

To:

Members of Scrutiny Committee

(Councillors P H Murphy (Chairman), N Thwaites (Vice Chairman), I Aldridge, R Clifford, G S Dowding, B Leaker, B Maitland-Walker, J Parbrook, and R Woods)

Members of Cabinet

(Councillor A Trollope-Bellew (Leader), M Chilcott (Deputy Leader), M Dewdney, K J Mills, C Morgan, S J Pugsley, K H Turner, D J Westcott)

Our Ref CS

Contact Clare Rendell c.rendell@tauntondeane.gov.uk

Date 11 January 2017

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING
THIS DOCUMENT CAN BE MADE AVAILABLE IN LARGE PRINT, BRAILLE, TAPE FORMAT
OR IN OTHER LANGUAGES ON REQUEST**

Dear Councillor

I hereby give you notice to attend the following meeting:

SCRUTINY COMMITTEE

Date: Thursday 19th January 2017

Time: 3.30 pm

Venue: Council Chamber, Council Offices, Williton

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

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

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

Yours sincerely



BRUCE LANG
Proper Officer

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.

SCRUTINY COMMITTEE

Meeting to be held on Thursday 19 January 2017 at 3.30 pm

Council Chamber, Williton

AGENDA

1. Apologies for Absence

2. Minutes

Minutes of the Scrutiny Committee held on 15 December 2016, to be approved and signed as a correct record – **SEE ATTACHED.**

3. Declarations of Interest

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

4. Public Participation

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

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

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

5. Notes of Key Cabinet Decisions/Action Points

To review the Key Cabinet Decisions/Action Points from the Cabinet Meeting held on 4 January 2017 – **SEE ATTACHED.**

6. Cabinet Forward Plan

To review the latest Cabinet Forward Plan for the months of January onwards, published on 21 December 2016 – **SEE ATTACHED.**

7. Chairman's Announcements

An opportunity to update the Committee on any matters of interest or matters arising.

8. SWP Business Plan

To consider Report No. WSC 2/17 to be presented by Chris Hall and Steve Read – [SEE ATTACHED](#).

The purpose of the report is to seek approval for the Somerset Waste Partnership's Draft Business Plan for 2017-2022. Whilst the Business Plan has a 5 year horizon, Members are only requested to approve the plan for the financial year 2017/18.

9. Public Convenience Asset Transfer Update

To consider Report No. WSC 3/17 to be presented by Councillor P Murphy – [SEE ATTACHED](#).

- 1.1 The purpose of the report is to reference the outcomes of the Cabinet Report WSC 1/17 which was considered at the meeting of Cabinet held on 4th January, 2017 and provided an update on the latest position in regard to the transfer of public conveniences and considered the most effective way in which the Scrutiny Committee can monitor the implementation of the agreed policy.

10. Financial Standing and MTFP 2017/18

To consider Report No. WSC 4/17 to be presented by Councillor M Chilcott – [SEE ATTACHED](#).

The purpose of the report is to provide Scrutiny Committee with an update on budget estimates for 2017/18 and Medium Term Financial Plan (MTFP) forecasts, and to consult with Members on the proposed means of closing the residual Budget Gap for 2017/18.

11. Capital Programme Budget Estimates 2017/18

To consider Report No. WSC 5/17 to be presented by Councillor A Trollope-Bellew – [SEE ATTACHED](#).

The purpose of the report is to provide Members with the detail of the Capital bids for the 2017/18 Capital Programme and the proposed source of funding.

12. SWP Loan Arrangement

To consider Report No. WSC 6/17 to be presented by Councillor M Chilcott – [SEE ATTACHED](#).

The purpose of the report is to provide detail in relation to a request to lend between £1.26m and £3.5m to the Somerset Waste Partnership (SWP) for the purchase of new vehicles associated with the New Operating Model.

14. Scrutiny Committee Work Plan

To receive items and review the Scrutiny Committee Work plan for 2016/17. - **SEE ATTACHED.**

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.

