerset Council for the Housing Fund be approved: <ul style="list-style-type: none"> • Enabling Fund – Old Croft House, Williton - £56,000 • Living Over the Shop - £204,750 • First Time Buyers Home Loan Scheme – £105,000.
Minute Number	CAB85 HPC Planning Obligations Board – Allocations of CIM Funding
Action Required	RESOLVED (3) that it be recommended to Full Council to endorse the recommendations of the Hinkley C Planning Obligations Board as follows: <p>That funding for the Holford and Kilve Broadband project is not approved, as the need for funding cannot be established at this time.</p> <p>That funding for the Watchet Hidden History Project is not approved, as the application did not provide evidence of partner support and relevant permissions to deliver the project.</p> <p>That funding for the St George’s Parish Centre project is not approved due to a current lack evidence of future community need for the project in light of a recent CIM funding award for a project delivering similar outcomes within the locality.</p>
Action Taken	At the Council meeting on 21 January 2015 it was RESOLVED (1) that the decision of the Hinkley C Planning Obligations Board* be noted as follows: <p>To award £800 of CIM Funding to the Porlock Bay Shellfish Project to fund a website as part of a wider project to establish mussel and oyster beds in Porlock Bay.</p> <p>*On 4th June 2014 Cabinet agreed the delegation of authority to the Planning Obligations Board to approve applications for funding up to £1000.</p> <p>RESOLVED (2) that the decision of Cabinet on 7th January 2015 be noted as follows: <p>That CIM funding for The Sedgemoor Project is not approved, as the application did not clearly demonstrate and evidence how the project mitigates impacts on the community of the Hinkley Point C project.</p> <p>That CIM funding for the Bridgwater Digital Radio Link Project is not approved, as the application did not provide evidence of the potential impacts on the community of the Hinkley Point C project and how the project with mitigate those impacts.</p> </p>

	<p>RESOLVED (3)¹⁴ that the recommendations of the Hinkley C Planning Obligations Board and Cabinet be endorsed as follows: That funding for the Holford and Kilve Broadband project is not approved, as the need for funding cannot be established at this time and that the Parish Councils are advised to work with WSC officers to reapply with an amended proposal at a more appropriate time. That funding for the Watchet Hidden History Project is not approved, as the application did not provide evidence of partner support and relevant permissions to deliver the project. That funding for the St George's Parish Centre project is not approved due to a current lack evidence of future community need for the project in light of a recent CIM funding award for a project delivering similar outcomes within the locality.</p> <p>RESOLVED (4) that separately and in addition to acknowledging the recommendation from the Planning Obligations Board on Holford and Kilve broadband, the desire to see Holford and Kilve benefit from the provision of high speed broadband be noted and supported; and the Assistant Director – Business Development be asked to work with the Holford and Kilve Broadband Campaign to develop, if necessary, a subsequent CIM fund application at the appropriate time.</p>
<p>Minute Number</p> <p>Action Required</p> <p>Action Taken</p>	<p>CAB87 Proposed Business Case for Shared Legal Service</p> <p>RESOLVED that it be recommended to Council to adopt the draft business case for a shared legal service – as set out in Appendix A to the report – with an implementation dated of 1 April 2015 – and that Council consider and agree the full terms of the associated Inter Authority Agreement.</p> <p>To be presented to Council on 18 February 2015</p>

Report Number: WSC 18/15
 Presented by: COUNCILLOR TIM TAYLOR, LEADER OF THE COUNCIL
 Author of the Report: PAUL HARDING, CORPORATE STRATEGY AND PERFORMANCE
 Contact Details: MANAGER

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

Report to a Meeting of: CABINET
 To be Held on: 4 Feb 2015
 Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: 6/2/14

DRAFT CORPORATE PLAN 2015/16

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to introduce the **draft** WSC Corporate Plan for 2015/16 for recommendation to Council.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The preparation and adoption of an appropriately focused Corporate Plan is essential to enable the Council to both establish and deliver its corporate priorities.

3. RECOMMENDATIONS

- 3.1 That Cabinet recommends the Corporate Plan for 2015/16 to Council, with or without modifications.

4. RISK ASSESSMENT (IF APPLICABLE)

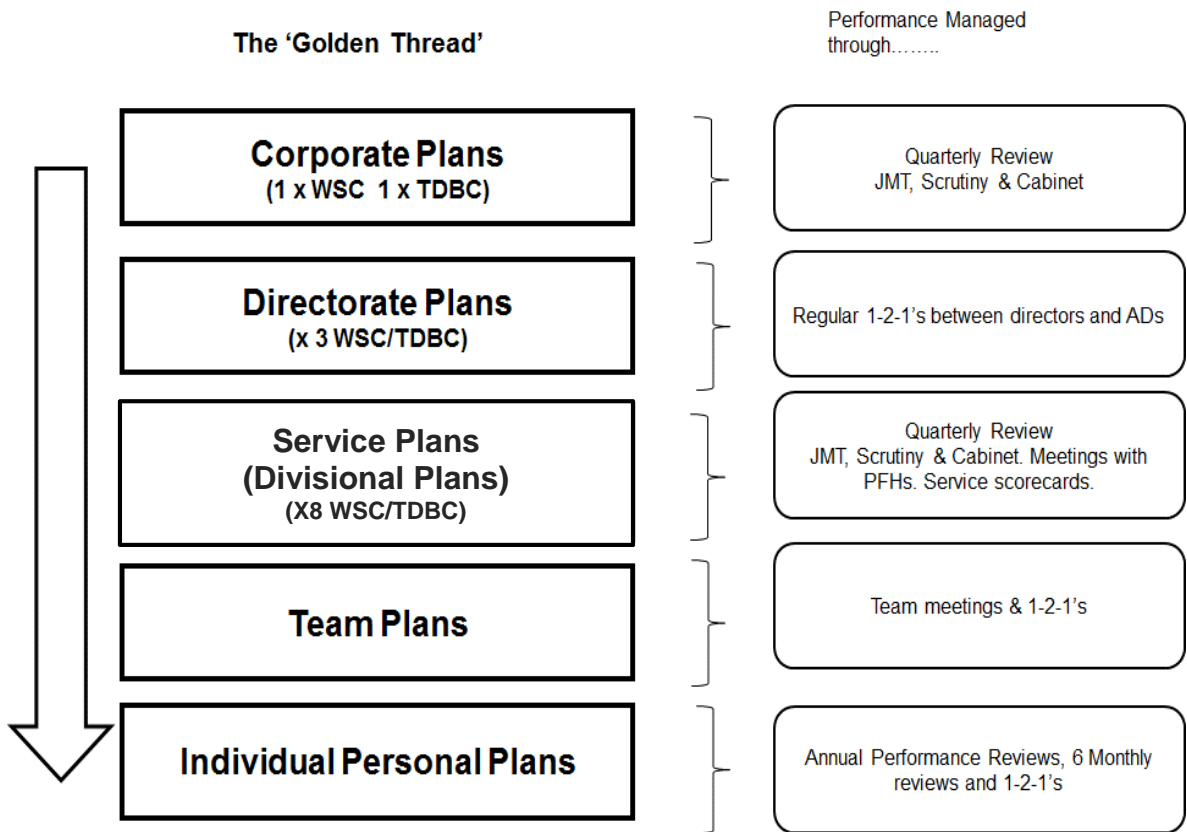
Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to articulate and deliver or meet its own priorities and objectives 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 Plan</i>	Unlikely (2)	Major (4)	Medium (8)
Services and or major projects /initiatives are not delivered.	Possible (3)	Major (4)	High (12)
<i>To mitigate this risk the Corporate Plan is supported by service plans, team plans and individual objectives.</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 purpose of a Corporate Plan is to bring focus and resources to the main priorities of the Council. It details the objectives and key tasks that the Council wants to achieve in order to deliver its vision.
- 5.2 The Corporate Plan is the key part of the ‘Golden Thread’ which links corporate objectives through to team and individual action plans, so that each person working for WSC knows how they contribute to achieving corporate priorities.
- 5.3 The illustration below shows the ‘Golden Thread’ and where the Corporate Plan fits within this:



- 5.4 At the meeting of the Council held on 16 April 2012 a four year Corporate Plan (2012-16) was approved with the intention that the priorities and objectives would remain constant for the four years but key tasks being liable to year on year change.
- 5.5 2015/16 is the final year of the current four-year Corporate Plan.

- 5.6 The attached draft plan, at Appendix A, is the product of a refresh taking place of the key tasks and the associated measures of success for 2015/16.
- 5.7 During the course of 2015/16, after the May elections, a new four-year Corporate Plan will be developed for approval through the democratic process, to take effect from 1st April 2016.
- 5.8 An earlier draft of the 2015/16 Corporate Plan was shared with Scrutiny committee in January 2015 and informally by email with members of Cabinet.
- 5.9 Any recommendations for alteration made by Cabinet will be included within the final draft which will go to Council on 25th February 2015.
- 5.10 To support the Corporate Plan, service plans for 2015/16 are being prepared to ensure the delivery of the objectives and associated key tasks to deliver the Corporate Priorities. These will be further supported by team plans and individual objectives.
- 5.11 Draft 2015/16 service plans have been reviewed by Scrutiny and by Corporate PAG and will be finalised prior to the start of the 2015/16 financial year.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 The objectives under the local democracy corporate priority will be absolutely crucial to the Council delivering its Medium Term Financial Plan and maintaining its financial viability
- 6.2 Budget monitoring will occur as part of the corporate performance monitoring and is reported regularly to Members.

7. COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 7.1 Regular and robust monitoring through the performance management framework will be essential to ensure the Corporate Plan is being delivered.

8. EQUALITY & DIVERSITY IMPLICATIONS

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

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

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

8.2 The Council commitment to equalities and diversity is reflected in the Council's Core Values which are set out within the Corporate Plan.

9. CRIME AND DISORDER IMPLICATIONS

9.1 There are no direct implications.

10. CONSULTATION IMPLICATIONS

10.1 The initial draft of the Corporate Plan for 2015/16 has been shared with Scrutiny committee in January 2015.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 Implications on the Council's assets would form part of the service plan actions.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

12.1 There is specific reference to protecting environment under the New Nuclear Development at Hinkley Point priority.

13. 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. LEGAL IMPLICATIONS

14.1 There are no direct legal implications.



West Somerset Council



CORPORATE PLAN 2015/16 1.1

Front cover photographs by:

Jane Lillis [Watchet]

Fred Owen [Exmoor Ponies]

Craig Palmer [Train]



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Foreword

This Corporate Plan for 2015-2016 sets out the vision that will drive the Council's work over the coming year.

This is a time of unparalleled challenge, and opportunity, for both the Council and the district that we serve. We have achieved a great deal over the past 12 months but there is much work still to be done.

Our challenge now is to not lose focus. We have made an excellent start in ensuring the Council's finances are built on sound foundations through our innovative partnership with Taunton Deane Borough Council. The two Councils share staff, senior managers and a single Chief Executive. During 2014/15 this partnership saved West Somerset Council **£x**. During 2015/16 we are set to save a further **£x**,

Our budget, however, remains challenging, while demand for our services that are highly valued by our community is rising. We recognise that we have to change the way we deliver our services - critically evaluating everything we do and finding innovative solutions with our partners to continue to deliver the services which West Somerset needs and deserves. This stage of our work will start in earnest during 2015/16.

We also recognise that the development of the new nuclear power station at Hinkley Point C in our district offers great opportunity for our residents and businesses. The project has the potential to significantly raise the aspirations and life chances of many within our community. We will do all we can to help our communities benefit from this opportunity while taking care to protect local people and the environment.

We will continue to work positively with our towns and parishes, building strong relationships throughout our district to the benefit of all who live and work in West Somerset.



Tim Taylor
Leader of the Council



Penny James
Joint Chief Executive



Our Vision

This plan sets out the overall vision for West Somerset and the two priorities that the Council are focusing on for 2015-16.

Our vision is:

'To enable people to live, work and prosper in West Somerset'

We will deliver this vision by:

- Championing and enabling the people, local organisations and communities of West Somerset
- Working with partners, both inside and outside West Somerset.

This plan sets out the overall vision for West Somerset and the two priorities that the Council are focussing on for 2015/16. These two priorities are:

1. Local Democracy

Securing local democracy and accountability in West Somerset, based in West Somerset, elected by the people of West Somerset and responsible to the people of West Somerset.

2. New Nuclear Development at Hinkley Point

Maximising opportunities for West Somerset communities and businesses to benefit from the potential development whilst protecting local communities and the environment.

We monitor and report our performance throughout the year to see whether we are on track to deliver the corporate plan. We also use the measures of progress to check that the key tasks are delivering our priorities



Our Core Values

We will be supportive of one another; work as a team of teams and be flexible. We will show an ability to cope with change together with a commitment to ongoing learning and development.

Of others we will value people as individuals and the mix of personal, people, professional and technical skills they bring.

Our core values are that of:

Integrity – be honest, do what is right and stick to it

Fairness – treat everyone equally, respecting his or her individual needs and abilities

Respect – always show respect for everyone

Trust – show trust in our staff and Members

'West Somerset recognises the importance of fair treatment and we are committed to ensuring everyone has access to our services and is treated equally and fairly'.

The Council's aim is to seek to ensure that our policies, services and decision-making are as responsive and inclusive as they can be, and to promote equality of opportunity for all those living, working and visiting the district.



Our Place

West Somerset covers 290 square miles (740 square kilometers) of a rural, sparsely populated, very picturesque, part of the country, serving a population of just 35,000.

It has a population density of just 0.5 people per hectare; one of the lowest in the UK, made up of 17,600 households. Our population has the oldest average age in the United Kingdom at 52 years. 1,800 businesses are based in the district.



West Somerset is home to the Hinkley Point C development which is the largest single construction project in the UK and is the largest development to receive consent under the Planning Act 2008 regime. At the peak of construction it will employ 5,600 people with more than 25,000 jobs over the lifetime of the build programme. The £14 billion project will be the first new nuclear development in the UK for almost 30 years and will take more than 12 years to construct and will generate electricity for 6 million homes over 60 years once operational.

Nearly two-thirds of the western land area of the district forms part of Exmoor National Park and the district also includes the Quantock Hills, an Area of Outstanding Natural Beauty.

The local economy is heavily dependent on agriculture and tourism.



Our Leadership Team

The Council's Leadership Team is made up of the following officers and is shared between West Somerset Council and Taunton Deane Borough Council.

Leadership Team

Penny James	Chief Executive and Head of Paid Services
Shirlene Adam	Director – Operations, Section 151 Officer and Deputy Head of Paid Services
James Barrah	Director – Housing and Communities
Brendan Cleere	Director – Growth and Development
Bruce Lang	Assistant Chief Executive and Monitoring Officer
Andrew Goodchild	New Nuclear Programme Manager
Richard Sealy	Assistant Director Corporate Services
Paul Fitzgerald	Assistant Director Resources
Chris Hall	Assistant Director Operational Delivery
Simon Lewis	Assistant Director Housing & Community
Kene Ibezi	Assistant Director Property and Development
Tim Burton	Assistant Director Planning & Development
Ian Timms	Assistant Director Business Development

Political Leadership²⁷



Councillor Tim Taylor
Leader of the Council

The Council is made up of 28 elected Members. The Leader of the Council is accountable for the delivery of the corporate plan. The Leader appoints a Cabinet of Members whose role in relation to the corporate plan, is to provide guidance on the setting of priorities and promote those Council priorities and objectives. Each member of the cabinet also has a particular responsibility for a designed portfolio and these are listed below

Portfolios	Lead Member
Corporate Support and Performance - <i>Actively championing West Somerset.</i> Also, services including: Performance Management, Diversity & Equalities, Press & Media and Corporate Management	Councillor Tim Taylor Leader of the Council
Resources & Central Support - <i>Achieving financial sustainability</i> Also, services including: Asset Management, Human Resources, ICT and Finance	Councillor Kate Kravis
Housing, Environmental Health & licensing - <i>Improving the quality and availability of housing</i> Also, services including: Housing, Food Safety, Licensing and Planning Policy	Councillor Keith Turner
Regeneration & economic Growth - <i>A thriving and increasingly varied local economy where people will have the skill to work and prosper</i> Also, services including: Economic Regeneration, Tourism, Car Parking and Public Convenience	Councillor Karen Mills
Community and the Customer - <i>Championing strong local communities</i> Also, services including: Community Safety, Arts & Culture, Land Charges, Benefits, Council Tax, Business Rate, Website and Customer Services.	Councillor Dave Westcott
New Nuclear <i>Maximising opportunities for West Somerset communities and businesses.</i>	Councillor Chris Morgan
Environment - <i>Safeguarding the natural and built environment</i> Also, services including: Street Cleansing, Waste & Recycling, Park & Open Spaces, Planning Applications, Coastal Management and Climate Change	Councillor Anthony Trollope-Bellew
Executive Support & Democracy - <i>Supporting the democratic process</i> Also, services including: Electoral Services and Member Services	Councillor Steven Pugsley



Corporate Priority 1

Local Democracy

Securing local democracy and accountability in West Somerset, based in West Somerset, elected by the people of West Somerset and responsible to the people of West Somerset

We will have achieved this priority of Local democracy if a financially sustainable and accountable model of local democracy remains at West Somerset by March 2016.

This priority has 2 objectives supported by 8 key tasks.

OBJECTIVE 1:

Local democracy and accountability remains within West Somerset by working with Taunton Deane Borough Council to further develop shared service delivery models that deliver effective, efficient services and retain customer satisfaction.

Key Task 1.1

Commence corporate transformation phase of joint working between WSC and TDBC.

Key Task 1.2

Complete a review of HR policies and practices to support 'One Team' working.

Key Task 1.3

Support and develop Members to enable them to effectively perform their democratic role.

Key Task 1.4

Develop and approve a revised three-year Corporate Plan for 2016-2019.

Key Task 1.5

Develop more effective mechanisms for communicating the Council's priorities, performance and key messages to our residents and businesses.

Key Task 1.6

Obtain customer feedback regarding overall satisfaction in the Council and Value for Money.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- Corporate Transformation Plan approved;
- New Corporate Plan 2016-19 approved;
- Staff terms and conditions reviewed and any approved changes made;
- The percentage West Somerset residents who are satisfied with Council services is equal to or greater than the 2014/15 level of 79.2%
- The percentage of West Somerset respondents who agree that the Council provides value for money is equal or greater than the 2014/15 level of 89.2%
- Overall satisfaction with the way in which WSC runs things is equal or greater than the 2014/15 level of 81.5%

OBJECTIVE 2:

Identify additional savings, income generation and maximise existing and new funding opportunities to secure financial sustainability by March 2016.

Key Task: 2.1

Develop a platform for long term financial sustainability.

Key Task: 2.2

Agree and implement a new Community Asset Transfer Policy to provide an equitable and methodical process for the consideration and transfer of any Council owned assets where this would be to the mutual benefit of the Council and our communities.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- Balanced budget approved for 2016/17 in Feb 2016;
- Community Asset Transfer Policy approved;
- MTFP agreed;
- Level of general reserves is at least £ at 31st March 2016.



Corporate Priority 2

New Nuclear Development at Hinkley Point

Maximising opportunities for West Somerset communities and businesses to benefit from the potential development whilst protecting local communities and the environment.

We will have achieved this priority of 'New Nuclear Development at Hinkley Point' if by March 2016 we have demonstrated that local communities and businesses have benefited from the economic opportunities arising from the development.

This priority has 5 objectives (objectives numbers 3 to 7) supported by 16 key tasks.

OBJECTIVE 3:

Communities in West Somerset can access and understand the process for accessing funding opportunities provided for by the development at Hinkley Point and are supported in delivering funded projects and initiatives.

Key Task: 3.1

Explain to the West Somerset community the agreed process for communities and organisations to access and bid for funding, maximising the potential investment in West Somerset from Hinkley Point related funding once funding becomes available.

Key Task: 3.2

To improve the community's understanding of the funding available from WSC and Somerset Community Foundation through the delivery of a communications strategy.

Key Task: 3.3

To support the community during the bidding process, maximising the number of successful bids and potential investment in West Somerset.

Key Task: 3.4

By March 2016 to deliver a programme of investment within West Somerset for the leisure funding provided directly to the council from the development at Hinkley Point

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- at least 10 projects submitted after April 2015 and based in West Somerset will have an approved funding bid by March 2016
- at least 2 Council promoted projects will have received the necessary funding approvals by March 2016

OBJECTIVE 4:

The economic opportunities that arise from the development and associated activities are maximised.

Key Task: 4.1

Work with key partners and EDF Energy to support businesses to gain economic benefits from the development in terms of contracts awarded to local suppliers as well as helping to make businesses more resilient in terms of any displacement and leakage of staff.

Key Task 4.2

Work with key partners and EDF Energy to provide suitable access to skills, training and employment opportunities to benefit local residents and ensure that local businesses have the access to the skilled workforce that they require.

Key Task 4.3

Work with tourism partners to mitigate the negative effects of the development and take advantage of any opportunities created.

Key Task 4.4

Support, enable and facilitate place based regeneration and infrastructure projects and initiatives in West Somerset.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- 75 businesses will have attended training events
- 20 additional businesses registered on supply chain portal
- 50 individuals accessing specific business support programmes
- 8 skills initiatives will have been delivered
- 300 people will have received support via mentoring, training and employment opportunities
- 15 people will have been helped into employment
- 2 tourism surveys will have been undertaken
- 500 tourism businesses will have received visitor management information
- 5 tourism marketing and promotional initiatives will have been delivered

OBJECTIVE 5:

Increase the availability of housing supply within West Somerset to mitigate the extra demands linked to Hinkley Point workers.

Key Task 5.1

Using the Hinkley Point Housing Fund to provide 185 additional bed spaces in the West Somerset area by 31st March 2016

Key Task 5.2

Facilitate the delivery of additional affordable homes within the West Somerset area

Key Task 5.3

To work with landlords and owners of empty properties to reduce the number of long-term empty homes in the District.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- 185 Additional bed spaces delivered during 2015/16
- 4 first time buyer loans provided
- 80 additional affordable homes built
- 5 empty properties brought back into use

OBJECTIVE 6:

The development at Hinkley Point is carried out in accordance with the approved plans and ensuring that the Council actively monitors the development and responds to any complaints received in a timely and sound manner

Key Task: 6.1

Establish and maintain a programme of site visits to Hinkley Point and associated development sites to ensure that the development is carried out in accordance with the approved plans

Key Task: 6.2

To monitor and publicise Noise and Air Quality Data on the Council's website to enable communities affected to access data and, following the agreed complaints procedure, to respond appropriately to issues which arise from development activity.