SCRUTINY COMMITTEE

Minutes of the Meeting held on 15th December 2016 at 3.30 pm

Present:

Councillor P H MurphyChairman
Councillor N ThwaitesVice-Chairman

Councillor I Aldridge
Councillor R Clifford
Councillor B Leaker
Councillor R Woods

Councillor G S Dowding
Councillor B Maitland-Walker
Councillor J Parbrook

Members in Attendance:

Councillor M Chilcott
Councillor M Dewdney
Councillor A Hadley
Councillor K J Mills
Councillor A Trollope-Bellew

Councillor H Davies
Councillor R Lillis
Councillor K Turner
Councillor D Westcott

Officers in Attendance:

Assistant Director – Operational Delivery (C Hall)
Asset Manager (T Child)
Assistant Valuer (J Warner)
Housing and Community Project Lead (A Summers)
Managing Director Gatherwell (B Speare)
Director of Clinical and Collaborative Commissioning at the Somerset CCG (Ann Anderson)
Chief Operating Officer – Somerset Partnership NHS Foundation Trust (Andrew Heron)
Consultant Nurse for Stroke (Ian Evans)
Director of Nursing and Patient Safety (Sue Balcombe)
Media and Communications Officer (D Rundle)
Democratic Services Officer (M Prouse)
Democratic Services Officer (A Randell)

SC 51 Apologies for Absence

An apology was received by Councillor R Clifford.

SC 52 **Minutes**

(Minutes of the Meeting of the Scrutiny Committee held on 24 November 2016 – circulated with the Agenda.)

RESOLVED that the Minutes of the Scrutiny Committee held on 24 November 2016 be confirmed as a correct record.

SC 53 **Declarations of Interest**

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

| Name | Minute No. | Description of Interest | Personal or Prejudicial or Disclosable Pecuniary | Action Taken |
|--------------------------|-------------------|--------------------------------|---|---------------------|
| Cllr B Maitland - Walker | All Items | Carhampton | Personal | Spoke and voted |
| Cllr P H Murphy | All Items | Watchet | Personal | Spoke and voted |
| Cllr J Parbrook | All items | Minehead | Personal | Spoke and voted |
| Cllr N Thwaites | All items | Dulverton | Personal | Spoke and voted |

Further declarations were stated by:-

Councillor Aldridge – Item 10. Personal Interest as the Governor of Somerset NHS Trust.

Councillor Woods declared a personal interest relating to agenda Item 10, in respect of creating a Facebook page relating to the Williton Hospital Stroke Unit Consultation.

SC 54 **Public Participation**

The following members of the public made statements on the following agenda items:-

1. Honorary Alderman of the District Mr Eddie May made a statement on Agenda Item 10.
2. Mr Christopher Henson of Luxborough Parish Council made a statement on Agenda Item 10.
3. Mrs Case of Luxborough Parish Council made a statement on Agenda Item 10.
4. Mrs Margaret Tatham made a statement on Agenda Item 10.
5. Mrs Barbara Heywood, Secretary of the League of Friends of Williton Hospital made a statement and presented a petition on Agenda Item 10.

SC 55 Cabinet Forward Plan

(Copy of the Cabinet Forward Plan published 7 December 2016, circulated at the meeting)

- It was requested for an item of reviewing the achievability of the transfer of public toilets to be added to the forward plan of a future meeting date.

RESOLVED that the Cabinet Forward Plan published on 7 December 2016, be noted.

SC 56 Chairman's Announcements

The Chairman invited Andrew Heron to present a brief statement in respect of item 10.

SC 57 Joint Lottery Report

The report WSC 146/16 was introduced by Councillor D Westcott and presented by Angela Summers and Ben Speare.

The purpose of the report was to seek agreement to launch an online automated Joint Lottery, which would help fund discretionary support to voluntary and community sector (VCS) organisations active across the whole of West Somerset District and Taunton Deane Borough.