Key Task: 6.3

Work with partners to implement a range of community safety initiatives raising awareness of the development project, its potential impacts and preventative measures.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- At least 6 planned / unplanned site visits made to the development site and associated development sites during 2015/16;
- Responded proactively to all complaints made regarding the development within 10 working days;
- Published noise and air quality data on the Council's website within 10 working days of receiving the information.

OBJECTIVE 7:

Minimise the effects on the environment by working with partners to positively respond to opportunities to enhance the environment in the affected communities using secured funding within Section 106 agreements are mitigated.

Key Task: 7.1

Develop a programme of investment within West Somerset for the ecology funding provided directly to the Council from the development at Hinkley Point.

Key Task: 7.2

To actively work with Somerset County Council to ensure that they develop a clear programme of investment within West Somerset for the contributions where the County Council is the initial recipient from the development at Hinkley Point.

We will use the following measures of progress during the period 1st April 2015 to 31st March 2016 to track our progress on delivering this objective.

- Present funding allocations to WSC Planning Obligations Group / Cabinet / Council by 1st December 2015 for approval of planting, aftercare and management designed to promote the conservation of Barbastelle Bats and ecology.

How we manage our performance

Performance management is the tool to ensure that we are serving our communities and residents well. Cabinet & Councillors use it to check that policy decisions are being carried out and that local people are being well served.

Managers use performance management to ensure that the services, teams and individuals are performing to agreed service levels and that services respond to what is important to local people.

Performance Management helps us to:

- Prioritise our work
- Keep track of and meet our corporate objectives
- Provide value for money
- Motivate & manage our staff
- Improve the outcomes for our residents

A framework for managing and monitoring performance is vital to demonstrate efficient and effective use of resources and a corporate calendar incorporating all the elements of the Performance Management Framework has been adopted and is being implemented.

We monitor the progress of the Corporate Plan and service plans on a quarterly basis to ensure that we remain focused and stay on track to deliver what we set out to. We also assess our performance by consulting with our partners and customers, benchmarking against other similar local authorities and learning from good practice.

Updates on key performance indicators and performance against the corporate plan and service plans are reported to both Scrutiny & Cabinet on a quarterly basis.

Performance Management is one of the key roles of Scrutiny. Besides scrutinising performance against the corporate plan and service plans they will also carry out investigations into areas of poor Council performance and scrutinise the process for preparing the medium financial plan and budget to ensure it reflects the corporate plan's priorities.

We take an integrated approach to performance that allows decisions to be made based on data that are accurate and complete. At the end of each quarter, Service Leads report on their performance indicators against targets, progress towards achieving key tasks and variances in financial spend.

Performance monitoring and review is a key process to recognise good performance and understand the ingredients that have achieved success. It will help to identify good practice and enable us to apply the learning to other areas where appropriate and gives recognition to those that deliver good performance.

How we manage risk

Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being.

The Council's Service Planning process requires weaknesses, opportunities and threats to be identified and used to create and refresh service-based risk registers within each Group of services.

Joint Management Team maintains the Corporate Risk Register and service plans include any service level risks.

Additional risks may be identified:

- During team meetings
- In internal audit reports and associated action plans,
- Through the drafting of committee reports
- External reviews including peer reviews
- Through the internal service review process

Risks are also identified in committee reports to help inform the debate. Relevant risks within those committee report summaries (at the front of each report) will be added to service or corporate risk registers as Joint Management Team deem appropriate.

Finance – our budget

In 2015/16 the Council has a total net budget of £xxxm to spend on its services, which is made up of a £xxxm Government Grant / Business Rate retention and £xxx in Council Tax. The balance of £xxx is funded from reserves. Here is a summary of how we intend to spend this money:

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Report Number: WSC 21/15
Presented by: Cllr. Kate Kravis, Lead Member for Resources & Central Services
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Report to a Meeting of: Cabinet
To be Held on: 4th February 2015
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: 6/2/14

ANNUAL BUDGET & COUNCIL TAX SETTING 2015/16

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 2015/16 to Full Council, and for the Cabinet to recommend its proposed Council Tax rate for 2015/16. The proposed 2015/16 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 2015/16.

3 RECOMMENDATIONS

- 3.1 That Cabinet notes the forecast Medium Term Financial Plan, and the Council's forecast reserves position.
- 3.2 That Cabinet notes the S151 Officer's Robustness Statement as set out in Appendix A of this report.
- 3.3 That Cabinet recommends its Draft 2015/16 Budget to Full Council for approval.
- 3.4 Cabinet recommends a 2015/16 Council Tax increase of 1.99% to Full Council for approval.

4 **RISK ASSESSMENT**

Risk Matrix

Description	Likelihood	Impact	Overall
Risk – the Council is unable to balance the budget 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</i>	Rare (1)	Catastrophic (5)	Low (5)

- 4.1 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 **INTRODUCTION BY THE LEAD MEMBER**

- 5.1 Members will have a good understanding of the financial pressures faced by this Council both historically and in future. The Council has a clear priority to manage its resources effectively and to achieve ongoing financial sustainability, and this has been an important driver for the work undertaken to prepare the proposed budget for next year.
- 5.2 All Members agree that some difficult decisions are required to set a balanced budget for next year. The proposed budget within this report achieves this aim – the budget is balanced without need to use some of our general reserves. This is a significant achievement – and matching our costs with our funding is an important step for financial sustainability.
- 5.3 This report rightly shows the changes to our funding and spending from 2014/15 to 2015/16 – which is important for transparency in the budget process. I would also like to highlight that whilst there are inevitably spending reductions in some areas, a key aim has also been to protect frontline services and this has been achieved through efficiency savings, limited budget reductions, reviewing fees and charges, and a small increase of 5 pence for week for average council tax charge for our services.
- 5.4 It is also recognised that there is more to do to address the financial challenge beyond 2015/16.

6 **BACKGROUND INFORMATION**

- 6.1 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.
- 6.2 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).

- 6.3 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.
- 6.4 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.
- 6.5 The Director of Operations presented a report to Scrutiny Committee on 10 July 2014 – "Towards a Financially Fit Future". That report shared updated forecasts and assumptions for the Council's Medium Term Financial Plan, confirming that the Council continues to face significant financial challenges and uncertainty, and needs to adopt a robust Budget Strategy to deal with the tightening funding conditions, and unprecedented levels of financial risk now "localised" by the Government. Subsequently the Council has implemented a strategic approach to budget setting, including the development of 'corporate budget principles' (approved by Cabinet 1 October 2014) to help provide a framework for identifying and considering various budget options.
- 6.6 In this context, 'Initial Savings Options' have been prepared that provide Members with options to close the Budget Gap thus aiming to meet the ambition to achieve financial sustainability. The options were reported to and noted by Scrutiny Committee on 1 December 2014. Further, the Council has reviewed its fees and charges for services, and approved a number of updated and new charges for 2015/16 at its meeting on 17 December 2014 and 21 January 2015.
- 6.7 In a new initiative for this year, a "Budget Consultation Pack" has been provided to all Members (issued on 23 December 2014), aiming to share details of draft budget proposals and the Provisional Settlement Funding Assessment from Government.
- 6.8 This report provides the draft budget to enable Cabinet to make recommendations to Full Council regarding savings proposals, spending options and Council Tax setting.

Scrutiny Comments

- 6.9 The Scrutiny Committee reviewed the Financial Standing and MTFP Update Report on 15 January 2015, which included details of the draft budget position for 2015/16 and MTFP forecast to 2019/20. The following key comments were made:
- a) Business Rates Retention: Members sought to clarify the position with regard to the net amount of funding the Council retains from business rates collected, and clarification around growth assumptions. Additional information has also been requested in respect of the balances held in reserve as contingency for business rates funding.

The Assistant Director Resources agreed to review the presentation of information in respect of retained business rates funding to make this clearer for Members and the public. The Assistant Director Resources also clarified that there are a range of assumptions included within the business rates forecast, which takes into account projected growth, reductions, appeals and refunds. This is a complex area, with significant uncertainty inherent in the process, for example the outcome of appeals to the Valuation Office, however the assumptions made are considered

to be sound for budget setting purposes. Information in respect of the business rates smoothing reserve and provision for appeals has been included in this report.

- b) Savings: There was some debate about the proposals to implement savings in the context of the emerging budget position, and the tentative proposal to transfer an amount to the New Homes Bonus Reserve. A question was raised whether there would be some flexibility in respect of implementing the savings proposals in 2015/16.

In response to these points, the following comments were highlighted at the meeting, or having been added within this report, including:

- i. There were some areas of the budget to be finalised at the time of the Scrutiny meeting, for example the potential requirement to allocate revenue funds to support essential capital programme spend (this position is addressed within this report and separate capital programme report to Cabinet);
- ii. There is work underway to review the asset management and maintenance requirements, which could bring forward additional costs in future;
- iii. Looking forward, the Council's Medium Term Financial Plan also indicates the projected significant financial challenge ahead to balance the budget beyond 2015/16;
- iv. The Council will need resources to invest in future services transformation, and in "invest to save" initiatives that help to provide ongoing revenue income/savings;
- v. There is always a risk that supplementary estimates will be required during the year for unplanned costs. The Council has allocated a significant proportion of general reserves within the 2014/15 budget, and through approved supplementary estimates;
- vi. Support for the progress made to balance the budget for 2015/16, which is a very important in achieving ongoing financial sustainability.

- c) Reserves: Clarification was sought about the up to date reserves position.

The reserves forecast has been updated within this report.

- d) Capital: There were various comments in respect of the capital bids that were shared within the Scrutiny report. Details of these are included in the separate Capital Programme report on this agenda. In the context of the revenue budget, it was highlighted at Scrutiny that there are likely to be essential capital schemes for 2015/16 and that revenue funding may be needed to support this, as is now proposed in the updated Draft Budget.

7 ROBUSTNESS OF THE BUDGET PROCESS

- 7.1 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.

8 REVENUE FUNDING POSITION

Provisional Settlement Funding Assessment - Summary

- 8.1 The funding settlement for the past three years (to 2014/15) has seen the Council's main general funding reduce significantly. Following the Local Government Resource Review, changes to the main method of general funding for local authorities was introduced from April 2013 with the implementation of Business Rates Retention. The 'core' sources of general funding is therefore now Revenue Support Grant and Retained Business Rates.
- 8.2 A number of previously separate grants were 'rolled in' to the funding base including the Council Tax Freeze Grant, Homelessness Prevention Grant, and Council Tax Support Funding.
- 8.3 The Council also receives New Homes Bonus which is based on housing growth in the district. Nationally, the Government will fund increases in New Homes Bonus through a reduction in the 'pot' for Revenue Support Grant.
- 8.4 Details of the Provisional Settlement Funding Assessment were issued by Government on Thursday 18 December 2014. 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 14.1% in 2015/16. This comprises Revenue Support Grant (RSG) and Business Rates (BR) Baseline.
 - RSG reduced by £344k (28.1%) compared to 2014/15, from £1,224k to £880k. This incorporates the 2014/15 Council Tax Freeze grant of £20k which has been rolled in to the baseline.
 - BR Baseline has increased by 1.9% (RPI capped), from £1,071k to £1,092k.
 - New Homes Bonus (provisional) grant increased by £127k, to £571k
 - Council Tax Freeze Grant of £21k available for 2015/16 tax setting. This grant if taken, will be rolled into the RSG baseline for 2016/17 and therefore be included in future settlement beyond 2015/16 (subject to future Spending Reviews and Settlement Funding Assessments).
- 8.5 The following table summarises the updated funding baseline:

Table 1 – Provisional Settlement Funding Assessment headline figures

	2013/14 £k	2014/15 £k	Change		2015/16 £k	Change	
			£k	%		£k	%
Updated RSG Baseline	1,579	1,225	-354	-22.4%	880	-345	-28.1%
Business Rates Baseline	1,050	1,071	21	2.0%	1,092	21	1.9%
Total Funding Baseline	2,629	2,296	-333	-12.7%	1,972	-324	14.1%

- 8.6 The final Settlement is not likely to be received until February and there is a (small) risk that final figures will be different – details will be reported to Members as soon as they become available.
- 8.7 As can be seen the projected reduction in our funding baseline is £324k over the next year, in addition to the £333k reduction seen in the previous year. This represents a general funding reduction of **£657k or 25%** in cash terms over the 2 year period. The

reduction is **29% in real terms**, and extends the trend of funding reductions since the Government's austerity measures started to hit local government funding in 201/12.

Revenue Support Grant (RSG)

- 8.8 The Provisional Settlement indicates our RSG for 2015/16 will be £880,491. This is a reduction of £344,247 or -28.1% compared to 2014/15. The previously separate 2014/15 Council Tax Freeze Grant (CTFG) of £20,547 has been 'rolled in' to the RSG. The total reduction in RSG ignoring the rolled in CTFG is £364,794 or -29.3%. Whilst this is a very large reduction, it is not reduced by as much as previous forecast, mainly due to an increase in funding to rural authorities including West Somerset. The RSG Provisional Settlement is £42,428 above previous MTFP estimates, including the rolled in CTFG.
- 8.9 As previously reported, it is anticipated that RSG will be the main area of funding the Government will target to achieve the reduction in national spending on local government. In addition to the above figures in Table 1, we are forecasting that RSG will be subject to further reductions in future years. Our projections in the MTFP currently assume that RSG will reduce to nil by 2020 and there is a risk that this source of funding could decline more sharply than current projections. However, details beyond 2015/16 will be subject to future periodic Spending Reviews and annual Funding Assessments and are not known at this stage.

Retained Business Rates

- 8.10 The Provisional Settlement indicates our Business Rates Baseline for 2015/16 will be £1,091,598, an increase of £20,468 or 1.9%. The Baseline is due to increase by RPI each year – the September 2014 RPI is 2.3% – however the Government have decided to 'cap' the RPI increase for a second year in 2015/16 thus reducing the impact on the rate payer (see 7.15 below).
- 8.11 Our budget figures for business rates will be based on local estimates of business rates income through the Business Rates Retention Scheme, which are different from the Government's Baseline figures shown above.
- 8.12 The current estimates for the 2015/16 retained business rates funding have been updated since the Members' Budget Consultation Pack and report to Scrutiny in January, following the completion of further work to finalise the forecast of business rates income.
- 8.13 The estimates included with the Draft Budget in this report result in a net Retained Business Rates sum of £1,554,776. This represents 13% of the projected total net collectible business rates income of £11,613,687. Table 2 below summarises the estimates:

Table 2 – Business Rates Funding Estimates

	2014/15 £	2015/16 £
40% Standard Share of Business Rates Yield	-4,720,092	-4,607,581
Rates yield from renewable energy schemes	0	-10,000
S31 Grant Income – Reliefs and RPI cap	0	-408,425
Less: Tariff payable to Government	2,979,434	3,036,366
Less: Levy payable to Government (see Table 3 below)	334,764	434,864
Safety Net Payment Due from Government	0	0
Total Business Rates Retained Income	-1,405,894	-1,554,776

- 8.14 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 in arriving at our net retained income as shown in Table 2. Table 3 below sets out the calculation of the estimated levy for 2015/16.

Table 3 – Levy Contributions calculations

	2014/15 £	2015/16 £k
40% Standard Share of Business Rates Yield (per NNDR1)	-4,720,092	-4,607,581
Add back Reliefs funded by S31 Grant (per NNDR1)	0	-390,110
Less: Tariff payable to Government (set by Government)	2,979,434	3,036,366
Less: Business Rates Funding Baseline (set by Government)	1,071,130	1,091,598
Retained Business Rates above baseline	669,528	869,727
Levy payable to Government – 50% of Retained Business Rates above baseline	334,764	434,864
WSC 50% share of Retained Business Rates above baseline	334,764	434,863

- 8.15 The indicative budget forecast for retained business rates income has increased by £149k in 2015/16 compared to the previous year. The final estimate is £33,551 higher than previous estimates reported to Members, and is therefore favourable to the latest Draft Budget.
- 8.16 In the Autumn Statement 2014 the Government announced a range of measures to support businesses, including limiting the RPI factor for business rates to a maximum of 2% (actual cap is 1.91%) for 2015/16, a further extension to the enhancement of Small Business Rate Relief and additional retail reliefs. These measures will impact on the amount of business rates income received in 2015/16, however the Government has stated that local authorities will be fully refunded for the loss in revenue resulting from these changes through Section 31 Grant.
- 8.17 The potential loss of funding through appeals and refunds remains a material risk. As at 31 December 2014 the Gross Rateable Value applicable to outstanding appeals is £14.105m. The financial risks to this Council reflect the possible reduction in ongoing rates income plus the requirement to pay backdated refunds.

Business Rates Smoothing Reserve

- 8.18 In order to mitigate the risk identified in 7.17, a financial provision is made annually, and the current balance held in this provision is £1,849,500 (WSC's share of this provision at 40% is £739,800). The Council has also set aside additional funds in the Business Rates Smoothing Reserve to provide further financial protection if our provision proves to be insufficient (as well as smooth out timing differences in respect of Collection Fund balances). The movement on this reserve is shown below.

Business Rates Smoothing Reserve:	£
Balance as at 1 April 2014	269,663
Transfer in as part of 2014/15 Original Budget	219,823
Transfer in 2014/15 per Q1 Financial Performance report	192,345
Transfer in 2014/15 per Q2 Financial Performance report	49,985
Estimated Balance as at 31 March 2015	<u>731,816</u>
Transfer in 2015/16 to offset Collection Fund Deficit	-149,928
Estimated Balance as at 31 March 2016	<u>581,888</u>

New Homes Bonus Grant (NHB)

- 8.19 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 or rewards housing growth. The NHB grant is non-ringfenced which means the Council is free to decide how to use it.
- 8.20 The scheme design sets out that each year's Grant allocation will be payable for six years. Assuming this funding mechanism remains consistent in future, the Council should receive six years' grant allocations in each financial year from 2016/17 onwards.
- 8.21 The Provisional NHB Grant allocation for 2015/16 is £571,015, an increase of £127,371 (28.7%) compared to the grant for 2014/15 (and £651 more than earlier estimates). The following table summarises the grant income (rounded figures) to date and future estimates currently included in the MTFP.

Table 4 – New Homes Bonus Grant Funding

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	Cumulative
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
2011/12 Grant	91	91	91	91	91	91				546
2012/13 Grant		147	147	147	147	147	147			882
2013/14 Grant			145	145	145	145	145	145		870
2014/15 Grant				60	60	60	60	60	60	360
2015/16 Grant					128	128	128	128	128	640
Subtotal	91	238	383	443	571	571	480	333	188	3,298
2016/17 Estimate						139	139	139	139	556
2017/18 Estimate							139	139	139	417
2018/19 Estimate								58	58	116
2019/20 Estimate									50	50
Total	91	238	383	443	571	710	758	669	574	4,437

Housing Benefit & Council Tax Admin Grant

- 8.22 The Council receives separate grants towards the administration of housing benefit and Council Tax rebate. The provisional grant allocations for 2015/16 has recently been announced at £219,064. This represents a reduction of £29,240 (-11.8%) compared to the grant for 2014/15. The confirmed grant is £4,422 lower than our initial estimates.

COUNCIL TAX

- 9.1 The current annual basic tax rate towards the cost of West Somerset Council services, for the average Band D property, is £137.82. The **Cabinet proposal is to recommend a Council Tax increase of 1.99% in 2015/16**. For the average Band D property this will set a basic council tax rate of £140.56 per year; an increase of £2.74 per year or 5 pence per week.

- 9.2 Using the Council Tax Base for 2015/16 the draft budget estimate for Council Tax income is therefore $13,414.8 \times £140.56 = £1,885,584$ (excluding parish precepts). This represents a total increase in budgeted income of £62,363, as shown below:

	£
Council Tax Income Budget 2014/15	1,823,221
Increase due to change in Tax Base (Band D equivalents)	25,606
Increase due to proposed 1.99% increase in Tax Rate	<u>36,757</u>
Estimated Balance as at 31 March 2016	<u>1,885,584</u>

- 9.3 In 2014/15 the Council approved a Council Tax freeze, and as such was allocated a Council Tax Freeze Grant by Government. A similar grant is available in respect of 2015/16 with Government indicating a Council Tax Freeze in 2015/16 will attract a grant of £21,604. This is broadly equivalent to a 1% tax increase (adjusted to exclude CTR impact). Applying a tax freeze would reduce our tax income estimate by £36,757 which would be partly offset by the Grant (net impact on Budget Gap would be $£36,757 - £21,604 = £15,153$).
- 9.4 Ministers have agreed that the funding for the 2015/16 freeze grant scheme will be in the spending review baseline for future years, so there will not be a “cliff edge” effect on council finances. However, Members are advised that the outcome of future Spending Reviews cannot be predicted with certainty.
- 9.5 The Government’s trigger for a referendum for “excessive Council Tax increases” is set at 2% - so any increase of 2% or more will require a referendum of local taxpayers.

Council Tax Rebate (CTR) Grant and Funding for Parishes

- 9.6 The Government included funding for the Council’s share of the cost of CTR within the unringfenced baselines for Revenue Support Grant and retained Business Rates in 2013/14. Since 2014/15 it is not transparent as to how much funding is included for CTR – however as the baseline has drastically reduced it is logical to assume that CTR funding has also reduced.
- 9.7 At the Full Council meeting on 19 November 2014 it was approved that no grant would be paid to Parish / Town Councils in respect of the 2015/16 financial year towards the impact of CTR on local tax bases.

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 final proposed budget addresses the budget gap in full through a combination of savings, fees and charges and updated forecasts for council tax income, including increase to the tax base and the proposal tax rate for 2015/16.
- 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 2014 and includes the changes proposed by Cabinet in order to set a balanced budget for 2015/16.