During discussion, the following points were raised:-

- It was suggested that local authorities could help drive and build a plan around promoting the joint lottery. This could be marketed in the community using a social media account that could announce the winners.
- It was considered if this could be promoted on envelopes and e-mail signatures.
- The rationale was for a joint lottery with Taunton Deane Borough Council, to provide a greater pool of participants. Members of the public can play nationally if over the age of 16.
- Members considered the proposal as positive for the community and voluntary sector which had suffered reductions in grants and funding. Small amounts of funding to these organisations could have a big impact
- It is for local the councils to decide the community and voluntary sector groups that benefit through the lottery. Best practice from elsewhere could be fed through and applied.
- Councillors feedback on the "good causes" section of the report was welcomed
- Councillors broadly welcomed and supported the initiative.

RESOLVED that:- The Scrutiny Committee support the proposal to run a Joint Lottery, set out in Appendix A and recommend:

- 1) The instigation an online joint lottery operated by the ELM, Gatherwell with a lottery ticket price of £1.
- 2) The final arrangements of launching the lottery be delegated to the Assistant Director, Housing & Community Development and Lead Member for Community & Customers in consultation with the Section 151 Officer. This would include: appointing Gatherwell as the ELM, following the completion of due diligence; finalising the process for involving and marketing to the Voluntary and Community Sector (VCS) and the eligibility criteria for them to take part as good causes, plus allocating a small amount of officer time to apply for the Gambling Commission licence, check and register VCS organisation to join the list of good causes and administering decisions by Councillors for the Central Fund allocations to local good causes.

SC 58 Transfer of Public Conveniences

The report WSC 147/16 was presented by Councillor Chilcott.

This purpose of the report was to consider the options for public convenience buildings on and after 1st April 2017. To include where possible transfer to Town, Parish Councils or Community Groups and to also consider alternative options, if transfers were not progressed, of commercial disposal, development, demolition or alternative use.

During discussion, the following points were raised:-

- Members expressed concerns over demolition being an option along with the pressure of the timeframe of 31st March.
- The public conveniences were initially offered to town and Parish Councils, then alternative options would be explored by asset management.
- Business rates would still apply to public conveniences.
- Some towns and parish councils did not have the resource to take on the public conveniences.
- Councillors voiced further unease over the flexibility of the timeline of parish councils with guidance only gone out on 24th November, it was considered this was unrealistic. In many instances heads of terms could not be proceeded with until funding is agreed.
- Suggestion was made for the deadline of the 23rd December to be changed to a date to be determined in January to allow time for Parish Councils to meet and consider the options.
- The Committee declined to support recommendation 2.3. This recommended sites which were not transferred, alternative options would be progressed of commercial freehold or leasehold disposal, development, demolition or alternative use to be agreed by the Asset Manager with the approval of the Lead Member for Resources.

RESOLVED that:- The Scrutiny Committee recommend to Cabinet to approve:

- 1) The transfer of public conveniences listed in section 4.5 to town, Parish Councils or Community Groups either freehold at £1, leasehold at £1 per annum or by license.
- 2) All other terms and conditions of the transfers to be agreed by the Asset Manager with the approval of the Lead Member for Resources and Central Support.
- 3) The use of the sustainability reserve as set out in Appendix A, as amended by timescale until January to be determined, and the requirement for the statement of Community end user consultation.
- 4) Formally approve the addition of £43,200 to the Capital Programme to create the Capital Sustainability Fund expenditure budget which will be funded from ring-fenced capital receipts.
- 6) Delegated authority to Assistant Director - Chris Hall, Assistant Director - Terry May in consultation with Lead Member to review bids to the sustainability reserve and allocate resources.

SC 59 **Williton Hospital Stroke Unit Consultation**

The report WSC 148/16 was introduced by Councillor Murphy. A presentation was given by Ann Anderson and Nick Heron on the Vision for the future of Health and Care Services across Somerset. There was also an announcement that patients at present in Minehead Hospital would be transferred to Williton Hospital on a temporary basis.