Table 5 – 2015/16 Budget Gap Movements

	See para	£	£
2015/16 Budget Gap November 2014			244,707
Cease Parish CTR Grants	10.2	-80,359	
Initial Savings Proposals	10.3	-64,354	
Fees and charges – various services proposals	10.4	-13,650	
Fees and charges – car parking (provisional estimate)	10.5	-35,000	
2015/16 Budget Gap Estimate – 1 December 2014			51,344
Revision of car parking income estimates (to £25,000)	10.5	10,000	61,344
JMASS final staff structures – on target	10.6	Nil	61,344
JMASS non-staff target delivery – on target	10.6	Nil	61,344
HB & CTR Admin Grant confirmed	8.22	4,422	65,766
Council Tax Base (£25,606 per 8.3 plus 1.99%)	9.3	-26,116	39,650
Council Tax Collection Fund Surplus / Deficit	10.7	-70,200	-30,550
Somerset Rivers Authority - Contribution	10.8	5,000	-25,550
Revenue Support Grant – Provisional Settlement	10.8	-42,428	-67,978
Adjust for 2014/15 Ctax Freeze Grant rolled into RSG	8.8	20,547	-47,431
Increase in NHB – Provisional Settlement	8.21	-651	-48,082
Revenue funding for 2015/16 Capital Programme	10.9	76,633	28,551
Contribution to Corporate Counter-Fraud Match Funding	10.10	5,000	33,551
Increase in Business Rates Retained Income (NNDR1)	8.15	-33,551	0
Budget Gap Estimate			NIL

- 10.5 CTR Parish Grants: At the Full Council meeting on 19 November 2014 it was approved that no grant would be paid to Parish / Town Councils in respect of the 2015/16 financial year and therefore this decision reduces the budget gap by approximately £80K.
- 10.6 Initial Savings Proposals: Cabinet Members are minded to support the implementation of the Initial Savings Proposals that have previously been reported. The options are summarised in Appendix B, and if these are all implemented this will provide ongoing savings of approximately £64K in 2015/16. These options were presented to and noted by Scrutiny on 1 December.
- 10.7 Fees & Charges - General: Following consultation with Members at Corporate Policy Advisory Group, Fees and Charges were considered by Cabinet on 3 December 2014 prior to approval by Full Council 17 December 2014. It is anticipated that changes to Fees and Charges will contribute an additional £13,650 to income budget estimates for 2015/16.
- 10.8 Fees & Charges – Parking: Initial proposals for car parking fees were shared for consultation with Members at Corporate Policy Advisory Group (CPAG) on 27 November 2014, and have subsequently been finalised and recently approved by Full Council on 21 January 2015. The initial estimates projected a net income increase of £35,000. Taking into account the final proposals with an implementation date of June 2015 the final 2015/16 estimates were revised downwards by £10,000, to a net income of £25,000, rising to £30,000 for the full-year effect in 2016/17. Formal consultation on the fees, following approval in principle by the Council, will now be undertaken in line Traffic Regulations, prior to implementation in the summer.
- 10.9 JMASS: The 2015/16 budget assumes the business case is on track and therefore it is set to meet the budget target, delivering estimated ongoing savings of £307,000 for this Council.
- 10.10 Collection Fund Surplus: The final forecast for the Collection Fund balance at the end of this financial year is a surplus of £520k (no change from provisional estimates). The WSC share of this estimated balance is £70,200, which will be received as a one-off credit in 2015/16.
- 10.11 Somerset Rivers Authority: At the December Cabinet meeting it was resolved that £5,000 be contributed towards the interim funding required by the Somerset Rivers Authority (SRA) and that longer term funding and operation on the SRA (beyond any interim funding period) is subject to further development and agreement between local partners and Government.
- 10.12 Revenue Contribution to Capital Outlay (RCCO): There are a number of capital bids proposed in a separate report to Cabinet which will require additional funding in order to deliver. The current budget position for 2015/16 indicates that it will be possible to set aside £76,633 to help support 2015/16 Capital Programme. This is an appropriate and prudent use of these one-off “surplus” funds which helps mitigate the risk of not being able to fund essential capital works.
- 10.13 Corporate Counter-Fraud: a bid for Government Grant to support the implementation of a collaborative approach to the Council's counter fraud work, together with Taunton

Deane Borough and South Somerset District Councils, was recently confirmed to be successful. The bid identified a commitment by the Councils to provide a total of £40,000 match funding in 2015/16. It is proposed that West Somerset provides £5,000 towards this match funding with the balance provided by the other two councils.

- 10.14 It is notable that as measures have been identified to fully address the Budget Gap, it would be possible to reduce reliance on the New Homes Bonus Grant to support the base budget – in line with the approved corporate budget principles. The figures for 2015/16 as detailed above show that under more favourable circumstances £76k could remain within the New Homes Bonus Reserve (which was identified as a potential option in the budget report to Scrutiny on 15 January 2015. With the pressures relating to capital spend however, as detailed in the separate Capital Programme Report, it is a more cost effective solution for 2015/16 to use this balance for capital purposes.

11 DRAFT GENERAL FUND BUDGET SUMMARY 2015/16

- 11.1 The following table compares the proposed Draft Budget with the original budget for the current year. The table has been completed assuming a 1.99% Council Tax increase as per the current draft budget assumptions.

Table 6 – Draft 2015/16 Revenue Budget

	Original Budget 2014/15 £	Draft Budget 2015/16 £
Total Spending on WSC Services	4,875,191	4,640,133
Parish CTS Grants	87,530	0
Revenue Contribution to Capital	0	76,633
Interest payable	42,850	35,000
Capital Debt Repayment Provision (MRP)	200,400	225,300
Interest Income	-15,000	-15,000
Transfers to/from Earmarked Reserves	227,662	-149,928
Transfer from General Reserves	-321,108	0
AUTHORITY EXPENDITURE	5,097,525	4,812,138
Less: New Homes Bonus	-443,644	-571,015
Less: Revenue Support Grant	-1,224,738	-880,491
Less: Retained Business Rates	-1,405,893	-1,554,776
Less: New Burdens – Welfare Reform Grant	-59,659	0
Less: Council Tax Freeze Grant	-20,547	0
Surplus(-)/Deficit on Collection Fund – Council Tax	0	-70,200
Surplus(-)/Deficit on Collection Fund – Business Rates	-119,823	149,928
Expenditure to be financed by District Council Tax	1,823,221	1,885,584
Divided by Council Tax Base	13,229.0	13,414.8
Council Tax @ Band D	137.82	140.56
Cost per week per Band D equivalent	2.65	2.70

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 Draft Budget for 2015/16 and assumptions regarding costs, income and funding trend in future years.

Table 7 – MTFP Forecast - updated

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Forecast Net Expenditure	4,962,066	5,097,898	5,249,362	5,437,460	5,627,228
Earmarked Reserve Transfers	-149,928	0	0	0	0
General Reserve Transfers	0	0	0	0	0
WSC NET BUDGET	4,812,138	5,097,898	5,249,362	5,437,460	5,627,228
Parish precepts*	811,880	811,880	811,880	811,880	811,880
TOTAL NET BUDGET	5,624,018	5,909,778	6,061,242	6,249,340	6,439,108
Retained Business Rates	-1,404,848	-1,589,767	-1,625,466	-1,661,879	-1,699,022
Revenue Support Grant	-880,491	-572,319	-314,775	-141,649	-49,577
New Homes Bonus	-571,015	-710,068	-757,831	-668,940	-573,539
Other General Grants	0	0	0	0	0
Council Tax – WSC	-1,955,784	-1,928,774	-1,973,027	-2,018,203	-2,064,443
Council Tax – Parishes*	-811,880	-811,880	-811,880	-811,880	-811,880
FUNDING AVAILABLE	-5,624,018	-5,612,808	-5,482,979	-5,302,551	-5,198,461
Budget Gap – In Year	0	296,971	281,292	368,526	293,858
Budget Gap – Cumulative	0	296,971	578,263	946,790	1,240,648

*Parish Precepts to be updated once all precepts received

- 12.2 Beyond 2015/16, the MTFP includes anticipated inflationary pressures related to staffing pay awards, price inflation on services and major contracts, as well as the estimated funding position over the next five years. In addition, the efficiency savings that will be delivered through the implementation of Joint Management and Shared Services between Taunton Deane and West Somerset Councils have been included in 2015/16 estimates.

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 position of £0.5m. The current Draft Budget for 2015/16 will maintain reserves above this minimum. From a financial strategy perspective it will be sensible to take advantage of any opportunities to increase reserves, to increase flexibility and resilience to the challenges ahead.
- 13.2 In addition, the S151 Officer has reviewed the acceptable minimum reserves. A recommendation to maintain the current minimum balance is included in her “Robustness of Budget” statement – see Appendix A.
- 13.3 The General Fund Reserves position as at 1 April 2014 was £0.992m. Taking into account the 2014/15 Original Budget, and approved changes during the year, the

projected balance as at 31 March 2015 is £0.773m. Following the completion of the Townsend Farm asset disposal on 24 December 2014 it is no longer expected that the Broadband capital scheme funding will need to be part-underwritten from revenue reserves, thus increasing previously reported reserve balance by £131,000. In addition, following the Council's decision in December to remove the Blue Anchor Coastal Protection scheme from the current Capital Programme it is forecast that the £25,000 allocated from revenue reserves to this scheme is no longer required. The following table provides a reconciliation of the current balance on General Reserves and projected balance at the start of 2015/16.

Table 8 – General Reserves	£
Balance Brought Forward 1 April 2014	991,866
Original Budget 2014/15	-321,108
<i>Supplementary Budget Allocations:</i>	-115,250
Sand Clearance (£10k), Blenheim Gardens (£5.5k), Blue Anchor Coastal Protection (£25k), Local Plan (£74.8k)	
Return of uncommitted balances from Earmarked Reserves	107,581
Return of in year savings to general balances	95,318
Current approved Balance	758,407
<i>Forecast:</i>	
Blue Anchor Coastal Protection allocation no longer required	25,000
2014/15 Outturn	TBC
Projected Balance Carried Forward 31 March 2015	773,407

- 13.4 Overall the projected reserves balance provides some short-term financial resilience for the Council. This is really important in the context of the approved Budget Strategy for 2015/16 and the tough financial challenges ahead. The S151 Officer's current recommended minimum reserves balance is £500,000, therefore the projected balance leaves modest "headroom" of approximately £273,000 for future years. It is advisable to aim to balance the 2015/16 budget without the need to use general reserves, and even increase reserves if possible, as the Council will undoubtedly need up front funding to implement measures to secure financial sustainability including a future service transformation programme and potential 'invest to save' initiatives.

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 This report provides a progress update and shows that options are presented that would enable Members to set a balanced Budget for 2015/16 without the need to draw on reserves. This will be a significant achievement and will be an important step towards achieving financial sustainability. However the financial challenge remains serious and Members are encouraged to consider the medium and longer term financial implications when making decisions in respect of the 2015/16 budget.

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 Savings Options have been examined to assess what impact it may have on equality and diversity. Relevant full Impact Assessments are included in Appendix C.

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 Initial Savings Options, with a summary of impact set out in Appendix B.

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 2015 by no later than 11th March each year (3 weeks before the new financial year). West Somerset is the billing authority for the district area and must, therefore, set and collect the Tax on behalf of Somerset County Council, Avon and Somerset Police Authority and Devon and Somerset Fire and Rescue. 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 25 February 2015, by which time all the precepts should have been received. Any precepts not received will be assumed at 2014/15 figures. Parish precepts will be advised to Council on 25 February 2015.

Supporting Appendices:

- Appendix A Robustness of Budget and Reserves Position
- Appendix B Savings proposals
- Appendix C Equalities Impact Assessments
- Appendix D Cost Centre Analysis
- Appendix E Earmarked Reserves

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 The conclusion of my review is set out at the end of this appendix. The remainder of this appendix provides detailed evidence of my assessments.

2. Background

2.1 The financial history of the Council has been well documented and is widely understood. It is also recognised that the Council has made good progress over recent years, and importantly Councillors recognise and understand that more has to be done as the financial challenges ahead are considerable.

2.2 My report "Towards a Financially Fit Future" (Scrutiny July 2014) provided Councillors with the latest financial forecasts and suggested an approach to budget setting for 2015/16 and beyond. Although the delivery of the JMASS Business Case brings significant savings for West Somerset Council, there is a lot still to do to achieve the ambition of a financially sustainable future.

2.3 The "transformation" agenda is emerging and be a key focus for delivering future savings. This will no doubt require significant investment, and the Council needs to bear this in mind in setting its budget for next year.

2.4 From my perspective as your s151 Officer, through this budget, the Council is:-

- Taking steps to reduce the reliance on New Homes Bonus funding to support day to day service delivery; and
- Ensuring capital and revenue budgets are aligned and affordable, and the treasury implications of these are transparent; and

- Significantly, deliver a budget that does not rely on the use of General Fund Reserves to support ongoing spending.
- Making prudent provision for repayment of debt.

All are important and have contributed considerably to my review conclusions.

3. ROBUSTNESS OF BUDGET ESTIMATES

- 3.1 The proposed budget for 2015/16 (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 & HRA changes
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 2015/16 budget
Section 14	Adequacy of Reserves
Section 15	Conclusions

4. Government Funding

- 4.1 The "new" system of funding for local government services (Business Rates Retention Scheme) came into effect in 2013/14. Although we are becoming more familiar with the new regime, and more guidance on the accounting arrangements has been issued, the risks flagged to Members previously around growth, appeals, and collection remain. We have used best endeavours (as all authorities have) to ensure the forecasts are robust and the Assistant Director has set out the detail on this in this report.
- 4.2 The provisional settlement was published in December 2014. This set out the provisional funding position for 2015/16 only. There will no doubt be a Spending Review later this year setting out the Governments intentions re public sector reductions for future years.

- 4.3 The headline cash reduction in West Somerset Council's government funding is 14.1% for 2015/16. This is a further significant reduction in financial support and means the messages given to Members in earlier MTFP reports are more relevant than ever. Included in the overall settlement is additional funding allocated by the government to rural authorities – representing an additional £15k for West Somerset Council.
- 4.4 Despite this, the apparent disparities of funding between urban and rural authorities is still an issue.
- 4.5 The Government has announced the referendum trigger level for 2015/16 at 2%. Councils increasing tax by 2% or above will be required to hold a local referendum. Parish Councils have not been subject to the referendum limit previously and are not for 2015/16.
- 4.6 Local authorities freezing or lowering their council tax level in 2015/16 will receive a Council Tax Freeze Grant equivalent to a 1% increase in council tax.
- 4.7 The final grant settlement position will hopefully be announced in late January / early February.
- 4.8 The Cabinet's draft budget proposes a tax increase of 1.99% - the maximum level possible without triggering a referendum.

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.
- 5.2 To support the spending plans, Councils are required to publish and monitor a set of Prudential Indicators. These will be listed in full in the Treasury Management Strategy Statement which will be shared in March for approval.
- 5.3 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.

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 – 2% for 2015/16, then 2% thereafter.</p> <p>Utilities - based upon estimated contract increases</p> <p>Pension Contributions – We will pay a lump sum of £260k in 15/16 in respect of the historic WSC pension deficit. In addition, we will pay the current employer pension contribution of 13.5% on West Somerset Councils 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 salaries budgets have been reviewed in detail. They have been built up by costing each individual post and cross-checked to the JMASS proposals. The cost sharing arrangement in place to ensure both Taunton Deane Borough Council and West Somerset Council are picking up their fair share of costs will be further reviewed and tested during 15/16 to ensure continued robustness.
Growth in service requirements	The MTFP identifies service growth areas eg refuse collection. This is then

	<p>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 1.40% 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 15.</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 planning for the medium term is in place, although there is some risk around the speed of reduction in Government funding. I am comfortable that best estimates have been used, but accept we will need to update our MTFP and develop a Financial Strategy in the summer to reflect any shifts in Government or local policy.</p> <p>Proposals to mitigate the medium term gap are focussed on the transformation agenda and this will need to progress at pace to align with the financial challenge</p>

	<p>facing the Council.</p> <p>Any delay in delivering the savings proposals included in the 2015/16 budget will impact on the robustness of our financial plans. This will be monitored closely during the year.</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 this budget proposal have been reviewed for robustness, and are realistic and deliverable in terms of the level of saving and the timing. The major element of the savings for 2015/16 are those resulting from the delivery of the JMASS Business Case.
- 7.2 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.

8. Partnership Risks & Opportunities

- 8.1 The Council has now almost completed the implementation of the Business Case for Joint Management and Shared Services with Taunton Deane Borough Council. Robust governance arrangements have ensured the headline targets have been met, and the Joint Partnership Advisory Group (JPAG) has been fully informed and engaged in progress throughout the year. The focus will now be to develop and engage a programme of transformation that can deliver further savings – essential to this future financial sustainability of West Somerset Council.

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 Partnerships business plan shows the likely impact on waste collection costs should we “do nothing” to shift current arrangements. This could place further financial pressure on an already difficult position. The Waste Board recognise the impact on all authorities and will progress plans to look at the choices available to partners.

9 Financial Standing of the Council

9.1 The Council fully complies with the Prudential Code.

9.2 The Council has an up to date Treasury Management Policy and Strategy in place and is operating within the agreed parameters. The Council currently has £3.50m of outstanding external debt, which will be repaid over the next 2 years from capital receipts. In addition there is £3.9m of outstanding internal debt for which prudent repayment plans are in place. The Council currently has nearly £14m of investments placed in the markets in accordance with our policies. This will fluctuate during the year and we continue to monitor our cash-flows carefully.

9.3 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. This does mean lower interest rates, but the first priority must be to protect the capital invested.

9.4 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
2010/11	(£0.131m)	(2.42%)
2011/12	(£0.297m)	(6.08%)
2012/13	(£0.558m)	(11.30%)
2013/14	(£0.102m)	(1.90%)

10.2 In the context of gross expenditure of over £23m, the above variances are reasonable, but effort will continue to improve and enhance our in year forecasting arrangements.

- 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 will be reviewed and updated during 2015/16.

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.

13 Key Risk Issues In 2015/16 Budget

- 13.1 The figures in the proposed budget for 2015/16 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 be a focus of improvement during 15/16.
- 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). The list of outstanding 54 appeals for WSC totals some £14.1m (Gross

Rateable Value) as at December 2014 and this is clearly 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 that directly impacts on our financial sustainability.

- 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. Through our monitoring it is evident that the mid-year collection rate trend is showing a decrease from the previous year. This is, however, due to the six largest payers taking up the legal option of paying over twelve months (instead of ten). Although this relates to only six payers, the initial impact is material but will “even out” over the full year. We continue to monitor this closely and work with businesses to ensure they are sighted on all the assistance available.
- 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 will be forming a Business Rates Pool for 2015/16. Although not appropriate for West Somerset Council for 2015/16 (due to the significant risk of the outstanding appeals) we will continue to review the position for future years.
- 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 created a Business Rates Smoothing Reserve last year. An earmarked reserve is in place - which helps provide additional mitigation against fluctuations mid-year (which if not provided for could hit the taxpayer significantly). Should our forecasts prove to be accurate, this reserve will hold £0.582m at the end of the financial year 2015/16.
- 13.4 **Council Tax Reduction Scheme.** The new scheme (replacing the Council Tax Benefit Scheme) came into place on 1st April 2013. Councillors agreed, following consultation, to continue the current scheme for 2015/16. We are working with other authorities in Somerset on the potential to review and simplify the scheme for our communities for future years. 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**. The administration grant we receive from Government to support this function has been reduced by £0.029m for 2015/16 (on top of the £0.058m reduction over the last 2 years). Subsidy budgets are always 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 challenge in 2015/16 continues to be great. 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.
- 13.6 **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 continually monitor 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.
- 13.7 **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. Until the final investment decision is made, the Council continues to deliver the support work using temporary staffing arrangements funded via the s106 agreement. We need to continually review and adjust our financial monitoring arrangements as the project progresses.
- 13.8 **Asset Management** – The Council has recently allocated funding to progress the delivery of a robust asset management plan. 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.
- 13.9 **New Homes Bonus (NHB) Forecasts** – The Council has historically used 100% of New Homes Bonus funding to support the revenue budget. This leaves the authority vulnerable should there be any shift in Government Policy, or significant variation in the level of grant each year. Over the coming years, it may be prudent to reduce reliance on this source of funding for revenue services. The funding instead could be directed to supporting the capital ambitions of the authority.
- 13.10 **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, and early views on transformation plans. We continue

to develop robust cost sharing mechanisms to ensure costs are shared on a fair and reasonable and evidenced basis.

13.11 **Overall Funding & Capacity Risk** – the level of Government revenue grants has reduced again for 2015/16. The organisation has made significant savings over recent years, and made some difficult choices already to ensure the Council continues to exist and serve its community. 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 15/16, but choices will need to be made beyond that. Investment in our “transformation” agenda will be key to ensuring this risk is further mitigated.

13.12 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.

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 opinion updated during the budget setting process each year. The annual review considers not only the adequacy but the necessity of the reserves. Reserves are not held without a clear purpose. There has been a report on this during 2014/15 – returning a total of £0.108m from earmarked reserves to the General Fund Reserve. There will be further scrutiny of key remaining earmarked reserves over the coming months.

14.3 The Cabinets draft budget for 2015/16 does not rely on the use of General Fund Reserves. This is a significant step for the Council (which has relied on using over £0.3m of General Fund Reserves to support ongoing spending for the last year).

14.4 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.

14.5 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 Cabinet's proposed budget for 2015/16 does not require the use of any General Fund Reserves. The predicted balance on this reserve, having set the 2015/16 budget is £0.773m. This will increase should the predicted underspend in 2014/15 materialise. Although significantly above the minimum acceptable level of reserve, there are several significant financial risks facing the council. The level of reserve is reasonable and NOT excessive in these circumstances.
- 14.7 CIPFA make it clear that the level of reserves for each Authority cannot be decided by the application of a standard formula and each authority must assess their own reserve levels based on the specific risks and pressures which they face.
- 14.8 The **minimum** level of General Fund Reserves should be maintained, as agreed in previous years, at a minimum of £0.500m for 2015/16. This will be further reviewed in the summer, alongside the development of the new Financial Strategy.

Earmarked Reserves

- 14.9 At 31 March 2015, the Council expects to have in the region of £1.6m in earmarked reserves. The main reserves include the following:
- Business Rates Smoothing Reserve £0.732m
 - JMASS Reserve £0.375m
 - Working Neighbourhoods Fund £0.105m
 - Council Tax Reform Implementation £0.066m
 - Planning Policy Reserve £0.056m

15. CONCLUSION

- 15.1 Although the budget for 2015/16 is balanced with clear savings plans in place, this Council continues to have a serious financial challenge ahead. The difficult economic conditions are forcing more of our community into circumstances where they require more support, and we simply don't have the resources to do this anymore.
- 15.2 My clear message to all Councillors in my report in the summer was that we needed to take action if we were to achieve financial sustainability. Since then, the Council has successfully delivered the Joint Management and Shared Services business case, and is keen to embrace the opportunities that transformation. This will be a huge challenge that will need investment – in terms of finance to support the change, and resource to make it happen.

15.3 The Cabinet has presented for approval a budget for 2015/16 which does not rely on reserves. The medium term financial plan shows that we have a gap of £0.297m for 2016/17 and this continues to grow thereafter. The challenge for West Somerset Council is to implement changes that will deliver a sustainable financial future. We know we can't rely entirely on the funding available for growth (NHB and Business Rates growth) so need to look more creatively at:-

- Transforming how we work
- Investing in assets and initiatives that deliver revenue income and savings
- Be really clear on what services we can afford to deliver and equally clear on what we can no longer afford.

Members are fully aware that difficult decisions lie ahead and need to work together to progress this in the best interests of our community.

15.4 The Councils level of reserves is higher than the minimum set in earlier years. Whilst this may appear high, it is sound financial practice in light of the challenges ahead. I urge Members to note the likely calls on these resources and to bear in mind the need to "invest to save" in the Councils future.

15.5 Based on all the information above, I am pleased to report that I believe the Council's reserves to be adequate, and the Cabinet's draft budget proposals for 2015/16 to be sufficiently robust.

Shirlene Adam
Director – Operations (s151 Officer)
January 2015

Assistant Director	Corporate Budget Principles	Service Option Heading	Description of the Service Option	Category	2015/16 £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Environmental Implications	Community Safety Implications	Equalities Impact	Partnership Implications	Legal Considerations	Health and Wellbeing Implications
TOTAL					64,354											
Chris Hall	Service delivery - reduction in costs	Coastal Protection	Minehead Seafront lights	Budget no longer required	4,000	This budget can be reduced based on historical underspends.	The residual budget will be £4,000 which should be sufficient to maintain lights	Low	Low	High	None	None	None	None	None	None
Chris Hall	Transfer of Services	Public Conveniences	Reduction by £3,000 in Non Domestic Rates budget	Partner/ Outsource	3,000	This budget can be reduced based on the changes to the number of public toilets and the reduction in size of others.	Costs will be monitored	Low	Low	High	None	None	None	None	None	None
Chris Hall	Maximising income	Public conveniences	Increase in income for toilet charges from £700 to £4000	Income	3,300	Income has increased in the last 12 months and therefore the income budget can be increased to reflect this.	Costs will be monitored	Low	Low	High	None	None	None	None	None	None
Chris Hall	Service delivery - reduction in costs	Open Spaces	Reduction by £1,200 in disposal of green waste budget	Budget no longer required	1,200	This budget can be reduced based on historical underspends		Low	Low	High	None	None	None	None	None	None
Chris Hall	Service delivery - reduction in costs	Minehead Harbour	Reduction by £400 in Non Domestic Rates budget	Budget no longer required	400	This budget can be reduced based on historical underspends		Low	Low	High	None	None	None	None	None	None
Chris Hall	Service delivery - reduction in costs	Minehead Harbour	Reduction in water charges budget £50	Budget no longer required	50	This budget can be reduced based on historical underspends		Low	Low	High	None	None	None	None	None	None
Chris Hall	New Income	Minehead Harbour	Increased income for letting out of the Lime Kiln units £300	Income	300	This budget can be reduced as these charges are now picked up by the Lime Kiln unit operators		Low	Low	High	None	None	None	None	None	None
Chris Hall	Service delivery - reduction in costs	Street Cleaning	Reduction in fly tipping budget	Budget no longer required	500	This budget can be reduced based on historical underspends		Low	Low	High	None	None	None	None	None	None
Chris Hall	Service delivery - reduction in costs	Street Cleaning	Removal of tyre disposal budget	Budget no longer required	500	This budget can be reduced based on historical underspends		Low	Low	High	None	None	None	None	None	None
Ian Timms	Grant Expenditure	Contract	Transfer of Inward Investment costs allocated to Into Somerset Brand to HPC budgets due to integral supply chain links in WSC area (wsc)	Efficiency	3,000	Removal of cost from General fund at WSC		Medium	Medium	High	None	None	None	None	None	None
Ian Timms	Grant Expenditure	Arts Grants	Reduction in grant provided to Artlife	Service Reductions	6,245	Artlife is the key deliverer of cultural services in West Somerset. It has now developed to a point where it has a relatively sustainable business model in place. Residual grant would be £6,000.	Council will consult with Artlife regarding implications of reduced funding	Medium	Low	Medium	None	None	Impact Assessment to be completed See Appendix C	Council will consult with Artlife regarding implications of reduced funding	None	None
Kene Ibezi	Grant Expenditure	Community Assets	Removal of assets of community value budget.	Service Reductions	20,000	None.	Potential financial risk in the event of claim. A contingency is proposed to be held in earmarked reserves.	Low	Medium	Medium	None	None	None	None	None	None
Richard Sealy	Service delivery - reduction in costs	West Somerset House Wood pellets	Ceasing to use the wood pellet boiler & moving to the permanent use of gas will deliver a saving in energy costs.	Efficiency	3,000	No impact.	Low risk	Low	Low	High	None	None	None	None	None	None
Richard Sealy	Service delivery - reduction in costs	West Somerset House Boiler maintenance	Ceasing to use the wood pellet boiler will result in our no longer requiring annual maintenance	Budget no longer required	1,000	No impact.	Low risk	Low	Low	High	None	None	None	None	None	None
Richard Sealy	Service delivery - reduction in costs	West Somerset House Bird deterrent	Remove the bird deterrent budget.	Service Reductions	2,500	No impact anticipated.	Considered low risk. No deterrent implemented this year and no problems experienced	Low	Low	High	None	None	None	None	None	None
Richard Sealy	Service delivery - reduction in costs	West Somerset House Window cleaning	Move from the current quarterly cleaning to 6 monthly cleaning	Service Reductions	800	Should have no impact on service delivery	Low risk	Low	Low	High	None	None	None	None	None	None

Assistant Director	Corporate Budget Principles	Service Option Heading	Description of the Service Option	Category	2015/16 £	Business Case: Service Impact Explained	Risk Management	Public Impact	Operational Impact	Confidence	Environmental Implications	Community Safety Implications	Equalities Impact	Partnership Implications	Legal Considerations	Health and Wellbeing Implications
Simon Lewis	Grant Expenditure	Community Links - Grants	Reduction in grant provided to CLOWNS	Service Reductions	5,602	Business Case - councillors have indicated that these budgets should be reduced. An approach has taken to minimise the impact on services that support the most vulnerable people in West Somerset. Therefore budgets for Engage CVS, Home Start and WS Advice Bureau have not been cut. CLOWNS - organisation has been expecting cuts from WSC for some time. This brings funding to £3,000 in line with Engage CVS and Home Start. The cut would mean a reduction in play scheme activity days (last year 12 delivered, benefitting 214 children). Activities act as early intervention and help children with life skills.	Risk that organisations affected will no longer be viable and services will cease altogether and that the impact on the community would be detrimental. We would reduce the risk by working with the organisations to help them identify alternative funding streams which could help close the gap	Medium	High	Low	None	None	A reduction in provision of the CLOWNS service which is focussed on working with more vulnerable and isolated families could have an equalities impact. Further analysis would be needed on the families supported and whether cuts in service would have an adverse impact on any of the 7 equality domains. See Appendix C	Although our grant arrangement is not strictly a partnership it could affect a number of voluntary and community organisations and would reduce the extent of service delivery of these organisations and potentially reduce their ongoing viability	None	Under Priority 2 of the Health and Wellbeing Strategy is an action to "support families and people with low resilience". Cuts to this budget will impact on this, particularly the cuts to the CLOWNS service. However the reduction is intended to bring funding in line with that paid to other services such as Home Start
Simon Lewis	Service delivery - reduction in costs	Homelessness Admin (WSC)	The Council underspent on homelessness prevention (bonds etc) last year by around £10k and is on track for a similar level this year. Reduce the 50152 prevention budget by £1000 and Multi-Agency Assessment by £3000 (zero spend last year and zero to date this year)	Budget no longer required	4,000	Through JMASS we will review thresholds for accepting people who are under genuine threat of homelessness and will work to ensure P21 delivers in West Somerset to help reduce demand.	The worst case scenario is that landlords refuse tenants which will increase spend on the B&B budget. The introduction of Somerset HomeLet should increase supply of willing landlords and additional Hinkley monies for rent and bond schemes will also help reduce pressure on this budget.	Low	Low	Medium	None	If the budget had an impact affect on housing vulnerable people and they were not housed appropriately or were street homeless then this will increase their vulnerability to crime	Potential impact for vulnerable people with physical or mental disabilities more likely to be affected by homelessness. If the proposal was to affect our ability to support these people then it could have an equality impact on this group.	This could have some impact on our work with landlords	The Council has a number of statutory responsibilities around homelessness and housing advice	Under Priority 2 of the Health and Wellbeing Strategy is an action to "support families and people with low resilience". It is therefore important that there is no adverse impact on the service to affect this
Tim Burton	Grant Expenditure	Community Links - Grants	Implement a 50% reduction in grant provided to Quantock Hills AONB Service	Service Reductions	4,957	A proposal has been put forward to consider this, but further liaison is needed with the QHAONB to ensure that this reduced funding would still allow the partnership to produce the AONB Management Plan - a statutory requirement for WSC.		Low	Low	Medium	None	None	None	None	None	None

Equality Impact Assessment – Community Grant to CLOWNS

Responsible person	Angela Summers	Job Title Housing & Community Project Lead
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	
	Change to Policy or Service	
	Budget/Financial decision –	Reduction in grant aid from £8,602 to £3,000
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	MTFP Proposal for WSC 2015/16	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	Provide grant support to voluntary and community organisations in West Somerset.	
Which protected groups are targeted by the policy?	Age: Children Disability: Children	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used	Holiday Play schemes for 5-13 year olds data for 3 weeks of the year during the summer holidays and CLOWNS annual report. A total of 976 attendees, with 214 different children participating, with 11 children with specific needs attending for a total of 26 days. For every £1 received from WSC, CLOWNS attracts a further £12.37 from other funders.	
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		
The reduction in funding will directly influence the delivery of the Holiday Play Scheme and it is likely that if the funding is reduced to £3,000 the Scheme would be unable to operate in 2015/16.		

Other impacts identified:

- Definite lack of leverage for funds from external sources. Local Council Grant shows that services are clearly valued
- Early intervention opportunities lost, cycle of disadvantage will continue
- The rural isolation of the district can doubly disadvantage families and increase feelings of isolation and loneliness. CLOWNS may provide the only service to reach these families. The play schemes operate across the district enabling children in the more remote areas to attend
- Cuts in provision of services to vulnerable families
- The reduction in funding will result in a reduction in hours for paid staff. Plus reducing the volunteer opportunities for students who are recruited from the college to assist with the scheme.

I have concluded that there is/should be:

No major change - no adverse equality impact identified	
Adjust the policy	
Continue with the policy	✓
Stop and remove the policy	


Reasons and documentation to support conclusions: At present CLOWNS receive a disproportionate larger amount of funding to other voluntary organisations which provide family support in West Somerset. The reduced funding will provide the same level of funding. Over the next year we will be working with CLOWNS to find alternative ways to deliver services, for example, investigating working with other organisations to share elements of service delivery. Exploring other ways to fund elements of the service.

Section four – Implementation – timescale for implementation

Ongoing - discussions with CLOWNS regarding ways of working and future funding.
 Payment of reduced grant April 2015.
 Meeting with CLOWNS and completion of the monitoring form October 2015.
 Recommendations to Community PAG/Scrutiny November 2015.

Section Five – Sign off

Responsible officer	Management Team
	Date

	
Date 12.12.14	
Section six – Publication and monitoring	
Published on 12.12.14	
Next review date 12.12.15	

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 funding reduction will have a direct impact on the ability to deliver the	Ensure further discussion about impact and possible mitigation before confirming plans to reduce funding from 2015/16	Angela Summers	November 2015	Annual monitoring form	Understanding of impacts and information used for future budget/financial decisions

summer play schemes.	On-going discussion with CLOWNS to monitor impact of funding reduction.				
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Equality Impact Assessment – Community Grant to Artlife (To follow)

Appendix D

Proposed Revenue Budget 2015/16**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 2015/16 - Cost Centre Level

Budget 2014/15	Cost Centre Description	Cost Centre Number	Budget 2015/16
£46,173	Member Services	4300	£225
£134,115	Legal	4302	£118,029
£48,909	Elections	4303	£55,160
-£22,794	Land Charges	4304	-£22,794
£310,652	CDC	4305	£307,652
£271,672	Human Resources	4306	£306,700
£42,000	Postages	4307	£41,200
£74,828	Information Team	4308	£15,110
£1,370	Corporate Director	4311	£1,370
£97,282	Executive Support Team	4312	£80,230
£253,508	Finance	4359	£230,625
£58,300	Internal Audit	4360	£58,300
£228,250	Investment & Interest	4361	£245,300
£70,000	Insurance	4362	£70,000
£287,117	WSC - TDBC Project	4384	£96,245
£1,901,382			£1,603,352
£4,340	Economic Development	4322	£44,690
£47,944	Tourism	4323	£7,450
-£83,850	Licensing	4338	-£57,380
£10,000	Housing Bed & Breakfast	4339	£10,000
£18,450	Housing Temporary Accommodation	4340	£13,450
£29,500	Housing Homelessness Admin	4341	£25,500
£91,868	Planning Policy	4342	£202,620
£155,092	Housing Staff	4343	£121,380
£76,207	Food Safety	4344	£37,710
£14,700	Environmental Health	4345	£75,110
£84,913	Environmental Health Staff	4346	£5,350
£600	GM Housing & Community	4347	£600
£41,160	CT Benefits	4348	N/A
£29,585	Housing Benefit Administration	4349	£117,545
-£280,683	HB Rent Allowance	4350	-£259,064
£5,000	HB Non HRA Rent Rebate	4351	£5,000
£148,939	Benefits Staff	4352	£6,000

-£37,300	CT Collection	4353	£152,050
-£6,450	NDR Administration	4355	-£80,950
£167,280	Revenues Staff	4356	£990
£95,737	Housing Private Sector Renewal	4368	£42,905
£12,500	Housing Enabling	4379	£43,570
£625,532			£514,526
£67,500	Design and Print	4301	£99,040
£151,621	Customer Services	4309	£163,430
-£19,725	Roughmoor Depot	4313	-£19,335
£1,538	Estates - Assets	4314	-£12,922
-£62,050	Roughmoor Enterprise Centre	4315	-£61,960
£67,953	Estates	4316	£61,680
£81,086	West Somerset House	4317	£74,586
£30,900	Contact Centre	4318	£31,060
£19,200	Coast Protection	4319	£15,200
£8,500	Flood Defence	4320	£8,590
£4,700	VIIC	4321	£4,820
£69,005	Development Control	4324	-£136,540
£19,928	Building Control	4325	£25,020
-£348,375	Parking - Off Street	4326	-£410,725
£79,442	Parking Staff	4327	£91,532
£121,741	Public Conveniences	4330	£130,510
£193,419	Open Spaces	4331	£197,372
£1,045,880	Waste	4332	£1,088,880
£436,000	Street Cleansing	4333	£460,360
£640	GM Environment & Services	4334	£640
£62,321	Community Development	4335	£1,400
£57,421	Community Safety	4336	£18,854
£52,602	Community Links	4337	£47,000
£310,667	IT	4357	£308,800
£79,000	Telephones	4358	£64,000
£38,986	Brunel Way Depot	4374	£39,206
£11,902	Watchet Harbour	4375	£11,902
-£7,300	Barnsclose Units	4376	-£7,300
£2,025	Minehead Harbour	4378	£895
£2,576,527			£2,295,995
0	Chief Executive	4392	£68,860
0	Asst Chief Executive	4393	£40,070
0	Director – Operations	4394	£21,610
0	AD – Corp Services	4395	£15,110
0	AD – Resources	4396	£37,790
0	AD – Operational Delivery	4397	£15,110
0	Director – Housing and Communities	4398	£10,150

0	AD – Housing and Communities	4399	£15,130
0	Director – Growth and Development	4401	£20,310
0	AD – Planning and Environment	4402	£15,110
0	AD – Business Development	4403	£15,110
0	AD – Property Development	4404	£7,570
0	Health and Safety	4408	£8,300
0	Community Leisure	4409	£15,010
0	Housing Partnership	4410	£28,840
0	Business Support (Hsg)	4411	£3,260
0	Business Support (Growth and Dev)	4412	£54,480
0	Facilities Management	4413	£25,430
0	Corp Strategy and Performance	4418	£13,660
0	Corp Transformation Programme	4419	£12,610
0	Comm and Client Services	4420	£28,040
£0			£471,560
£5,103,441		Total Revenue Budget (Excludes Parishes)	£4,885,433
£87,530	Parish CTS Grants		0
0	Revenue Contribution to Capital Outlay		76,633
-£93,446	Transfers to/from Useable Reserves		-£149,928
£5,097,525	NET BUDGET		£4,812,138
-£1,525,716	Retained Business Rates		-£1,404,848
-£1,224,738	Revenue Support Grant		-£880,491
-£20,547	Council Tax Freeze Grant		0
-£443,644	New Homes Bonus		-£571,015
-£59,659	Other Government Grants		0
0	Collection Fund Surplus		-70,200
£1,823,221	COUNCIL TAX REQUIREMENT		£1,885,584

APPENDIX E

Earmarked Reserves As At Q2 2014/15	Balance @ 31.03.2014	Movements 14/15	Predicted Balance @ 31.03.2015
Working Neighbourhood Fund	(113,634.00)	9,004.00	(104,630.00)
Community Safety	(4,455.00)	922.00	(3,533.00)
Land Charges	(60,077.00)	33,274.00	(26,803.00)
Tourism	(15,911.00)	3,154.00	(12,757.00)
Seaside Towns	(20,083.00)	9,190.00	(10,893.00)
New Homes Bonus	(113,850.00)	113,850.00	0.00
Sustainability Reserve	(57,698.00)		(57,698.00)
Minehead Events	(9,651.00)	2,982.00	(6,669.00)
Housing Benefit Admin	(11,782.00)		(11,782.00)
Council Tax Reform Implementation	(49,308.00)	(16,472.00)	(65,780.00)
Benefits External Processing	(1,657.00)		(1,657.00)
DHP Reserve	(44,861.00)		(44,861.00)
District Election Reserve	(20,000.00)		(20,000.00)
Water Bathing Signs	(1,266.00)		(1,266.00)
Non-District Election Reserve	(15,107.00)		(15,107.00)
IER Reserve	(11,664.00)		(11,664.00)
Inspire	(7,131.00)		(7,131.00)
Transparency Code	(2,588.00)		(2,588.00)
Exmoor at your Fingertips	(1,780.00)		(1,780.00)
Roughmoor Signage	(1,011.00)	1,011.00	0.00
Minehead Town Centre Signage	(885.00)		(885.00)
Our Place	(2,500.00)	(6,949.00)	(9,449.00)
Eat Exmoor	(500.00)	400.00	(100.00)
National Grid PPA	(16,911.00)	16,911.00	0.00
CCTV	(4,000.00)	4,000.00	0.00
Homelessness Prevention	(66,120.00)	22,500.00	(43,620.00)
Section 31 - Flooding	(13,486.00)	13,486.00	0.00
Watchet Harbour Dredging	(7,500.00)	7,500.00	0.00
Planning Staff Salary	(6,000.00)	6,000.00	0.00
Coast Protection	(2,275.00)	2,275.00	0.00
Morrison's Town Centre Footpath	(6,000.00)		(6,000.00)
JMASS Reserve	(374,983.00)		(374,983.00)
Council Tax Discount Scheme	(5,000.00)	5,000.00	0.00
Community Right to Challenge	(8,547.00)	(20,000.00)	(28,547.00)
Assets of Community Value	(7,855.00)		(7,855.00)
Business Rates Retention Smoothing Account	(269,663.00)	(462,153.00)	(731,816.00)
JMASS Project Reserve	(20,200.00)		(20,200.00)
Planning Policy Reserve	0.00	(56,350.00)	(56,350.00)
	(1,375,939.00)	(310,465.00)	(1,686,404.00)

Report Number: WSC 22/15

Presented by: Cllr. Kate Kravis, Lead Member for Resources & Central Services

Authors of the Report: Steve Plenty, Finance Manager
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To be Held on: 4th February 2015

Date Entered on Cabinet Forward Plan Or Agreement for Urgency Granted: 6/2/14

CAPITAL PROGRAMME 2015/16

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek agreement by the Cabinet for the Draft Capital Programme 2015/16 to be submitted to Full Council for approval in February.

2. CONTRIBUTION TO CORPORATE PRIORITIES

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

3. RECOMMENDATIONS

- 3.1 That the Cabinet approves the prioritisation applied to, and proposed funding arrangements for, the draft Initial Capital Programme for 2015/16.
- 3.2 That the Cabinet recommends to Full Council the approval of the 2015/16 Capital Programme Budget totalling £790,000, comprising scheduled spend of £461,000 for previously approved schemes plus £329,000 related to new prioritised schemes.

4. RISK ASSESSMENT

- 4.1 Deferring capital expenditure until later in the 2015/16 financial year is not without risks. The risk matrix below seeks to assign a level of risk to the potential delay in receiving expected capital receipts.

Risk Matrix

Description	Likelihood	Impact	Overall
Assumptions regarding the availability of capital resources are inaccurate, affecting the affordability of the capital programme.	3	4	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>	2	4	8
Asset management information is incomplete or inaccurate, resulting in ineffective asset management prioritisation	3	4	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>	1	4	4

5. BACKGROUND INFORMATION

5.1 The current capital programme approach was approved by 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 previously agreed strategy also included the aim that the Council will not assume the use of any ongoing revenue funding to support the Capital Programme during 2013 to 2016, other than one-off use of earmarked reserves that have been historically set aside from revenue sources. It is appropriate to update this approach to include one-off use of revenue resources in 2015/16 if affordable, and also to consider use of ongoing revenue resources in future years if appropriate and affordable within the overall financial strategy for the authority.

5.3 The Council 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

5.4 With this in mind it is thought prudent that an Initial Capital Programme for 2015/16 is approved in February with the highest priority capital bids having first call on capital resources. Recognising that there is some essential capital requirements there is a proposal to allocate one-off funding from the Revenue Budget in 2015/16 to part-fund the initial programme. Lower priority capital bids are proposed to be deferred until

later in the year when expected capital receipts are currently forecast to have been received.