The purpose of the report was for the Somerset Clinical Commissioning Group (SCCG) to provide further information on the proposed temporary closure of 6 specialist beds at Williton Hospital Stroke Unit and to answer questions on the issue.

Following Public Question Time a petition against the closure of specialist beds at Williton Hospital Stroke Unit was handed to the Clinical Commissioning Group by Mrs Barbara Heywood.

During discussion, the following points were raised: -

- Councillors voiced concerns over the recent announcement of the temporary closure of six specialist beds at Williton Stroke Unit. There was concern that the Clinical Commissioning Group had dictated to the Somerset Partnership NHS Foundation Trust.
- Members were reassured that the planned movement of Minehead Patients to Williton Hospital was due to difficulties in recruitment of nurses. This was a temporary measure with the situation to be closely monitored. Somerset Partnerships and acute services had been worked

closely with. In the event of any permanent changes consultation would be carried out.

- Councillors requested for inequality be addressed with patient's ability to access services across the district.
- Assurance was given that users of the service would not be disadvantaged, with six stroke beds remaining.
- Performance KPI's were being introduced in addition to investment in preventative medicine and measures. An increasing number of patients were enabled to return home. Guidelines were fully adhered to, it was patient's choice to return home, with ongoing rehab and therapy offered after discharge.
- Further information was requested on the number of stroke patients that were admitted and the occupancy of the specialist stroke beds, it was requested that accurate figures for patients who are diverted to South Petherton be obtained and that this is constantly monitored
- Concerns were expressed over the inability to recruit for the vacant nursing positions at Minehead hospital.
- Councillors were reassured that work was ongoing and jobs were being advertised nationally on recruitment sites, difficulties had historically been encountered in recruiting nurses in the West Somerset area.
- Reassurance was given that any permanent changes to the service would go through a consultation process.
- The temporary changes would continue to be monitored, further communication would be ongoing with any developments.

RESOLVED that: - The Scrutiny Committee express serious concerns about the temporary closure of Stroke Beds at Williton Hospital and requested an update on the temporary closure within three months.

SC 60 Scrutiny Committee Work Plan

(Copy of the Forward Plan for 2016, circulated with the agenda.)

- Councillors requested for the item of the Williton Hospital Stroke Unit be considered in 2017.

RESOLVED that the Scrutiny Forward Plan published on 7 December be noted.

Councillor Leaker left at 6.05

Councillor Mills left at 6.25

The meeting closed at 6.45pm.

MEETING: CABINET

DATE: 4 January 2017

NOTES OF KEY DECISIONS

Note: The details given below are for information and internal use only and are not the formal record of the meeting

| AGENDA ITEM | DECISION | CONTACT LEAD OFFICER |
|---|---|---|
| Forward Plan (Agenda Item 5) | Agreed that the Forward Plan for the month of February 2017 be approved. | Assistant Chief Executive |
| Transfer of Public Conveniences (Agenda Item 7) | Agreed (1) that the transfer of the public conveniences listed in section 4.5 of the report to town, parish councils or community groups either freehold at £1 or leasehold at £1 per annum (if demanded) or a licence, be approved. Agreed (2) that all other terms and conditions of the transfers to be agreed by the Asset Manager with the approval of the Lead Member for Resources and Central Support. Agreed (3) that if sites are not transferred as in resolution (2), then alternative options are to be progressed of commercial freehold or leasehold disposal, development, demolition or alternative use to be agreed by the Asset Manager with the approval of the Lead Member for Resources and Central Support. Agreed (4) that the use of the sustainability reserve as set out in Appendix A be approved. Agreed (5) that it be recommended to Council to formally approve the addition of £43,200 to the Capital Programme to create the Capital Sustainability Fund expenditure budget which will be funded from ring-fenced capital receipts. Agreed (6) that delegated authority be approved to Assistant Director Chris Hall and Assistant Director Terry May in consultation with the Lead Member of Resources and Central Support to review bids to the sustainability reserve and allocate resources. | Asset Manager and Assistant Director Operational Delivery |