6. 2015/16 DRAFT CAPITAL PROGRAMME

- 6.1 Finance staff have consulted with service managers on the proposed prioritisation of capital bids, and agreement has been received for the proposals detailed below. The draft proposals have also been reviewed and prioritised informally with Cabinet Members. **Table 1** contains two schemes that have already been approved by Council, where the timing of expenditure is projected to be incurred within 2015/16. **Table 2** provides details of the high priority bids that are proposed to be added to the list of approved schemes, for inclusion in the total Capital Programme spend for 2015/16. Those bids that are considered to be lower priority and therefore deferred at this stage, are detailed in **Table 3**. Further explanation for the identified schemes is included in Appendix A.

Table 1 – Previously approved schemes with expenditure due in 2015/16

Capital Scheme	Priority	Draft Budget £	Proposed Funding		
			Capital Receipts £	Grants £	Revenue Funding £
Superfast Broadband Previously approved contribution to enhanced coverage (includes £109,000 expected carry forward from 2014/15)		240,000	240,000	0	0
Shared Services ICT Projects JMASS ICT Business Case £356k less £135k in 2014/15		221,000	221,000	0	0
TOTAL		461,000	461,000	0	0

Table 2 – Initial Capital Bids recommended for approval

Capital Scheme	Priority	Draft Budget £	Proposed Funding		
			Capital Receipts £	Grants £	Revenue Funding £
Disabled Facilities Grants To enable the adaption of homes for the disabled	2	241,000	0	241,000	0
7 The Esplanade, Watchet To prevent further water ingress and to make the building watertight	4	15,000	0	0	15,000
Microsoft License Fee Annual license fee for use of Microsoft Office software	1	12,000	0	0	12,000
IS Annual Projects To replace applications which will be unsupported by Microsoft from July 2015	1	61,000	11,367	0	49,633
TOTAL		329,000	11,367	241,000	76,633

Total Capital Programme (Table 1 + Table 2)	Draft Budget £	Proposed Funding		
		Capital Receipts £	Grants £	Revenue Funding £
TOTAL	790,000	472,367	241,000	76,633

- 6.2 The draft programme includes schemes that were not included in the list of ‘bids’ set out within the Financial Standing report to Scrutiny on 15 January 2015, as these have previously been reported and approved by Council but are now included in the Initial Programme for completeness based on projected profile of spend during 2015/16. Table 1 above sets out the proposed funding of the schemes in the initial programme. Further information regarding the available capital resources are included in section 6 of this report below.

Table 3 – Capital Bids – Deferred

Capital Scheme	Priority	Estimated Costs £	Comments
Disabled Facilities Grants Additional funding to help reduce waiting list for DFGs	2	48,200	The significant increase in grant funding via SCC increases the likelihood that grant costs during the year can be contained within the proposed budget in Table 2.
Barnsclose Industrial Estate, Dulverton Refurbishment of four industrial units	5	11,000	This is contingent on future plans, and it is proposed to bring forward a business case with request for capital funding if required.
IT Hardware Replacement Rolling programme of replacement computers and servers	1	21,000	This could be deferred, but will mean the average age of IT stock will increase.
Open Spaces Machinery Replace existing 13 year old ride-on mower	1	32,000	This proposal is under review to determine optimal solution, and whether life of asset can be extended.
Public Conveniences Improvement Works (invest to save)	4	25,000	This is contingent on future plans, and it is proposed to bring forward a business case with request for capital funding if required.
TOTAL		137,200	

Contingent Costs

- 6.3 The provisional list of capital bids, shared with Members through the Budget Consultation Costs and the Financial Standing report to Scrutiny, included a provisional budget request for £500,000 related to Clanville Grange, Minehead. It is possible that during 2015/16 the Council could be obliged to purchase houses 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 but there could be as many as five houses in 2015/16. Currently some of the properties purchased in prior years are being rented until a buyer can be found; this creates a time lag between the purchase of the property (capital expenditure) and its sale (capital receipt) which may cross financial years.
- 6.4 Although a capital bid has been identified for 2015/16 totalling £500k it has not been included in the table of prioritised bids above, as the requirement is uncertain. This could be a risk if houses come forward which the Council are obliged to purchase but given the fact that the subsequent sale of the houses would generate a capital receipt

it is felt that this is an acceptable risk. A budget approval would be presented during the year if required.

Risks and Uncertainty

- 6.5 It is important to highlight that there is ongoing work to determine the condition of our assets, 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
- 6.6 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.
- 6.7 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. FUNDING THE 2015/16 DRAFT CAPITAL PROGRAMME

Sources of Funding

- 7.1 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
- 7.2 Capital Receipts: These are monies received from the sale of the Council's surplus assets.
- 7.3 Grant Funding: The capital grants received from Central Government have been reduced significantly in recent years. The Council's only grant funding projected for 2015/16 is for disabled facilities grants, which is now passported to us by Somerset County Council from the Better Care Fund.
- 7.4 Capital Contributions: This could take the form of capital contributions from other councils or developers in the form of Section 106 funding.
- 7.5 Revenue Funding (RCCO): This could either come from the Council's base budget, or from general or earmarked revenue reserves.

- 7.6 Private Sector / External Funding: Councils can explore opportunities to secure funding for public / community assets through private sector or external funding. This is less common.
- 7.7 Borrowing: 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.

Funding Strategy

- 7.8 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 will be a total of almost £1.3m of capital funding available in 2015/16. As shown later in this section of the report, this is through a combination of capital receipts, revenue contributions, grant funding and S106 contributions.

Projected Capital Resources Position for 2015/16

- 7.9 Table 3 below provides information regarding the availability of capital resources to support the capital bids and the potential balance available if all projected capital receipts and capital grants are realised before the end of 2015/16 financial year.
- 7.10 It can be seen that after funding the capital programmes for 2014/15 and 2015/16 and repaying external debt of £1,700,000 in 2014/15 there is a projected unallocated capital receipts balance of £111,362 as at 31st March 2016.
- 7.11 The table includes either actual or predicted future capital receipts in respect of the Townsend Farm, Clanville Grange and the former Aquasplash Site. Further capital receipts are anticipated during 2015/16 however the final amounts and timing are not known with certainty until the value of final sale proceeds are received and disposal costs are confirmed.
- 7.12 There is also a projected nil balance of Capital Grants at the start of the year. The known grant income for next year of £241,000 relates to funding from the Better Care Fund in respect of Disabled Facilities Grants. After funding the capital programme next year the grants will have been fully utilised.
- 7.13 The draft Revenue Budget for 2015/16, as reported separately at this meeting, includes a planned contribution to capital of £76,633 and this is planned to be used in full towards the funding of the Initial Capital Programme.
- 7.14 The S106 opening balance relates to developer contributions. The costs in 2014/15 relate to Beechfield House. The Planning Obligations Group (POG) would consider schemes to be funded from these balances, for consultation and recommendation with Members through to Full Council for approval.

Table 3 – Estimated Capital Resources Available

	Capital Receipts £	Grant Funding £	Revenue Funding £	S106 Contributions £	Totals £
2014/15 Financial Year					
Balance 1 April 2014	786,565	44,000	0	362,000	1,192,565
Funding received in year	350,000	183,742	0	180,000	713,742
Forecast to be received in year	1,701,000	0	0	0	1,701,000
Funding Available	2,837,565	227,742	0	542,000	3,607,307
Less: Forecast funding of 2014/15 Capital Programme	-453,836	-227,742	0	-162,000	-843,578
Less: Repayment of external borrowing in 2014/15	-1,800,000	0	0	0	-1,800,000
2015/16 Financial Year					
Estimated Resources	583,729	0	0	380,000	963,729
Balance 31 March 2015					
Projected funding receivable in 2015/16	0	241,000	76,633	0	317,633
Funding Available	583,729	241,000	76,633	380,000	1,281,362
Proposed funding of 2015/16 Initial Capital Programme	-472,367	-241,000	-76,633	0	-790,000
Estimated Unallocated Resources 31 March 2016	111,362	0	0	380,000	491,362

Comments from Scrutiny Committee

7.15 The Scrutiny Committee reviewed the Financial Standing and MTFP Update report on 15 January which included details of a provisional set of capital bids. It was noted at the committee that the bids that were shared had not yet been prioritised and clarified that this will be in place for inclusion within the Cabinet's capital programme report. The bids were shared at this stage to enable members to review and comment. The following key comments were made:

- a) IT Costs: Various points were raised in respect of IT related costs included within the list of possible schemes. The Committee has requested further detail in respect of these bids which is to be found in Appendix A to this report.
- b) Asset Management: Potential costs in relation to Barns Close, the Esplanade in Watchet, and public conveniences were discussed, including requests that least cost / most cost effective and 'invest to save' options be explored with a supporting business case.

Forecast Future Capital Resources and Capital Borrowing Position

7.16 It is considered a prudent strategy to retain the above relatively small balance of unallocated receipts, to provide some flexibility to fund unplanned / unavoidable additional costs for current approved schemes and resources to support further prioritised schemes which may come forward with a sound business case during 2015/16 e.g. invest to save and/or deferred schemes from Table 2 above.

7.17 The balance of £380,000 from S106 contributions will continued to be managed through the Planning Obligations Group, with proposals brought forward to Members for approval at the appropriate time, as explained above.

- 7.18 The Council does not currently plan to support new capital investment in 2014/15 or 2015/16 through additional borrowing.
- 7.19 The Council attempts to project future capital resources to aid financial planning. As referred above the Council continues to progress with a strategy of disposing surplus assets with a view to generating capital receipts. In turn the current strategy is to prioritise capital receipts towards the repayment of the current £3.5m external capital borrowing (with £1.8m being repaid in 2014/15), and generate surplus funds to support new capital investment. This approach is reflected in the Treasury Management Strategy that is to be reported separately, but importantly takes into account the financing arrangements for capital investment.
- 7.20 In addition to capital receipts arising during the current financial year, there are a number of planned asset disposals which are expected to generate additional capital receipts during 2015/16. The total number and value of sales is to be confirmed, however based on current assumptions it is reasonable to forecast additional receipts in the region of £2.5m - £3m. It is anticipated that the first call will be to repay the £1.7m balance of external capital debt, leaving a projected balance of around £0.8m - £1.3m unallocated in addition to the balances shown in Table 3.
- 7.21 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. 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 2014/15 and 2015/16. This information will also be incorporated within the Treasury Management Strategy for the Council.
- 7.22 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. In future it is proposed to include the end of year CFR position within the Financial Outturn report that is presented to Scrutiny and Cabinet.

Table 4 – Capital Financing Requirement (CFR)

	2014/15 £	2015/16 £
CFR Balance Brought Forward:		
External borrowing	3,500,000	1,700,000
Internal borrowing	4,133,100	3,932,700
Total CFR	7,633,100	5,632,700
Add: Capital Programme Expenditure	843,578	790,000
Less: Funding used from cash resources (capital receipts, grants and contributions, revenue funding)	-843,578	-790,000
Additional borrowing required	Nil	Nil
Repayment of borrowing using revenue funding (“MRP”)	-200,400	-225,300
Repayment of borrowing using capital receipts	-1,800,000	-1,700,000
CFR Balance Carried Forward:		
External borrowing	1,700,000	Nil
Internal borrowing	3,932,700	3,707,400
Total CFR	5,632,700	3,707,400

- 7.23 The current financial strategy, as reflected within the Council's Medium Term Financial Plan, is to continue to address the 'internal borrowing' balance within the CFR through Minimum Revenue Provision (MRP) allocations within the annual revenue budget. The Minimum Revenue Provision Policy is set out within the Treasury Management Strategy Statement.

8. FINANCIAL/RESOURCE IMPLICATIONS

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

9. COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 9.1 As highlighted in the 'Background Information' section of this report, it is proposed at this stage that Members consider approval of high priority schemes for the Initial Capital Programme for 2015/16, and consider that they are satisfied with the allocation of schemes between high priority and low priority. The initial list of bids have been shared with all Members through the Budget Consultation Packs and subsequently reviewed by Scrutiny Committee on 15 January 2015. Further consideration and consultation with Members on the prioritisation and affordability of future schemes would then follow with a view to providing a further update during 2015.
- 9.2 The Initial 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. Whilst Cabinet and Council will be requested to approve the Initial Capital Programme, capital expenditure will only be incurred based on actual funding available. Any unforeseen delay in the receipt of asset sale proceeds will potentially affect the timing of delivery of some capital schemes.
- 9.3 The strategy to generate capital receipts to both repay capital borrowing 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.
- 9.4 The Council has recently approved work 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. It is therefore advisable to retain a balance of uncommitted capital resources, as proposed within this report, to provide the Council with some flexibility to address essential/unavoidable works. This is also reflected in the approach to revenue reserves, which are expected to be held above the necessary minimum. Keeping some "headroom" within reserves will provide Members with some flexibility to potentially support essential but currently unplanned capital costs through additional revenue contributions.

10. EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 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
- 10.2 An Equalities Impact Assessment in respect of the Disabled Facilities Grant capital items is included in Appendix B.

11. CRIME AND DISORDER IMPLICATIONS

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

12. CONSULTATION IMPLICATIONS

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

13. ASSET MANAGEMENT IMPLICATIONS

- 13.1 The capital bids identified and Initial Capital Programme include financial provision for the maintenance of assets in line with current asset management plans. The resources projection identifies a relatively small balance of unallocated currently-available resources. This provides the Council with a potential contingency sum to address essential unplanned works that are not included within approved budget plans.

14. ENVIRONMENTAL IMPACT IMPLICATIONS

- 14.1 Although there are no implications directly associated with the recommendations in this report there are capital bids such as the replacement of the ride on mower that, if ultimately approved for inclusion in the programme, will have an environmental impact in terms of grounds maintenance works.

15. 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.*

- 15.1 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.

16. LEGAL IMPLICATIONS

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

Additional Explanations for Capital Schemes

Schemes included in Initial Capital Programme – Previously Approved

Superfast Broadband - £240,000

At the Full Council meeting in June 2014 it was resolved that the sum of £240,000 for the SEP Broadband Project be underwritten by West Somerset Council, using unallocated and projected capital receipts (with £131,000 initially underwritten from reserves if insufficient receipts were forthcoming). The costs may not be incurred until 2016/17 however the scheme is included within the 2015/16 programme pending certainty over timing of cash flows.

Shared Services ICT Projects - £221,000

At the Special Full Council meeting in November 2013 it was resolved the sum of £356,000 for the ICT Transition (one-off) costs for West Somerset, in respect of shared services with Taunton Deane, be funded by using unallocated Capital Receipts. In the 2014/15 approved capital budget a sum of £135,000 was included, therefore leaving the above balance of £221,000 in 2015/16.

Schemes included in Initial Capital Programme – New Schemes

Disabled Facility Grants – £241,000

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 central government provide a contribution towards the Council's costs via an annual grant. The Council will receive a grant from Somerset County Council's Better Care Fund totalling £241,000, providing the necessary funding to make this scheme affordable. This is an increase of £57,000 compared to the £184,000 DFG funding received in 2014/15.

7 The Esplanade Watchet - £15,000

The building is in a very poor condition with damp and water ingress. Further damage will occur if the building is not repaired and made watertight.

Microsoft Licence Fee - £12,000

The benefits of the licence include being able to run the latest version of Microsoft Office, keeping the authority in line with other authorities and businesses. Current applications also make use of more up to date versions of Microsoft Office and this would allow staff to continue to use the additional functionality some applications provide. Most importantly it would ensure that the authority continues to run a supported Office application.

IS Annual Projects - £61,000

The authority have a number of applications running on server 2003 and using SQL 2005 database which will be unsupported by Microsoft in July 2015. These need to be upgraded to ensure that the authority is not running unsupported and vulnerable software. This is also part of the PSN compliance. This includes the Planning servers, Cash Receiving servers, Customer Services servers, corporate documentation system. A number of applications can be upgraded by internal staff and only require software license costs. A number of software suppliers need to complete the upgrade work themselves due to the complex nature of how the applications are configured, which incurs additional costs.

Bids not included in Initial Capital Programme

Disabled Facility Grants - £48,200

This additional amount, over and above the government grant, has been requested to help reduce the rolling waiting list.

Barnsclose Industrial Estate Dulverton - £11,000

Refurbishment of the four industrial units to include overhaul of electrics, replacement roof lights, overhaul of roller shutter doors and replacement of windows and doors. The site is currently on the market but if it is not sold work will need to take place to refurbish the units to a more satisfactory standard. It may then be possible to review rent levels. An “invest to save” business case will be brought forward in due course if this work is needed.

IT Hardware Replacement - £21,000

The authority runs a rolling programme to replace desktop client computers over 4 years old.

Server replacement program is to bring servers in-line with the 4-year desktop rolling program. Where possible servers will be considered for virtualisation, however in a few cases this is not possible due to physical requirements and software compliance with the virtual environment.

We also need to ensure that all equipment is up-to-date to mitigate any vulnerability that can put the authority’s network at risk. An annual health check is carried out each year to identify any potential risks with the authority’s external access and internal access. This health check forms part of our Government Connects annual audit. From this health check we can take action where necessary and reassurance that we are reducing risks.

The expected benefit for replacing computers over 4 years old is to ensure that staff work efficiently and effectively and to reduce the number of helpdesk calls regarding the usage of old computers. The benefit to updating servers over 4 years old is to mitigate any vulnerability that can put the authorities’ network at risk.

Open Spaces Machinery Replacement - £32,000

To provide a ride on cylinder mower to replace the existing machine. The existing machine is 13 years old and repair costs to keep it serviceable and lost labour time has become unacceptable.

Public Conveniences - £25,000

To undertake works to selected public conveniences so that they are more cost efficient. Looking at reducing them in size and/or converting part of the buildings into workspace. Also working with parish/town councils to look at alternative options for providing these facilities. The condition of the buildings is also deteriorating and revenue budgets are under pressure due to increasing maintenance costs. It is anticipated that “invest to save” business cases will be brought forward in due course as and when works are planned.

Equalities Impact Assessment – Disabled Facilities Grants

To follow

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Report Number: WSC 19/15

Presented by: Cllr K Kravis, Lead Member for Resources and Central Support

Author of the Report: CORINNE MATTHEWS ECONOMIC REGENERATION & TOURISM MANAGER

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Report to a Meeting of: Cabinet

To be Held on: Wednesday 4th February 2015

Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: 17.10.14

REQUEST FOR ALLOCATION OF PLANNING OBLIGATIONS FUNDING – MINEHEAD ILLUMINATIONS PROJECT

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to make proposals for the allocation of monies secured through planning obligations to individual schemes.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 No clear links within the proposals.

3. RECOMMENDATIONS

- 3.1.1 Cabinet recommends to Council the allocation of £34,416.76 for the Minehead Illuminations Project to be added to the capital programme and funded from planning obligations contributions.
- 3.1.2 Cabinet recommends to Council that £4,102.33 underspend from previous approved allocation from planning obligation contributions (related to same Agreement as outlined in paragraph 5.3) to be reallocated to the Minehead Illuminations Project

4. RISK ASSESSMENT (IF APPLICABLE)

Risk Matrix

Description	Likelihood	Impact	Overall
Failure to allocate monies correctly in line with legal agreements causing requirements to repay	3	4	12
<i>The proposals within the report are matched to the legal agreements and monies available in that area</i>	1	4	4
Failure to spend monies before date required in any legal agreements and trigger a requirement to repay	2	3	6
<i>The recommended projects use funds that are available and in date requirements</i>	1	3	3

Projects do not progress in accordance with plan and therefore money remains unspent	2	2	4
<i>Set timescale for delivery of project. Reallocate money if required</i>	1	2	2

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

5. **BACKGROUND INFORMATION**

- 5.1 The authority has established arrangements to allocate monies secured through planning obligations. These match schemes to the authority's priorities.
- 5.2 Proposals are considered by the internal planning obligations group against priorities, appropriate strategies and any identified local priorities to create recommendations for Cabinet to consider on a quarterly basis. Any individual proposals over £25,000 require both Cabinet and Full Council approval. Proposals are considered against set criteria as a part of the formal consideration of projects to allow allocation of funds and subsequent release of monies.
- 5.3 **Minehead Illuminations Project:** The Section 106 Agreement with Morrison Supermarkets stipulates that the Council "*will not spend the 'Town Centre Enhancement' contribution or any part thereof for any purpose other than towards the cost of:*

Enhancing footpath and/or cycleway links between the Land and the Town Centre including the cost of any associated lighting, street furniture, signage or information boards together with the future maintenance of any works carried out;

Such improvements or enhancements within the town of Minehead which the District Council considers will improve or maintain the viability and/or vitality of the Town Centre together with the future maintenance of any works carried out."

- 5.4 The Agreement amount was £150,000 and expenditure for activity has to be fully committed by 12 April 2015. To date £115,583.24 has been allocated to a variety of projects including public realm improvements, empty shop project, shop local scheme, the Minehead Shoppers application, arts markets and the Heritage Trail There is £34,416.76 remaining to be allocated.

The Minehead Illuminations Project consists of two discreet projects. Project (1) provides for illuminated signage for the Regal Theatre at a cost of £5,000. This work will help to improve the visibility and raise awareness of Minehead's cultural centre and will complement the Regal's new entrance that was completed in 2014. The Regal Theatre will be responsible for carrying out the work and will take full responsibility for all permissions and subsequent maintenance. The project has come about as a result of consultation with the Regal Theatre's clients, Minehead Amateur Theatrical Association (MATA) and board members. They intend to consult their clients, MATA and board members further on the design of the signs once these have been produced as well as the wider community in Minehead. Once the design has been agreed, the Regal Theatre will apply for advertisement consent.

Project (2) is to provide lighting within 26 trees along the Avenue. This project has been championed and will be managed by the Minehead Chamber of Trade. A pilot tree that was partially funded by Minehead Town Council was adorned with the LED lights prior to Christmas. The pilot tree has been extensively consulted upon within the local community with over 200 positive comments received. Both local residents and Minehead traders have strongly indicated that this project will significantly enhance the visual appeal of the Avenue and will entice footfall from the lower end of the Town (supermarket quarter and seafront) to the main stream Town Centre and the Town Centre shops. It is felt that this project will be

quite unique within Somerset, and will be an innovation that will be admired and quite likely copied in the future by other market and coastal towns.