For a record of the reasons for the decision; details of any alternative options considered and rejected by the decision-making body at the meeting at which the decision was made; a record of any conflict of interest relating to the matter decided which is declared by any member of the decision-making body which made the decision; and in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service, please use the attached link below, to the Council's website where the minutes and relevant reports can be viewed:

<http://www.westsomersetonline.gov.uk/Council---Democracy/Council-Meetings/Cabinet-Meetings/Cabinet---4-January-2017.aspx>

Date: 5 January 2017

Weekly version of Cabinet Forward Plan published on 5 January 2017

| Forward Plan Ref / Date proposed decision published in Forward Plan | Date when decision due to be taken and by whom | Details of the proposed decision | Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this? | Contact Officer for any representations to be made ahead of the proposed decision |
|--|---|---|--|--|
| FP/17/2/01 02/08/2016 | 8 February 2017 By Lead Member Resources & Central Support | Title: Annual Budget & Council Tax Setting 2017-18 Decision: to provide Members with all the information required for Council to approve the revenue budget and capital programme for 2017/18 for recommendation to Council | No exempt / confidential information anticipated | Paul Fitzgerald, Assistant Director Resources 01823 358680 |
| FP/17/2/02 02/08/2016 | 8 February 2017 By Lead Member for Energy Infrastructure | Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point | No exempt / confidential information anticipated | Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245 |
| FP/17/2/03 02/08/2016 | 8 February 2017 By Lead Member Resources & Central Support | Title: Draft Capital Programme 2017-18 Decision: to present the draft Capital Programme 2017/18 for recommendation to Council. | No exempt / confidential information anticipated | Paul Fitzgerald, Assistant Director Resources 01823 358680 |
| FP/17/2/04 02/11/2016 | 8 February 2017 By Lead Member Resources & Central Support | Title: Hinkley Point C Housing Fund Strategy Decision: to recommend to Council to approve the HPC Housing Fund Strategy | No exempt / confidential information anticipated | Lisa Redston, CIM Fund Manager 01984 635218 |
| FP/17/2/05 09/12/2016 | 8 February 2017 By Lead Member Regeneration and Economic Development | Title: HPC Development Consent Obligation Section 106 – Business Support Initiatives Decision: to recommend to Council to agree the allocation of funding in the HPC S106 DCO for the initiatives set out in the report | No exempt / confidential information anticipated | Gordon Dwyer, Senior Economic Development Officer 01984 635219 |
| FP/17/2/06 05/01/2017 | 8 February 2017 By Lead Member Resources & Central Support | Title: Treasury Management Strategy Decision: to recommend to Council to approve the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue | No exempt / confidential information anticipated | Paul Fitzgerald, Assistant Director Resources 01823 358680 |

| Forward Plan Ref / Date proposed decision published in Forward Plan | Date when decision due to be taken and by whom | Details of the proposed decision | Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this? | Contact Officer for any representations to be made ahead of the proposed decision |
|---|--|---|---|---|
| | | Provision Policy 2017/18 | | |
| FP/17/3/02 02/08/2016 | 1 March 2017 By Lead Member for Energy Infrastructure | Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point | No exempt / confidential information anticipated | Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245 |
| FP/17/3/03 02/08/2016 | 1 March 2017 By Lead Member Resources & Central Support | Title: Allocation of Hinkley Point C Community Impact Mitigation Funding Decision: to present the recommendations of the HPC Planning Obligations Board for the allocation of monies from the CIM Fund | No exempt / confidential information anticipated | Lisa Redston, CIM Fund Manager 01984 635218 |
| FP/17/3/04 02/08/2016 | 1 March 2017 By 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/17/3/05 19/10/2016 | 1 March 2017 By Leader of Council | Title: Corporate Performance Report 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/17/3/06 19/10/2016 | 1 March 2017 By Lead Member Resources & Central Support | Title: Financial Monitoring Report Quarter 3 Decision: to provide Members with details of the Council's expected financial outturn position in 2016/17 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 |