The Minehead Chamber of Trade has undertaken considerable research and consulted with a number of statutory bodies to fully understand the implications of rolling out the pilot to include numerous trees along the avenue. This has included Highways, SCC's arboriculturalist, electricity companies to ascertain the cost of having the trees lit all the year around, WSC Grounds maintenance staff to understand the on-going maintenance and health & safety checks, as well as gauging Traders appetite for supporting the project with funding from Chamber reserves as well as on-going costs for the future.

To enable this project to happen a Highways Section 50 Agreement (a Street Works Licence to install apparatus in the highway) needs to be entered into with Somerset County Council, with this Agreement having to be submitted by a Local Authority. West Somerset Council has agreed to be the accountable authority for this, but via a contractual arrangement will 'gift' the lights to the Minehead Chamber of Trade who will become the responsible body for managing the project and on-going maintenance once three years have elapsed. The initial costs of this project allow for three years of maintenance costs that will be retained by WSC in an escrow account to allow for the works to be undertaken at no further costs to the Council's revenue budget.

Cost Breakdown for Minehead Illumination Project

Tree Lighting	£23,697.70
Installation	£5,924.00
S50 License	£390.00
Regal Theatre illuminated signage	£5,000
Contingency costs (for tree lights element)	£2,368.18
Three years running costs, including insurance, inspection and energy usage	£2,989.21
Total Project Cost	£40,369.09
Total amount requested from Morrisons S106	£34,416.76
Total requested from underspend of already allocated Morrisons S106	£4,102.33
Total S106 requested	£38,519.09
Plus match funding	
Match funding from Minehead Chamber of Trade and Commerce	£1,700.00
Match funding from Regal Theatre	£150.00
Total Project Cost	£40,369.09

- 5.5 In developing this project, Minehead Vision Group have been kept regularly apprised of progress and presentations have been made to MTC by the Chair of the Chamber of Trade.

6 FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 The request for funding in respect of the Minehead Illuminations Project meets the requirements of agreement 3/21/09/042.

7 COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 7.1 In accordance with Financial Regulations, a virement in excess of £25,000 needs to be agreed by Full Council, to demonstrate proper processes are being followed in the management of budgets.
- 7.2 To aid monitoring and reporting against financial approvals, the sum would be added to the Capital Programme creating an agreed budget for the schemes, and will be funded from contributions received. This will not impact on the use of 'un-ring-fenced' capital resources i.e. capital receipts.

8 EQUALITY & DIVERSITY IMPLICATIONS

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

- 8.2 The proposals enhance the opportunities for access for all.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 None

10 CONSULTATION IMPLICATIONS

- 10.1 The proposals have been considered by the Council's Planning Obligations Group and has been developed in accordance with the Council's agreed practices. The Chamber of Trade has undertaken extensive community and business consultations in respect of the tree lights element of this project. The Regal Theatre's element of the project is as a result of consultation with their clients, MATA and board members, with further consultation planned with the wider community once their designs are available. Minehead Town Council has confirmed in writing that it has no objection to the project provided West Somerset Council take responsibility and all appropriate legal documentation is in place.

11 ASSET MANAGEMENT IMPLICATIONS

- 11.1 Paragraph 5.4 explains the requirement for West Somerset Council to enter into a S50 Agreement with SCC Highways, and the intention to contractually pass the obligations and on-going maintenance to the Minehead Chamber of Trade.

12 ENVIRONMENTAL IMPACT IMPLICATIONS

- 12.1 The proposal will not give rise to any negative environmental impacts

13 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.

13.1 The improved opportunities for access deriving from this proposal is to be welcomed.

14 LEGAL IMPLICATIONS

14.1 The proposed allocation has been checked and is in accordance with the relevant planning obligation (3/21/09/042).

Report Number: WSC 20/15
Presented by: Cllr Karen Mills – Cabinet Lead for Economic Regeneration & Tourism
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Report to a Meeting of: Cabinet
To be Held on: Wednesday 4 February 2015
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: 6/1/15

HINKLEY TOURISM ACTION PLAN STRATEGY AND ACTION PLAN

1. PURPOSE OF REPORT

- 1.1 To consult with Cabinet on the contents of the Hinkley Tourism Action Partnership (HTAP) Strategy and Action Plan.
- 1.2 To outline proposals to Cabinet for the drawdown of HPC S106 Tourism mitigation funding to support delivery of four projects in the action plan.

2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The Councils 2nd Corporate Priority is in relation to New Nuclear Development at Hinkley Point: Maximising opportunities for West Somerset communities and businesses to benefit from the nuclear development whilst protecting local communities and the environment.
- 2.2 Objective 4 of the Corporate Plan is that the economic opportunities that arise from the development and associated activities are maximised.
- 2.3 Key Task 4.3 states that the Council will “work with tourism partners to mitigate the negative effects of the development and take advantage of any opportunities created”.

3. RECOMMENDATIONS

- 3.1 That Cabinet recommends to Council formal approval of the HTAP Strategy and activity in the Action Plan subject to the inclusion of any amendments or comments that are made at this meeting.
- 3.2 To recommend to Council approval of the drawdown of the Phase 1 S106 Tourism Contribution of £125,385 to support the delivery of the 4 projects identified within the HTAP Action Plan.
- 3.3 To note that £45,000 of the action plan delivery was previously agreed by Council in November 2014.

4. **RISK ASSESSMENT (IF APPLICABLE)**

Risk Matrix

Description	Likelihood	Impact	Overall
The tourism industry suffers negative impacts in respect of the HPC Site preparation works	4	4	16
<i>Effective activities delivered to improve the resilience and profitability of the tourism industry together with effective promotion and marketing promotions</i>	2	4	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 and after the mitigation measures have been actioned.

5. **BACKGROUND INFORMATION**

5.1 Schedule 15 of the HPC Site Preparation S106 makes provision for an allocation of £160,000 payable on the implementation of Phase 2 (which took place in May 2014), with a further £160,000 payable on the first anniversary of the implementation of Phase 2 in May 2015. In addition to this the first payment includes indexation which has increased the amount available to allocate to £170,385.

5.2 The Section 106 Agreement states that this allocation is for the purposes of the Tourism Action Partnership carrying out the **Marketing and Promotional Initiatives** and carrying out the **Tourism Monitoring Survey**. The Survey is defined as *the annual survey to identify the potential types and levels of impact of the construction and operation of the Development and/ or other elements of the project (if permitted) on tourism in Somerset and identifying the impacts that this will have on tourism as an economic sector in Somerset.*

5.3 **Hinkley Tourism Action Partnership (HTAP)**

This is the Partnership identified within the S106 Agreement tasked with establishing and over-seeing the delivery of a Strategy and Action Plan. HTAP is defined as *the means by which West Somerset Council, Somerset County Council and Sedgemoor District Council will come together to decide how certain elements of the tourism contribution shall be applied after requesting and taking into account representations from other representative bodies of business in the tourism sector.*

HTAP's membership has been designed to ensure that consultative mechanism is embedded in all of its activity, and therefore has extended the membership to include the Exmoor Tourist Association, Somerset Tourist Association, Exmoor National Park Authority and EDF Energy, as well as the three Councils.

5.4 **Tourism Strategy and Action Plan**

The HTAP Strategy and Action Plan is attached as Appendix A and B respectively to this report. The Strategy has been worked on collaboratively by the HTAP partners over the course of the last 9 months. There have been a series of industry consultation events held, as well as making good use of tourism market intelligence gathered by partners including Somerset County Council, Exmoor National Park, Visit England and the annual Somerset Value of Tourism data.

In addition to this the key partners have spent the past 18 months piloting specific rural tourism initiatives via the Cool Tourism Project. This European funded programme has provided support to implement small scale localised activity that it is considered can be effectively scaled up using an element of the tourism mitigation funding. A very successful Exmoor Tourism Conference was held in November 2014 where much of this activity was show cased to industry acclaim, including the launch of the new Visit Exmoor website, a tool kit for the trade to enable them to make better use of the natural assets around them, as well as a colour supplement showcasing 30 experiences for the visitor to undertake within Somerset and Exmoor. This supplement was inserted in the January edition of County File magazine, will appear in a future edition of the Exmoor magazine and will be taken to a selection of Trade Shows.

5.5 **Structure and key elements of the Action Plan**

The Strategy is based on the simple premise that it is all well and good attracting visitors to Somerset using effective and targeted marketing and promotional activity – but when the visitor arrives they must enjoy their holiday, and want to return, as well as telling all their friends and family what a good time they had. How potential visitors research their holidays, and the type of break they expect, together with the quality of that experience is an ever changing environment and it is necessary for the tourism provider to be equipped for this. Working with the added factor that the visitor could suffer some travel delays due to the implementation of the HPC Project on top of existing levels of traffic. The interventions that the Action Plan proposes has to accommodate all of these issues.

The Strategy reviews the value of tourism, identifies challenges and opportunities from the HPC development, and sets out a six year vision, aims, key priorities and strategic threads, to tie in with potential tourism allocations from the Site Prep and DCO Section 106 agreements. Action plans will be developed on an annual basis to tie in with current allocations actually available.

The overarching vision is that Somerset and Exmoor will have a strong tourism industry that has successfully capitalised on opportunities from the HPC development, leaving a legacy of one of the best managed visitor experiences in the country where businesses are dynamic, resilient and working in partnership to compete at the highest level.

The strategy is structured around three strategic aims:

- Improve visitor experiences
- Attract and retain customers
- Increase industry resilience.

Under this sit nine key priorities with activity under each set out in the action plan.

1. Fostering positive perception and awareness
2. Creating a welcoming and informed travel experience
3. Monitoring impacts on visitors and businesses
4. Evolving new products for changing customer needs
5. Capitalising on digital trends and partnerships
6. Evidence based, targeted marketing campaigns
7. Building long term capacity of industry
8. Encouraging higher value sustainable growth
9. Supporting local distinctiveness and action

5.6 Funding and delivering the Action Plan

The Action Plan for activity to be undertaken during 2015 is attached as Appendix B. Members will recall that the decision to fund the Visitor Monitoring Survey (a requirement of the S106 Agreement) and to put in place a fund to support Watchet during the construction of the Washford Cross roundabout had already been agreed by Cabinet and Council in November 2014. Some of the Action Plan activity will not require specific funding as it will either be undertaken using existing staff resource and partnership activity, or, requires a review in order to determine funding implications going forward (e.g. action 2.4 – a review of signage and planned road works).

Appendix C provides more detail about the activity that will be implemented using Phase 1 of the Site Preparation Works S106 Funding. The Project sheets provide information about the type of activity that will be commissioned against specific priorities and aims. It also gives an indication of where it is aimed to lever in additional external funding and sets out what the key outputs and outcomes as well as describing how the impact of the intervention will be evaluated and measured.

All activity will be procured and commissioned in line with the Council's financial regulations. The project management of each area of activity will be undertaken on a day to day basis by the relevant tourism officer (West Somerset and Sedgemoor with support from Somerset County Council) and HTAP will retain an overall strategic and monitoring role of the programme. Regular reports will be made to the West Somerset Economic Regeneration & Tourism Policy Advisory Group and a request will be made to Scrutiny Committee that they add an annual report of activity and progress to their forward plan.

It needs to be noted that whilst the delivery of tourism information services are an integral part of the HTAP Strategy, their specific funding requirements in respect of the S106 provision is currently dealt with separately. HTAP has a strategic overview of both programmes of activity and ensures that the linkages are made.

6. FINANCIAL/RESOURCE IMPLICATIONS

- 6.1 The Phase 1 HPC Tourism mitigation Fund Contribution of £170,385 (which includes indexation) was received by West Somerset Council on 6th May 2014.
- 6.2 The Phase 2 (Part 2) allocation of £160K (not including indexation) will be paid to WSC on 6th May 2015.
- 6.3 The following table summarises the activity within the Action Plan that will require funding.

Projects requiring funding under action plan (Appendix C)			
Aim	Plan Ref.	Activity	Cost
Improve visitor experiences	1.1	PR & Social Media support	£ 20,000
Attract & retain customers	6.1	Marketing Plan Activity	£ 65,385
Increase industry resilience	7.1	Industry body capacity building	£ 20,000
Increase industry resilience	8.1	Business support	£ 20,000
			£ 125,385

7. COMMENTS ON BEHALF OF SECTION 151 OFFICER

- 7.1 As the accountable body for the S106 funding, the total expenditure of £125,000 will be recorded in the Council's accounts. It is important to note that the S106 funding is one-off monies and it is advisable to use this to support one-off spending in order to prevent an ongoing budgetary commitment for the Council. It is not expected that there will be any associated costs, other than staff time and minimal administration, in respect of this item.
- 7.2 To aid monitoring and reporting against financial approvals, it is recommended that the sum of £125,000 is added to the Revenue Budget creating an agreed budget for the expenditure, with a matching income budget of £45,000 and be funded from contributions received. This will not impact on Council's Net Budget position.
- 7.3 It is noted that a further £160,000 (plus indexation) one-off receipt is due to be received in May 2015.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 **Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.** The three aims the authority **must** have due regard for 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
- 8.2 In working with our tourism industry and those companies that we commission to deliver activity for us, we embed the Council's equality and diversity values.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 None that are relevant to this report.

10. CONSULTATION IMPLICATIONS

- 10.1 There has been extensive consultation held throughout the process of writing the strategy, which has included direct communications and surveys held with the tourism industry and key stakeholders. Sedgemoor District Council and Somerset County Council as key partners in delivering the Strategy and Action Plan have or will be taking the documentation through their own democratic processes.

11. ASSET MANAGEMENT IMPLICATIONS

- 11.1 There are no asset management implications.

12. ENVIRONMENTAL IMPACT IMPLICATIONS

- 12.1 The principle of sustainable tourism is enshrined within the Strategy.

13. 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.

13.1 The Strategy sets out to encourage and increase more day visits as well as staying visitors and will be raising awareness about the types of healthy activity that families can enjoy and benefit from.

14. LEGAL IMPLICATIONS

13.1 The recommendations that form part of this Report are in line with the requirements of the HPC Site Preparation S106 – Schedule 15

Hinkley Tourism Action Partnership

Hinkley Tourism Strategy 2015-20

Successfully managing opportunities and challenges for tourism in Somerset and Exmoor during the development of Hinkley Point C



Executive Summary

The development of Hinkley Point C (HPC) nuclear power station will provide opportunities and challenges for the tourism industry in Somerset and Exmoor. The Hinkley Tourism Action Partnership (HTAP) is tasked with developing a strategic vision and successful management plans that will provide a legacy for the future.

The overarching vision of the strategy is that Somerset and Exmoor will have a strong tourism industry that has successfully capitalised on opportunities from the HPC development, leaving a legacy of one of the best managed visitor experiences in the country where businesses are dynamic, resilient and working in partnership to operate at the highest level.

The strategy has been written to influence a six year period over which a total of £1.12 million of financial contributions will be paid by EDF Energy to local authorities for tourism activity aimed at delivering the strategy and carrying out monitoring surveys. Separate funding for six named information centres and tourism officer resource are also referenced.

Following an assessment by the partnership, and taking in views from tourism industry representatives and businesses, the strategy has been developed in the context of the current health and performance of the industry and the likely future influence of the project. It takes into account a number of anticipated opportunities including funds for marketing and development, an influx of visitors and increased international spotlight. At the same time it refers to potential challenges such as effects on traffic levels, perception and employment, which will need careful management.

Three principle aims are identified as being the focus of strategic activity - **improve visitor experiences, attract and retain customers** and **increase industry resilience**. These are supported by nine key priorities and objectives that can be measured to gauge success. The strategy will then be supported by annual action plans detailing specific activity and budgets.

Key Priorities

1. Fostering positive perception and awareness
2. Creating a welcoming and informed travel experience
3. Monitoring impacts on visitors and businesses
4. Evolving new products for changing customer needs
5. Capitalising on digital trends and partnerships
6. Evidence based, targeted marketing campaigns
7. Building long term capacity of industry
8. Encouraging higher value sustainable growth
9. Supporting local distinctiveness and action

Introduction

Hinkley Point C (HPC) is set to be a multi-billion pound nuclear power station development that will offer some 25,000 employment opportunities throughout a ten year build and will eventually power some five million homes.

This document sets out strategic activity for tourism in Somerset and Exmoor by the Hinkley Tourism Action Partnership (HTAP) in relation to successfully managing opportunities and potential challenges for the industry from the development.

Members of HTAP are: West Somerset Council, Sedgemoor District Council, Somerset County Council, EDF Energy, Exmoor National Park Authority, Visit Somerset and Exmoor Tourism.

HTAP was set up following the granting of planning permission to EDF Energy for the site preparation needed to build HPC. Permission included a legal agreement containing a planning obligation for tourism and detailing financial contributions to be paid by EDF Energy over a two year period.

A Development Consent Order for construction of the key buildings on the HPC site in West Somerset and Associated Development, mainly in Sedgemoor, will be enacted should EDF Energy decide to proceed with the next stage of the project. This consent includes a legal agreement detailing contributions by EDF Energy for tourism over a further four year period.

Under the terms of these agreements, a total of £1.12 million of tourism contributions will be provided over a six year period for the purposes of delivering activity in accordance with a tourism strategy and action plan, and for carrying out a monitoring survey. Additional contributions have been included for employing tourism officer resource and support for six named information centres.

This document will set out the context in which the strategy will operate, along with the aims, objectives and actions, initially over two years in line with the site preparation planning agreement, and then after a review, for the following four years if the scheme proceeds.

A number of key sources have been used in the development of this document, which can be found in the references section.

The Value of Tourism

Tourism is a key sector in Somerset's economy generating £1.3bn turnover, 2.6m staying trip visitors, 23m day visitors and employing 10% of the workforce.

In West Somerset and Sedgemoor tourism is significant, accounting for 40% of all staying visitor activity across the county. Sedgemoor receives 25% more visitor spend than any other district, while in West Somerset 27% of the workforce is engaged in Tourism.

Visitors are drawn to Somerset & Exmoor largely for its landscape and opportunities for outdoor pursuits. It is defined by its coastal scenery, seaside resorts, rural charm, heritage, village life, food and drink and festivals. Leisure and visiting friends and relatives (VFR) markets are by far the most significant with business tourism typically restricted to key towns.

The importance of landscape is backed up by visitor surveys where 'the scenery' features as the single most important factor, followed by heritage and things to see and do. Many of the best examples have become iconic such as Glastonbury Tor, Cheddar Gorge, Exmoor National Park and the Quantock Hills, and are prized for their tranquillity.

Visitor surveys also provide important information as to where visits originate. The vast majority are by UK domestic visitors from within three or four hours away (e.g. West Midlands, South West, London and South East). Typically UK visitors stay 3.8 nights and spend £175 per person in West Somerset and Sedgemoor.

Overseas markets account for 8% of staying visits in Somerset. However, the value of overseas visitors shows that a typical trip will mean 6.9 nights and spending of £355 per person. French, German and Dutch markets are still the most significant in terms of those seeking landscape-based holidays.

Group Visits make up a particularly important sector for the area. Some 1300 coaches pass through Cartgate Services on the A303 on an annual basis. The industry bodies and key attractions such as West Somerset Railway and Burnham-on-Sea also put resources into targeting groups.

The make-up of accommodation across the area varies markedly. West Somerset has a larger proportion of small serviced and self-catering hotels, B&B's and cottages with 27% more bed spaces and units than Sedgemoor. While Sedgemoor has 47% more bed spaces, pitches and units in camping, static and touring caravans and holiday centres.

A reduction in public sector funding has led to a fundamental change of approach in terms of supporting the tourism industry. In recent years just about all funds for tourism activity have been sourced from external funding bodies or via industry advertising contributions. Funding has led to the development of websites, apps, training workshops, and support for information centres, events and marketing of the area.

In 2012 the four local authorities in HTAP secured £132k of match funding from EU Interreg working with partners in France and south east England under the COOL Tourism Project. Aimed at growing rural tourism the partnership has delivered activity in supporting business networks, research, marketing and training. The project has provided a successful example for HTAP of how strategic partnership working can maximise potential.

Information centres in the area have also been affected by the cuts in public funding. Alongside helping visitors to enjoy their stays, the centres are now expected to find ways of generating income to support their operations. Most rely on volunteers and operate limited opening hours.

Supporting the industry are two tourism industry bodies. The Somerset Tourism Association (STA), now trading as Visit Somerset, has evolved in a short space of time to take on responsibility for championing the cause of the County nationally. Its website now receives more than 900,000 annual visits; it has a brochure and an app.

The Exmoor Tourist Association (ETA) has been in existence since 1981 and has 240 members. It takes on responsibility for the Visit Exmoor website and marketing the 'Exmoor: Dream, Discover, Explore' brand across the National Park, West Somerset and Quantock Hills. It is currently in the process of merging with the public/private sector Exmoor Tourism Partnership to form one organisation, known as Exmoor Tourism.

In terms of the wider strategic picture, ambitions for tourism are cited in a variety of regional economic documents. Locally, Exmoor Tourism Partnership's Strategic Action Plan, sets out a plan for 2013-18 to increase the value of visitors and develop sustainable tourism. The STA are also in the process of developing a destination management plan for Somerset, including ambitions for increasing market share and developing rural tourism.

At a national level Visit England's The Strategic Framework for Tourism in England 2010 – 2020 sets out ambitions to increase global market share, deliver compelling destinations of distinction, champion a thriving industry and improve engagement with visitors.

At a glance

Somerset and Exmoor have: the **world's biggest** music festival; a **National Park**; the **largest** managed wetlands in western Europe; the **world famous** Cheddar gorge and caves; the **biggest** illuminated carnival in Europe; an **International** Dark Sky Reserve; the **largest** coastal realignment scheme in Europe; England's **first** Area of Outstanding natural Beauty; one of the **oldest** engineered roads in the world; the **highest** inland and coastal cliffs in the country; the **tallest** tree in England; the **longest** standard gauge heritage railway; **the origins** of Cheddar cheese, cider and skittles; the home of the **first** King of England and the site of the **last** battle on English soil.