| Forward Plan Ref / Date proposed decision published in Forward Plan | Date when decision due to be taken and by whom | Details of the proposed decision | Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this? | Contact Officer for any representations to be made ahead of the proposed decision |
|---|--|---|---|---|
| FP/17/3/07 04/06/2015 | 1 March 2017 By Lead Member Resources & Central Support | Title: Review of Financial Regulations [FR2] Decision: to recommend to Council to approve updated Financial Regulations | No exempt / confidential information anticipated | Paul Fitzgerald, Assistant Director Resources 01823 358680 |
| FP/17/5/01 02/08/2016 | 17 May 2017 | Title: Cabinet Appointments on Outside Bodies Decision: to appoint representatives to serve on outside bodies for the period to the Annual Meeting in 2018 (except where specific periods are stated) | No exempt / confidential information anticipated | Bruce Lang, Assistant Chief Executive 01984 635200 |
| FP/17/5/02 02/08/2016 | 17 May 2016 By Lead Member for Energy Infrastructure | Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point | No exempt / confidential information anticipated | Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245 |
| FP/17/7/01 02/08/2016 | July 2017 By Leader of Council | Title: Corporate Performance Report Quarter 4 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/17/7/02 02/08/2016 | July 2017 By Lead Member Resources & Central Support | Title: Financial Monitoring Report Quarter 4 Decision: to provide Members with details of the Council's expected financial outturn position in 2016/17 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/17/7/03 02/08/2016 | July 2017 By Lead Member for Energy Infrastructure | Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point | No exempt / confidential information anticipated | Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245 |

| Forward Plan Ref / Date proposed decision published in Forward Plan | Date when decision due to be taken and by whom | Details of the proposed decision | Does the decision contain any exempt information requiring a resolution for it to be considered in private and what are the reasons for this? | Contact Officer for any representations to be made ahead of the proposed decision |
|---|--|--|---|---|
| FP/17/7/04 19/10/2016 | July 2017 By Lead Member Resources & Central Support | Title: Allocation of Hinkley Point C Community Impact Mitigation Funding Decision: to present the recommendations of the HPC Planning Obligations Board for the allocation of monies from the CIM Fund | No exempt / confidential information anticipated | Lisa Redston, CIM Fund Manager 01984 635218 |
| FP/17/7/05 19/82016 | July 2017 By Lead Member Resources & Central Support | Title: Allocation of Section 106 funds held – Quarter 1 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/17/9/01 19/102016 | September 2017 By Lead Member Resources & Central Support | Title: Medium Term Financial Plan Update Decision: to present the updated Medium Term Financial Plan | No exempt / confidential information anticipated | Paul Fitzgerald, Assistant Director Resources 01823 358680 |
| FP/17/9/02 19/10/2016 | September 2017 By Lead Member for Energy Infrastructure | Title: Hinkley Point Decision: to consider key issues relating to Hinkley Point | No exempt / confidential information anticipated | Andrew Goodchild, Assistant Director Energy Infrastructure 01984 635245 |
| FP/17/9/03 19/10/2016 | September 2017 By Leader of Council | Title: Corporate Performance Report 2016-17 Quarter 1 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/17/9/04 19/10/2015 | September 2017 By Lead Member Resources & Central Support | Title: Budget Monitoring Report Quarter 1 Decision: to provide Members with details of the Council's expected financial outturn position in 2016/17 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 |

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

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

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

The Scrutiny Committee comprises: Councillors P H Murphy, N Thwaites, R Clifford, G S Dowding, B Leaker, B Maitland-Walker, J Parbrook, R Woods and I Aldridge.

West Somerset Council

Scrutiny Committee– 19th January 2017

Somerset Waste Partnership Draft Business Plan 2017-2022

Report of the Assistant Director Operational Delivery – Chris Hall and Somerset Waste Partnership’s (SWP) Managing Director - Steve Read

(This matter is the responsibility of Executive Councillor Patrick Berry)

1 Executive Summary / Purpose of the report

The report seeks approval for the Somerset Waste Partnership’s Draft Business Plan for 2017-2022, attached.