Value of Tourism 2013

Indicator	West Somerset	Sedgemoor	Somerset
Domestic staying trips	346,000	612,000	2,389,000
Average domestic number of nights per trip	3.8	3.8	3.4
Average domestic spend per trip per person	£182	£171	£162
Overseas staying trips	26,000	40,000	212,000
Average overseas number of nights per trip	6.7	7.8	7.1
Average overseas spend per trip per person	£380	£375	£355
Day Visits	2,562,000	3,893,000	23,033,000
Day visitor spend	£83,319,000	£113,900,000	766,923,000
Total Spend (staying trips and day visits)	£160,025,000	£249,286,000	£1,283,779,000
Tourism workforce	3,663	6,198	35,051
Proportion of all employment in tourism	27%	11%	10%

Tourism during HPC construction

Opportunities

The financial contributions paid by EDF Energy to support tourism over six years, constitute a significant and consistent level of funding, which also provides the opportunity for match funding.

During the development of HPC some 25,000 jobs will be created. At the peak of activity there will be 5,600 full time equivalent roles operating on site. In addition to this will be large numbers of workers associated with support businesses. The opportunity is there to target these newcomers, their friends and families, and encourage them to visit the area for leisure and business in future.

The influx of workers will take place throughout the year and could help in addressing issues of seasonality and encouraging all year round employment. Visit England report that 70% of day visits into the countryside take place in the spring or summer. Development focused on extending stays and day visits, and greater flexibility in opening hours by the industry will be vital.

Another major opportunity will be the construction of the HPC Visitor Centre, which will promote the project and the wider area. It will provide a unique educational attraction that will help raise the profile of the area and bring in new types of customers.

The tourism contributions available for the six named information centres in Minehead, Porlock, Watchet, Burnham, Bridgwater and on the M5 will provide an opportunity to evolve more effective services and develop new income streams, which will support long-term sustainability.

There are some key social trends that will have implications for marketing and development of tourism. Visit England predicts 'families are changing in size, shape and composition'. The concept of an 'ageing

society' is well known, but there are other crucial factors. Families are becoming more 'vertical' in nature with fewer siblings and cousins, more generations, and younger grandparents more involved with childcare.

Despite the economic downturn consumers have continued to prioritise leisure spending. According to Visit England research, younger generations have a different attitude towards leisure time and see it as a need in their lives, rather than a luxury. Access to information via technology has been at the heart of this trend. People have become used to searching for good deals, lots of choice and not paying over the odds for goods.

However, people are increasingly becoming time poor and despite the desire for choice, also want simplicity. It is predicted that short break, health, active and skills tourism markets are to grow, which could present an opportunity to target markets such as walkers and cyclists. Visitors are increasingly moving away from choosing holidays based on a destination towards seeking out new and specific experiences, which help to fulfil needs in their busy lives.

Another growing trend is the increasing use of web technology. The Office for National Statistics indicates that 38 million UK adults access the Internet every day. Travel and accommodation bookings are two of the four most popular activities online. Some 96% of 16-24 year olds, 74% of 45-54 year olds and 57% of 55-64 year olds access the internet using smartphones, laptops and tablets.

This use of technology has led to major changes in how companies target customers. Digital advertising overall has doubled in five years, with web search advertising worth £3.5bn alone, while traditional methods have been in decline. Even back in 2010, the Somerset visitor survey showed a drop from 18% to 11% of visitors using printed literature

to make holiday decisions. At the same time visits to the Visit Somerset and Visit Exmoor websites have increased rapidly.

Across the area, a number of tourism related projects are currently in development, which could lead to new jobs and tourism facilities. These include Steart Marshes, the Great Crane Project, Steam Coast Trail and the new Watchet Boat Museum. All opportunities for collaboration should be explored to maximise benefits for the area.

Challenges

The HPC development will impact on different parts of the area in a variety of ways. For instance the development includes a programme of highways alterations, which may cause specific local issues. The strategy will need to have flexibility and to include specific actions for core areas as well as activity that benefits the wider area.

Following consultation the tourism industry has raised several concerns over the potential impacts of the HPC development. One of these is around perceptions, such as that the whole area is 'a construction site' or difficult to reach because of traffic delays.

In early 2014 the industry locally was badly affected by flooding. Although just 2% of the land was under water the perception was that the County was a 'no go area' and this meant that in some cases bookings fell by 40%. There are valuable lessons to be learnt in terms of media coverage, managing perception and building business resilience.

Traffic congestion is another major concern given the nature of the area's roads, and in particular the A39 and A358, which have been cited as a barrier to visits by the industry for many years. Currently 90% of visitors arrive by road, and with all HPC deliveries set to use the M5, there is the potential for congestion issues. EDF Energy and Highways have already put in place

significant mitigation plans, but it will be important that specific plans for tourism are developed to ensure that negative visitor experiences are kept to a minimum.

To house workers, EDF Energy have made plans that include making use of local accommodation. However, much of this accommodation is made up of small sized businesses, so it will be important to monitor the impact and ensure that during peak times visitors are able to still find places to stay.

There is also a wider challenge around the potential pressures on tourism infrastructure both in terms of dealing with demand and maintaining and improving a quality experience. One concern is that staff in the tourism industry could be attracted away to better paid roles at the HPC site, making it difficult for businesses to provide services.

Although the area has good provision of small quality accommodation, there is a lack of mid and large sized properties, which reduces the potential for targeting groups and those visitors seeking a higher level of facilities. In order to remain competitive it will be important to prioritise quality and support new hotel developments.

The Somerset Growth Plan (2014) sums up the challenge: "The tourism sector is important to Somerset, but is characterised by too little high value activity. This leads to seasonal, part time and low paid employment in many cases. There are opportunities to increase the value of activity through developing the quality of the product and targeting new markets to drive demand."

At a strategic level neither Visit Somerset nor Exmoor Tourism are represented at a national level on Visit England's Destination Management Forum. It is vital that this is rectified so that businesses are represented and the area does not miss out on new funding and marketing opportunities.

Strategic Vision

Approach

A review of the current and anticipated tourism picture, taken in the context of the HPC development, reveals a number of opportunities and challenges. The key to managing many of these will be how effectively the area can respond, making use of its strengths to capitalise on opportunities and overcome weaknesses and potential threats.

While it is vital that plans are focused on protecting the tourism industry and improving interaction with visitors, it is important that resources are used proactively to target new customers and support higher value growth. This combination will enable the industry to grow and become more resilient. The strategy therefore has identified three principle strategic aims.

The following pages set out the vision and context for the strategic aims and key priorities. It also identifies key success indicators over the course of 2015 and 2016 to tie in with available tourism contributions under the two year Site Preparation legal agreement. A separate action plan highlights activity expected in the first year and that may also cover both years. A further logic value chain analysis will be used to evaluate targets, outputs and successes every 6 months.

SWOT Analysis

Strengths – current, internal	Weaknesses – current, internal
<ul style="list-style-type: none"> ▪ Important sector; major employer ▪ Diverse and quality rural and coastal landscape/wildlife, protected with multiple designations (e.g. National Park, AONB's, Reserves, SSSI's) ▪ Closer to London; good M/way link ▪ Internationally recognised attractions ▪ Strong in food & drink production ▪ Rich heritage & historical links ▪ Vibrant SME businesses 	<ul style="list-style-type: none"> ▪ Fragmented industry lacking one single voice, brand and trade communication channel ▪ Poor rural transport links ▪ Lack of 4/5 star mid-sized accommodation ▪ Traditionally low paid and low skilled sector ▪ Seasonal industry with many life-style and other businesses that close over winter ▪ No seat at national table for industry bodies ▪ Lack of funding to effectively target overseas visitors and other new markets
Opportunities – future, external	Threats – future, external
<ul style="list-style-type: none"> ▪ Trends in customers seeking short active leisure breaks and new experiences ▪ Influx of HPC workers, their friends & families ▪ Area in news spotlight due to HPC ▪ Inward investment including hotels ▪ Hi-speed broadband and digital technologies ▪ Match funding HPC contributions ▪ HPC Visitor Centre ▪ Ability to build on COOL project work ▪ New strategic partnerships and networks 	<ul style="list-style-type: none"> ▪ Risks from flooding ▪ Traffic congestion ▪ Planned additional road works ▪ Sustainability of information centres ▪ Perception of a 'nuclear' County, construction site and media focus on bad news stories ▪ Pressure on accommodation ▪ Leakage of workforce from tourism to HPC

Vision

Somerset and Exmoor will have a strong tourism industry that has successfully capitalised on opportunities from the development of Hinkley Point C, leaving a legacy of one of the best managed visitor experiences in the country and with businesses that are dynamic, resilient and working in partnership to compete at the highest level.

Strategic Aim 1 – Improve visitor experiences

Improve experiences for business and leisure visitors, during the development of Hinkley Point C by working in partnership with information centres and communities to create a visitor management legacy; that fosters positive perceptions, informs the travel journey, supports businesses and understands visitor movements.

Priorities

1. Fostering positive perception and awareness
2. Creating a welcoming and informed travel experience
3. Monitoring impacts on visitors and businesses

Strategic Aim 2 – Attract and retain customers

Attract and retain business & leisure visitors, taking advantage of opportunities to grow existing markets and new market segments by evolving vibrant visitor products and experiences, which will be promoted through targeted marketing campaigns, increasing use of digital tools and strategic partnerships.

Priorities

4. Evolving new products for changing customer needs
5. Capitalising on digital trends and partnerships
6. Evidence based targeted marketing campaigns

Strategic Aim 3 – Increase industry resilience

Increase industry resilience and competitiveness by focusing on encouraging higher value growth and quality, support for industry bodies in championing the area nationally, innovative funding partnerships, business support and locally led network activity that maximises opportunities.

Priorities

7. Building long term capacity of industry
8. Encouraging higher value sustainable growth
9. Supporting local distinctiveness and action

Key Success Indicators by 2020

Indicators will be measured over 6 years in line with the strategy, with the first milestone results due in 2016. They have been devised based on an assessment of currently available tourism data to the end of 2013, and anticipated economic and market trends.

To increase staying trips by domestic and overseas markets by 10%

To increase spend from all visitors by 2% annually

To increase day visits by 9%

To increase website traffic to Visit Somerset and Visit Exmoor by 20%

To achieve and maintain a 95% satisfaction rate with the overall visitor experience

Strategic Aim 1 – Improve visitor experiences

Aim

Improve experiences for business and leisure visitors, during the development of Hinkley Point C by working in partnership with information centres and communities to create a visitor management legacy; that fosters positive perceptions, informs the travel journey, supports businesses and understands visitor movements.

Priorities

1. Fostering positive perception and awareness
2. Creating a welcoming and informed travel experience
3. Monitoring impacts on visitors and businesses

Approach

The development of HPC will bring a number of opportunities. However, the sheer size of the construction in an area already facing many rural and urban challenges potentially brings with it issues for visitors and residents, both real and perceived.

Early on in discussions about supporting tourism, a number of anticipated challenges were identified around areas such as traffic and travel, perception, accommodation and shortages in the tourism workforce. These are exacerbated by certain local characteristics and factors such as limited access into and around the area, the uncertain future of information centres, the nature of widely spread small and micro tourism businesses and the potential for parts of the tourism workforce to be tempted by better paid jobs at Hinkley.

The approach will need to be proactive in trying to anticipate and manage challenges on an area by area basis, while putting in place plans for dealing with potential issues if and when they arise. It will also seek to maximise any opportunities to raise awareness of the area locally and nationally. It is vital that significant funds are directed at supporting information centres and local communities to help in delivering a dynamic visitor experience from the ground up.

PRIORITY 1 – Fostering positive perception and awareness

During construction of HPC, the perception of the area as a place to visit is likely to be influenced by press coverage. The media has a tendency to focus on the negative so it must be expected that there will be stories about congestion, upheaval and disruption to normal life. Even if this is not the case, the constant reference to ‘construction of a new nuclear power station in Somerset’ will have connotations for some that the area is a place to avoid. As witnessed when the Levels were flooded, businesses right across Somerset and Exmoor were affected by reduced bookings so the strategy must consider the impact on the wider area.

To counteract any negative stories and to take advantage of the positive interest generated, it will be necessary to use a range of communications tools including PR, social media and events. This will be supported by a comprehensive tourism-specific communications plan that identifies key messages and activities. The other major element of raising awareness will be in providing all potential targets – visitors, businesses, communities, media and organisations – with timely and correct information to help inform their travel journey. A review of information provision will be carried out to identify potential gaps in the customer experience from when visitors leave home to reaching their destination.

PRIORITY 2 – Creating a welcoming and informed travel experience

The M5 will be the main route for all Hinkley road deliveries, which will see hundreds of lorry journeys a day during the peak of construction activity. The A39, A358 and A303 roads have long

caused concerns for tourism businesses and their travelling visitors. Mondays and Fridays are changeover days at Butlins in Minehead, which can lead to an additional 6000 holidaymakers travelling in each direction along the A39 or A358. EDF Energy and Highways have been planning for this for some time and a number of road improvements are currently taking place, which will alleviate some problems. For visitors the journey is a considerable part of the overall experience so this strategy must address ways in which it can help make things easier.

A review of signage around the area for visitors is a 'must do' piece of activity, along with identifying funds to implement action. These efforts must be supported by good information using off and online methods. It will be important to set up local communication networks in order to send information out to all points (e.g. local businesses, websites and information centres) where visitors find information. Websites and variable message signs will have a part to play in keeping travellers informed. Some creative work will also be required to identify different ways in which to provide visitors with information and help them enjoy the area. Developing a 'Local Ambassadors' scheme is one such idea that could aid awareness and satisfaction rates.

There is a major role here for the information centres as a community conduit. Lack of funding recently has seen them scale back opening hours, reduce paid staff and rely more on volunteers. With efforts to attract new customers, and Hinkley workers staying all year round, it will be important to ensure sensible opening times. This applies to other tourism businesses too. Specific tourism contributions have been allocated to support the six named information centres. These funds should be used to help the centres in generating new income to improve long-term sustainability and developing a first class welcome for domestic and overseas visitors.

PRIORITY 3 – Monitoring impacts on visitors and businesses

As part of the planning agreements with EDF Energy, the HTAP is required to deliver a regular monitoring survey to measure visitor impacts during the construction of the power station. To ensure independence and a robust survey, it will be important that the research methodology is designed by an accredited research agency that employs professional researchers. A number of surveys have been carried out on visitors to Somerset and Exmoor over the years, which will provide a good starting point. The 2009/10 Somerset Visitor Survey in particular looked at visitor profiles, motivations, perception and satisfaction with the visit, as well as segmentation analysis, which provided crucial information about customers to support targeted marketing activity.

A separate business survey is necessary to measure impacts, particularly around visits to attractions and accommodation occupancy. A potential issue could arise in relation to Hinkley workers. At its peak the construction site will employ some 5,600 workers on site, a proportion of whom will use local accommodation. It will be important to understand whether visitors are finding it difficult to get accommodation during peak months, or how generally business has been affected.

The funded information centres are required to report on visitor feedback as part of their agreements and this will add to the picture being formed by the survey data. An annual review will take place of all available tourism data. As Hinkley will feature in national news stories it may be useful to pay for a cuttings service to monitor all references to the development so that communications plans can adapt accordingly. Locally it will be important to measure how car parks are used and results of any road monitoring surveys carried out by Highways will be noted.

Strategic Aim 2 – Attract and retain customers

Aim

Attract and retain business & leisure visitors, taking advantage of opportunities to grow existing markets and new market segments by evolving vibrant visitor products and experiences, which will be promoted through targeted marketing campaigns, increasing use of digital tools and strategic partnerships.

Approach

Consistent levels of funding over a six-year period will enable a more sustained and targeted approach to marketing of the area. This will see a shift in emphasis away from purely promoting the destination to one focusing more on new product experiences and targeting them at specific market segments. This will be informed by the annual research programme and marketed increasingly through use of digital tools and online marketing techniques, although integration with traditional offline methods will still play an important part.

The vast majority of visitors to the area are from leisure domestic markets and are day visitors or seeking relatively short breaks (2-7nights), often to suit a specific need or purpose at a certain time of year. For example: a relaxing short break, walking weekend, self-catering family break, or a celebration. This is not to say that the ‘attract and disperse’ approach to destination marketing, whereby icons are used to target new customers before opening them up to less known attractions, is not still required. This approach works well in targeting first time customers who know little of an area so potentially will have its place in targeting overseas markets. It will also be important to use this approach when trying to manage perceptions, raise awareness and generate a ‘feel good’ factor during construction as covered in strategic aim 1.

PRIORITY 4 – Evolving new products for changing customer needs

Before considering other elements of the marketing mix it is necessary to take some decisions around the product. It can be considered that domestic markets have been maturing for some time. Visitors have become less motivated by the idea of a destination and more interested in the quality and value for money of the experience on offer. Customers are seeking new depth and sophistication to their experiences. As the competition improves expectations of quality rise. Many visitors are seeking unique experiences to remember and to recount to friends and family. Busy lives mean that people want things made easier with information readily available.

Current trends around a need for active lifestyles, learning new skills and a desire for unique experiences play to the area’s main strength - its natural landscape. The key to gaining a competitive advantage will be in working with businesses to develop the quality required to meet customer expectations, as well as ensuring that the attention to detail is taken on assembling distinctive all round products and experiences that will genuinely match messages to each market.

It is important that there is one eye on the future too, and plans are put in place to target potential new markets with new products. Although considerable data exists on families and couples, not enough is currently known in certain specific markets. The same can be said of the ambition to target Hinkley workers, as well as growing market share in traditional French, German and Dutch markets. Further research and analysis could also be carried out on how best to influence group operators to ensure that current activity remains competitive.

Priorities

4. Evolving new products for changing customer needs
5. Capitalising on digital trends and partnerships
6. Evidence based targeted marketing campaigns

PRIORITY 5 – Capitalising on digital trends and partnerships

Any current approach to marketing should seek to take advantage of growing trends and mechanisms that bring significant added value to budgets. Strategic marketing partnerships offer one such solution for effectively targeting new customers. Partnerships could be at a local level between Visit Somerset and Exmoor Tourism to establish new advertising opportunities for members. At a wider level partnerships could be considered with other destinations, such as Visit Devon and Visit Bath, with Visit Britain for overseas markets, Visit England for domestic markets, and even other private sector companies that have significant power to reach the same target markets, such as walkers, cyclists and birdwatchers.

For some time now there has been a growing trend in using digital technology to not only research and book holidays online, but to enhance visitor experiences in destinations. Statistics to the Visit Somerset and Visit Exmoor websites have grown significantly and indicate that visitors are seeking inspiration about things to do. Visit England has recognised this by changing the focus of its own website away from destinations to 'having great experiences'. The success of websites such as 'Secret Escapes' and 'Greentraveller', show how thematic approaches can also be successful. Local examples such as the Coleridge Way story walk app and QR code poetry have shown how digital tools can enhance an experience. Going forward a review is required to identify new opportunities. This could include the use of augmented reality to bring alive walks and trails, or harnessing the power of Trip Advisor to champion quality accommodation.

PR, e-newsletters, blogs and social media campaigns will be employed to raise awareness and grow engagement with customers. Search advertising and careful placement of digital display and banner advertising should be increasingly used over more traditional tools in integrated campaigns. Creative use of videos, offers, competitions and content will need to play a key part in driving traffic back to websites.

PRIORITY 6 – Evidence based, targeted marketing campaigns

With the short timescales governing the HTAP funding initially, the plan for campaigns should first concentrate on growing market share in key strength areas, where products can be evolved quickly. This will specifically mean targeting family holidays and couples seeking short breaks in the shoulder months, as well as the day visitor market and of course HPC workers and their families. Work will continue in the background to develop other products for potential campaigns later in 2015 and into 2016, which could include overseas markets, cycling and wildlife.

Family campaigns should target parents with toddlers and pre-teenage children and position the offer as being great value, both in terms of price and the huge range of things to do. Traditional seaside and farm holidays present the best backdrop for this. Previous customer profiling survey results indicate that short break campaigns should target more mature and affluent markets with quality and unique added value walking, wildlife, romance and heritage experiences. The arrival of HPC workers will boost the visiting friends and family market so a specific day visit campaign to drive local and regional traffic to the new Visit Somerset mobile app makes perfect sense.

Overall the opportunity is there to grow the reputation of the Somerset and Exmoor brands by displaying the breadth of holiday choices on offer. Both have key strengths in the eyes of different sets of visitors that must be used to capitalise on potential. For instance the stars of any seaside or heritage offers should make most use of Somerset's strong established reputation, while the reputation of the Exmoor brand will be crucial in attracting customers for walking and wildlife breaks. Strong collaboration and cross-selling will be required to make this a reality.

Strategic Aim 3 – Increase tourism resilience

Aim

Increase industry resilience and competitiveness by focusing on encouraging higher value growth and quality, support for industry bodies in championing the area nationally, innovative funding partnerships, business support and locally led network activity that maximises opportunities.

Priorities

7. Building long term capacity of industry
8. Encouraging higher value sustainable growth
9. Supporting local distinctiveness and action

Approach

Success in improving visitor experiences and attracting new customers may not be possible without focusing some resource at supporting the industry in adapting to meet changing customer needs. The overall approach needs to encompass the different layers of the industry and actively foster delivery in each, in order that maximum benefits can be brought to the local economy.

It is important that the tourism industry is represented at a wider regional and national level by strong industry bodies leading the way, supported by the experience and knowledge of the public sector. On an individual level it is vital that businesses have the tools to target new customers successfully, continue to raise quality levels, and tie in with destination marketing campaigns. Furthermore the approach will encourage more action from the ground up by supporting key community and business groups that may face specific challenges or be able to maximise opportunities from the HPC development.

PRIORITY 7 – Building long term capacity of the industry

With the future of public sector funding being very unclear, it will be important that all efforts are made to support the main tourism bodies in achieving their ambitions to lead the industry. One key issue centres on the area's lack of voice at a national level. Neither Visit Somerset nor Exmoor Tourism have a place at Visit England's Destination Management Forum due to not yet meeting all of their criteria for membership. This means that businesses across the area are not being represented at the highest level and the area is missing out on marketing and funding opportunities. There is work to do to ensure that all criteria for joining the forum is met. Separately to this, work is also required to help both bodies grow commercially, improving membership benefits and long term organisational sustainability.

In recent times the public sector has been particularly successful in securing hundreds of thousands of pounds in external match funding for tourism and economic development activity. Using this knowledge it will be important to continue this trend. One potential opportunity will be around developing a new EU Interreg Tourism project following the success of the current COOL Tourism Project, which brought in an additional £135k for rural tourism and opened up new partnerships in France and Southeast England. Other opportunities may exist around LEADER funding, the Local Economic Partnership, other EU funding pots and coastal communities funds.

Overall, the strategic focus must be on encouraging higher value tourism activity. Typically the tourism sector is characterised by seasonal low paid and part-time work, and small/micro businesses often operating within tight margins. The development of HPC could provide new opportunities for people to take better paid jobs and all year round work. The strategy therefore needs to address this by encouraging, quality, hospitality careers and visitor infrastructure.

PRIORITY 8 - Encouraging higher value sustainable growth

Encouraging higher value growth will occur at different levels from support for individual businesses to local projects and major developments. In terms of businesses HTAP can draw on the success of the recent COOL Tourism Project, which supported individual businesses via the development of a business toolkit, training workshops and marketing initiatives. Support has focused on improving digital marketing presence, social media planning, customer service, quality and developing new products and experiences. This and other business support activity will help in aligning businesses with the overall plans HTAP develops for marketing the area.

On the horizon, a number of tourism related projects are being planned by various groups in the area that could have a direct impact on achieving higher value growth. These include, Somerset Wildlife Trust's Brilliant Coast project, the Onion Collective's work to transform Watchet Boat Museum, the cycling related Steam Coast Trail Project and the Crown Estate's ambitions to create a Dunster Forest Activity Park. HTAP will need to keep abreast of these projects as they develop to identify if and when support would provide added value.

As part of the HPC construction, EDF Energy are planning to build a new 'state of the art' visitor centre, which will provide new jobs and attract thousands of visitors annually. The Centre will focus on all types of energy creation from nuclear to green fuels, as well as promoting the local area. It will provide a unique all year round visitor attraction unlike any other in England, and will open up opportunities to attract new types of visitors including educational related groups.

PRIORITY 9 – Supporting local distinctiveness and action

In recent times, local authorities have invested considerable effort in supporting community and business network groups in developing local tourism and economic development activity. The principle being to foster a sense of local ownership and involvement in achieving ambitions. Partners involved in HTAP have continued this work through the COOL Tourism Project, supporting the development of new business networks. Communities have also been supported in developing funding bids for specific local projects. This has all led to a wide variety of valuable activity from new events, signage, smartphone apps, market stalls, social media activity and branding exercises. The essential principles of this work will be carried over into the HTAP strategy where appropriate.

It is already anticipated that the HPC development will impact upon specific places at different times during construction. For instance, 2014/15 work will take place on the new Washford Cross roundabout, which is part of overall plans to help alleviate traffic congestion around HPC. The closure of the exit to Watchet from the crossroads will mean that traffic is diverted through Williton for some months. This could lead to potential visitor issues for the town, and funding and resource needs to be directed at helping the community deal with challenges. During construction other areas such as the Steart Peninsular, Bridgwater, Combech and Cannington may well need specific assistance at times going forward, and therefore the HTAP strategy will need a degree of flexibility to manage this.

A theme that received significant support at the tourism industry workshop in 2014 was the concept of celebrating coastal heritage and wildlife. This is an important theme, and one that can be picked up in different ways. Marketing activity will certainly seek to maximise potential, while businesses should be supported in taking advantage of local distinctiveness. Another idea is that a coastal heritage festival could be developed. As has already been described a number of other coastal related projects are being planned, and so the opportunity exists to see how all these initiatives can collaborate and best be exploited.

References

A number of key documents have been used in the development of this document.

- Exmoor Strategic Action Plan for Sustainable Tourism 2013-18
- Visit Somerset Marketing and Business and Development Plan 2015/16
- Visit England Strategic Framework for Tourism in England 2010-2020
- Visit England Marketing Strategy and Action Plan
- Visit England Rural Tourism Action Plan
- Visit England Seaside Resorts Action Plan
- Somerset Volume and Value Data 2013
- Somerset Visitor Survey 2009/10
- Exmoor Visitor Survey 2010 and 2012
- Exmoor Business Survey 2013
- Exmoor Non Visitor Survey 2012
- Visit England Domestic Leisure Tourism Trends for the next Decade
- Visit Britain Overseas Trend Data for each Nation & Region
- Visit Britain Overseas Visits to different parts of the country
- www.visitbritain.org/insightsandstatistics
- Ofcom Communications Market Reports Aug 2014
- Somerset Growth Plan 2014
- West Somerset Economic Strategy 2011
- Somerset Economic Strategy

Map of the Somerset and Exmoor area around Hinkley Point C



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 ***Please see reference notes and tables at the end of the action plan ***

Hinkley Tourism Stratetgic Action Plan for 2015

Strateic Aims and Priorities		Ref.	Action	Lead Partners	Delivery Date	Activity Cost	Budget Phase	Match Potential	Notes
Improve vistor experiences	1. Fostering positive perceptions and awareness	1.1	Employ a PR professional to advise, devise and deliver a plan for PR and social media activity, campaigns and travel experience tools	WSC, SDC	Apr-15	£ 20,000	2	£ -	Request for funds from WSC in Feb 2015
		1.2	Develop an industry focused communications and travel plan, including a contacts database, protocols and key messages	WSC, SDC	Mar-15		2		This plan replaces the visitor management plan outlined in section 106 agreements
		1.3	Investigate the potential for creating a 'Local Ambassadors Scheme' to assist and enhance visitor welcome	TIC Group	Jun-15		3		Review required to identify potential budget implication
	2. Creating a welcoming and informative travel experience	2.1	Support information centres using separate S106 budgets to improve and deliver services, monitor impacts and set up TIC group	TIC Group	Jan-15		1		Separate budgets exist for 6 named TIC's.
		2.2	Review customer service and language training needs of TIC staff, ambassadors and businesses to improve welcome experience	TIC Group	Jun-15		3		Review required to identify potential budget implication
		2.3	Investigate potential of improving services and welcome to group operators, working with local partners and national bodies	TIC Group	Jun-15		3		Review required to identify potential budget implication
		2.4	Carry out a review of tourism signage and planned road works and develop a plan for implementation later in 2015/16	WSC, SDC	Mar-15		3		Review required to identify potential budget implication
	3. Monitoring impacts on visitors and businesses	3.1	Procure a research agency to deliver 4 visitor surveys over 2 years, including analysis of data and contribution to marketing review	SCC	Feb-15	£ 35,000	1	£ -	35k signed off by WSC in Dec 14 - 50% in 2015, 50% in 2016
		3.2	Devise a survey and plans for anyalysing the impacts on businesses	WSC, SDC, SCC	Jun-15	£ 5,000	1	£ -	5k signed off by WSC in Dec 14
		3.3	Continue to fund participation in annual South West Tourism Value of tourism report, including data for districts and selected towns	WSC, SDC, SCC	Apr-15		2		Costs and activity will be part of marketing plan
Attract and retain customers	4. Evolving products for changing customer needs	4.1	Identify product development and information needs for target markets in line with marketing plan ambitions, using marketing budget to fill gaps and working with the industry to develop new packages, experiences, offers and web content	WSC, SDC	Mar-15		2		Costs and activity will be part of marketing plan
		4.2	Review potential new target segments in overseas and domestic markets, in conjunction with Visit Britain and partners	WSC, SDC	Dec-15		4		Review required to identify potential budget implication for future marketing activity
	5. Capitalising on digital trends and partnerships	5.1	Explore potential strategic marketing partnerships through marketing strategy and planning (e.g. Visit Britain, Visit Devon)	Marketing group	Mar-15		2		Costs and activity will be part of marketing plan
		5.2	Development of a subsite by Visit Somerset to provide Hinkley workers and their families with inspiration and offers	VS	Mar-15		1		Development funded separately by EDF, hosting costs picked up by HTAP in 2016
		5.3	Investigate development of digital tools to enhance products on the groun and websites (e.g. augmented reality, QR codes, apps)	WSC, SDC	Jun-15		3		Review required to identify potential budget implication
	6. Delivering evidence based, targeted marketing campaigns	6.1	Implement activity as set out in the 2015 marketing. The plan will identify target markets, product development needs and strategic marketing partnerships, as well as include the procurement of a creative advertising agency to deliver largely digital focused targeted advertising campaigns.	Marketing group	Mar-15	£ 65,385	2	£ 15,000	Request for funds from WSC in Feb 2015, potential match from Visit England, existing COOL budgets and advertising
6.2		Carry out an annual marketing review, with an analysis of current data and trends and recommendations for future marketing	WSC, SDC	Nov-15 121		4		Analysis required for marketing and development in 2016	

Increase Industry Resilience	7. Building strategic capacity of industry	7.1	Support industry bodies in growing strategically, commercially, and improving long-term sustainability, by committing funds that could be match funded later in 2015 with a LEADER bid.	VS, ET	122 Mar-15	£ 20,000	2	£ 10,000	Request for funds from WSC in Feb 2015, Potential match from LEADER	
		7.2	Complete current EU Interreg match funded COOL Tourism Project	WSC, SDC, SCC, ENPA	May-15			2		Project to be completed by May 2015
		7.3	Identify major match funding opportunities, including potential to develop a new tourism EU Interreg bid for 2015/16	WSC, SDC	Nov-15				4	
	8. Encouraging higher value growth	8.1	Match fund the procurement of an agency or specialist to support businesses with digital and other development needs	WSC, SDC	Apr-15	£ 20,000		2	£ 20,000	Request for funds from WSC in Feb 2015 - Match funded with Economic Development budgets
		8.2	Procure an agency or consultant to deliver a series of workshops supporting businesses in using the COOL Tourism Business Toolkit	WSC, SDC	Apr-15			2		Costs and activity will be part of marketing plan
		8.3	Keep abreast of significant tourism projects encouraging high value with a view to providing support and potential match funding	WSC, SDC	Dec-15				4	
	9. Supporting local distinctiveness and action	9.1	Fund and support Watchet in devising a plan to mitigate impacts from the development of Washford Cross in 2014/15	WSC	Jan-15	£ 5,000		1		Work ongoing with businesses and community
		9.2	Work on plans for potential funding and support for other areas that will need to mitigate against impacts on tourism from HPC	SDC	Jun-15			3		Review required to identify potential budget implication
		9.3	Continue work from COOL and other projects of supporting local business networks in developing tourism projects and funding bids	WSC, SDC	Dec-15				3	
Total Budget (+ potential match)						£ 170,385			£ 45,000	

Strategic Aim Breakdown	Number of actions	Budget	Match
Strategic Aim 1 - Improve visitor experiences	10	£ 60,000	£ -
Strategic Aim 2 - Attract and retain customers	7	£ 65,385	£ 15,000
Strategic Aim 3 - Increase Industry resilience	9	£ 45,000	£ 30,000

Site Preparation Section 106 Tourism Contributions
2015 = £160,000 + uplift to £170,385
2016 = £160,000
Total Budget = £320,000

Budget Phases
1 = Pre-2015
2 = Feb-15
3 - Approx Jul-15
4 = Approx Dec-15

*** NOTES ***
Printing this spreadsheet can be done in either A4 or A3 landscape with 1 cm borders. Printing in A4 will lose column K.
Sorting Information can be done by highlighting the actions only (starting at 1.1) from columns D to K.
Budget Phase relates to when Section 106 contributions are requested from council (see below for dates).

Appendix C – Specific Project Proposals

Project 1	PR & Social Media (Reference 1.1 in Action Plan)	
<p>Strategic Aim: Improve visitor experiences Priority: 1. Fostering positive perceptions and awareness</p> <p>Action: 1.1. Employ a PR professional to advise, devise and deliver a plan for PR and social media activity, campaigns and travel experience tools.</p> <p>Funding Request: £20,000 (to be spent over a 12 month period in 2015/16)</p> <p>Overview During construction of HPC, the perception of the area as a place to visit will be influenced by media coverage. The media often have a tendency to focus on the negative so it must be expected that there will be stories about congestion, upheaval and disruption to normal life. The constant reference to 'construction of a new nuclear power station in Somerset' could also have connotations for some that the area is a place to avoid. As witnessed when the Levels were flooded, businesses right across the area were affected by reduced bookings. A workshop in June 2014 with 60 tourism businesses and organisations, plus consultation with industry bodies and local business networks, all identified that maintaining a positive perception of the area should be one of the top priorities for the HTAP strategy.</p> <p>Proposal It is proposed to employ the services of a PR professional or agency on an initial twelve month contract for 2015/16. The contract would include the potential for an extension in 2016/17 depending on success and a review of strategic need by HTAP. A robust procurement exercise will ask potential suppliers to evidence significant relevant experience, ideas and media contacts in order to deliver the following:</p> <ul style="list-style-type: none"> ➤ To instigate public relations activity both off and online, which will raise the profile of the area locally, regionally and nationally. <ul style="list-style-type: none"> - This will include working up a plan of activity for researching and writing press releases, articles and copy, acting as a key point of contact supporting the media, generating familiarisation trips, monitoring activity and liaising with Visit England on national and international opportunities. ➤ To increase perception and awareness of Somerset and Exmoor with visitors, businesses and the media using digital marketing tools, such as social media, e-newsletters and blogging. <ul style="list-style-type: none"> - This will include planning for and leading on tweets and posts on twitter and facebook pages for Visit Exmoor and Visit Somerset, researching and writing blogs and copy for e-newsletters. ➤ To develop a set of communication and travel tools that will help improve the experience visitors have in travelling to and around the area, and that will portray a positive perception. <ul style="list-style-type: none"> - This will include developing itineraries, travel games, tips, inspirational new content for websites and practical suggestions for travel arrangements ➤ To ensure that all activity works in collaboration with the communication and travel plans that are to be developed in the tourism action plan under action 1.2, and related to action 2.4. <ul style="list-style-type: none"> - The communication and travel plans will identify key messages, tools and protocols for communicating with the tourism industry, media and visitors. It will also map out planned road works and signage issues identified in the planned review (action 2.4) 		
<p>Anticipated Outcomes (to be achieved by 2016):</p> <ul style="list-style-type: none"> ➤ 24 or more new media opportunities via public relations activity ➤ 10 or more new media familiarisation trips ➤ Increase followers and likes from social media accounts by 20% ➤ Develop 10 or more new travel tools ➤ 5% increase in awareness of area in visitor monitoring survey ➤ 5% increase in visits to Visit Somerset and Visit Exmoor websites 		<p>Anticipated Match Funding:</p> <ul style="list-style-type: none"> ➤ None at current time

Appendix C – Specific Project Proposals

Project 2	Marketing Plan Activity	
<p>Strategic Aim: Attract and Retain Customers Priority: 6. Delivering evidence based targeted marketing campaigns</p> <p>Action: 6.1 Implement activity as set out in the 2015 marketing. The plan will identify target markets, product development needs and strategic marketing partnerships, as well as include the procurement of a creative advertising agency to deliver largely digital focused targeted advertising campaigns.</p> <p>Funding Request: £65,000</p> <p>Overview The approach to marketing is centred around 3 key threads: re-packaging and evolving new products/experiences to meet changing customer needs, capitalising on digital trends and strategic partnerships to maximise budgets; and a focus on targeted marketing campaigns. Research shows that customers are increasingly seeking specific tourism short breaks (e.g. walking breaks, family fun, heritage seekers, relax and recharge breaks), as opposed to the more traditional approach of selecting a specific destination for a holiday. As the competition improves, the challenge is on for destinations to develop new and exciting experiences that will inspire visitors. Furthermore, the vast majority of holiday decisions now take place online, whether it be via social media, accommodation booking websites or video advertising.</p> <p>Proposal Use all funds to implement activity in the 2015 marketing plan.</p> <p>The plan will identify an approach and justification for targeting key domestic and overseas markets for short breaks and day visits. This will include integration with current marketing activity, including Visit Somerset and Visit Exmoor websites and brochures. Rather than directly support current marketing activity however, funds will largely be used to develop new marketing initiatives that without previous funding have not been possible, and that will add value to the overall promotional picture of the area. This will include:</p> <ul style="list-style-type: none"> ➤ £15k allocated to developing strategic marketing partnerships in order to maximise the potential of budgets. Potential partnerships could be formed with Visit England, other destinations such as Visit Devon, or private sector led companies, such as www.greentraveller.com. ➤ £45k allocated to procuring the services of a creative advertising agency to run a number of targeted marketing campaigns in late Spring and Autumn (e.g. family, heritage, walking, relaxing breaks), and which will capitalise on growing customer trends for making holiday decisions online and via digital advertising tools. Costs will include running competitions and developing new inspirational content where needed for Visit Exmoor and Visit Somerset websites to tie in with campaigns. ➤ £5k allocated to match funding and extending the recent COOL Tourism marketing campaign - 'Great Escapes'. This campaign saw the production of 100,000 small A5 sized brochures promoting 30 great experiences in Somerset and Exmoor. Developed by Greentraveller, 80,000 were distributed in partnership with Countryfile magazine and locally Exmoor magazine. Funds can be used to match fund remaining budgets in COOL Tourism. 		
<p>Anticipated Outcomes (to be achieved by 2016):</p> <ul style="list-style-type: none"> ➤ 3% increase in staying trips by domestic visitors ➤ 5% increase in overseas visitors ➤ 2% increase in visitor spend ➤ 4% increase in day visits ➤ 10% increase in website traffic to Visit Somerset and Visit Exmoor <p>*** With the exception of website traffic, outcomes will be measured in line with annual tourism volume and value data, which is released a year later. Current figures are based on trends from 2011, 2012 and 2013 data.</p>		<p>Anticipated Match Funding:</p> <ul style="list-style-type: none"> ➤ £10k of funding could be match funded by Visit England for joint campaigns and advertising ➤ £5k of funding could be match funded with existing COOL Tourism budgets

Appendix C – Specific Project Proposals

Project 3	Support for tourism industry	
<p>Strategic Aim: Increase industry resilience Priority: 7. Building long-term capacity of the industry</p> <p>Action: 7.1 Support industry bodies in growing strategically, commercially, and improving long-term sustainability, by committing funds that could be match funded later in 2015 with a LEADER bid.</p> <p>Funding Request: £20,000</p> <p>Overview With diminishing public sector resource for tourism, there has been a strong desire in recent times to support the main tourism bodies in achieving their ambitions to lead the industry. With the situation unlikely to change it is important that all efforts are made to build their capacity. One key issue centres on the area's lack of voice at the national table. Neither Visit Somerset nor Exmoor Tourism have a place at Visit England's Destination Management Forum due to not yet meeting all the criteria. This means that businesses across the area are not being represented at the highest level and miss out on opportunities. For instance often large funding sources will request that destination management organisations are recognised by Visit England in order to apply. There is work to do to ensure that all criteria for joining the forum is met. Separately to this, work is also required to help both bodies grow commercially, improving membership benefits and improve long term organisational sustainability.</p> <p>Proposal Operating under separate service level agreements, the proposal is to provide funds to Visit Somerset and Exmoor Tourism each to procure part-time support in growing their organisations strategically, commercially, and in improving long-term sustainability.</p> <ul style="list-style-type: none"> ➤ Helping to develop new funding streams and commercial opportunities that can be sustained through the revenue raised, once established <ul style="list-style-type: none"> - This could include marketing initiatives or using the power of clusters of businesses to achieve discounts and savings for members. ➤ Developing viable strategic business and destination plans <ul style="list-style-type: none"> - The business plan should outline clear and attractive membership offers and proposals and the destination plan will enable organisations to meet Visit England criteria ➤ Providing organisational support <ul style="list-style-type: none"> - This will include helping to set up good systems, policies and procedures for current staff and committees to follow, as well as investigating funding opportunities, such as working up a LEADER bid, when this funding comes on line later in 2015. ➤ A small travel expense budget <ul style="list-style-type: none"> - Board members for both organisations are all volunteers. A small budget (approx. £1k in total) would be provided to support selected representatives in attending HTAP, Visit England and other key strategic tourism meetings. 		
<p>Anticipated Outcomes (to be achieved by 2016):</p> <ul style="list-style-type: none"> ➤ 20% increase in members ➤ 8 new sustainable income generating initiatives ➤ 2 business and destination plans ➤ 4 new policies and procedures 		<p>Anticipated Match Funding:</p> <ul style="list-style-type: none"> ➤ £10k from LEADER

Appendix C – Specific Project Proposals

Project 4	Business support	
<p>Strategic Aim: Increase industry resilience</p> <p>Priority: 8. Encouraging higher value sustainable growth</p> <p>Action: 8.1 Match fund the procurement of an agency or specialist to support businesses with digital and other business development needs</p> <p>Funding Request: £20,000</p> <p>Overview The tourism sector is typically characterised by seasonal low paid and part-time work, and small businesses often operating within tight margins. The development of HPC could provide new opportunities for residents to learn new skills, take better paid jobs and find all year round work. With 27% of people currently employed in tourism in West Somerset, HPC could have a significant and possibly detrimental impact on the industry. We need to urgently address these down-stream requirements.</p> <p>The other major issue is that there is a need to support businesses with adapting and raising the quality of products and experiences in order to meet the needs of changing customer needs. The COOL Tourism Project, which ends in May 2015, has piloted a number of initiatives that could now be taken forward and developed under this proposal, including the COOL Tourism Business Toolkit, experience and digital workshops. A focus on this also will serve to help increase the competitiveness of Somerset and Exmoor as holiday destinations.</p> <p>Proposal Use funds to match with £20,000 from West Somerset Council and Sedgemoor District Council economic development allocations to develop a plan of business support activity that will encourage higher value sustainable growth, and which will also support the development of product offerings that will support destination promotions. This will involve:</p> <ul style="list-style-type: none"> ➤ Procuring a business support specialist or agency to provide a digital advice and mentoring service <ul style="list-style-type: none"> - This would involve offering training, clinics, 1 to 1 consultancy to increase confidence, maximise potential, create new products and improve business efficiency through the use of digital tools and opportunities (e.g. social media, websites, e-commerce, bookings, research, courses) ➤ Carry out a review of business development needs and commission appropriate business development workshops <ul style="list-style-type: none"> - Topics would include quality, customer service, using local food, management, marketing Workshops would also look to use the COOL Tourism Business Toolkit, which has been developed to help and support businesses in developing their business, marketing and promotion, using local distinctiveness and working together in business networks. This activity will also dovetail with other existing support mechanisms where appropriate referrals will be made to business mentors / Growth Hub support etc. 		
<p>Anticipated Outcomes (to be achieved by 2016):</p> <ul style="list-style-type: none"> ➤ 200 businesses supported. ➤ 50 intensive business support opportunities provided. ➤ 10 workshops provided 		<p>Anticipated Match Funding:</p> <ul style="list-style-type: none"> ➤ £10k West Somerset Council Economic Development Allocation ➤ £10k Sedgemoor District Council Economic Development Allocation