Whilst the business plan has a 5 year horizon Members are only requested to approve the plan for the financial year 2017/18.

The cost increase when compared with 2016/17 is £25,000. The budget for 2017/18 was set with a contract increase in mind however the actual increase is greater than planned, adding an additional pressure of £4,000 pa.

2. Recommendations

This committee is recommended to

- i) Review and approve the Somerset Waste Partnership’s Budget for 2017-2018.
- ii) Note the content for the business plan 2017 - 2022

3. Risk Assessment

Risk Matrix

| Description | Likelihood | Impact | Overall |
|---|--------------|--------------|-------------|
| Household growth increases the cost of the contract | Possible (3) | Major (4) | Medium (12) |
| <i>Household numbers are increasing and impacting the contract costs, Recycle More will limit cost increases.</i> | Unlikely (2) | Major (4) | Medium (8) |
| Inflation and operating costs continue to rise making the service unaffordable | Possible (3) | Moderate (3) | Medium (9) |

| | | | |
|---|-----------------|--------------|------------|
| <i>Costs are increasing and the new service model will assist in making savings and limiting cost increases in the short to medium term</i> | Possible (3) | Minor (2) | Low (6) |
|---|-----------------|--------------|------------|

4. Background and Full details of the report

- 4.1 The Somerset Waste Partnership has managed waste and recycling services on behalf of all local authorities in Somerset since October 2007. The partnership is governed through a Joint Committee known as the Somerset Waste Board. The SWB Constitution requires the single client team to prepare a Draft Business Plan with an accompanying Action Plan on an annual basis. The Board then approves a draft for consultation with the partners, so that each partner authority has the opportunity to comment on the plan. The Board considered the draft plan on 16th December 2016 and comments are requested by mid-February so that the Board can adopt the Plan and Budget.
- 4.2 The Board can, by a majority vote, amend the Business Plan in order to accommodate any unforeseen circumstances and to assist the Board to achieve the Aims and Objectives. Any partner council can request such an amendment at any time.
- 4.3 The Board is almost exclusively funded from contributions from partners and, apart from one-off funding bids, has no automatic block grant from Central Government or any reserves. It is therefore dependent on agreement between partners on the level of funding provided by each of them in line with the cost sharing formula. Business Planning and Budget setting are therefore part of the same process.

5 Purpose of the Business Plan

- 5.1 The Draft Business Plan and associated Action Plan, attached as appendix 1, are the means by which the partnership describes its business, evaluates changes to the operating environment, identifies strategic risks and sets out its priorities. The plan has a five year horizon with particular focus on the next 12 months. It is the primary means to seek approval for and to secure the necessary resources to implement its proposals from the partner authorities.
- 5.2 The plan also sets out the draft Annual Budget for the Waste Partnership for 2017/18, which for WSC represents an increase of £25,000, 2.11%.

6 Responsibility for the Business Plan

- 6.1 The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved. Under the terms of the Inter Authority Agreement, the Board cannot make a decision that has an adverse financial implication on any partner without the consent of that partner. The Board cannot refuse to accept savings targets handed down – but it does have discretion on how those savings can be implemented, provided all partners sign up through approval of the draft plan.

7 Consultation

- 7.1 Individual partners were previously asked to give an indication of any savings targets so that options to achieve these and associated risks could be assessed by the SWP in consultation with the Strategic Management Group. All partners have a need to control costs in this area and a number of initiatives have been underway to evaluate the opportunities and impacts of future cost management choices.
- 7.2 Specifically trials were undertaken in Taunton Deane which have, and will continue, to inform the nature of the service going forward for the entire partnership. These trials made temporary alterations to the material types that were collected at the kerbside and the frequency of collections.
- 7.3 Recycle More was approved by WSC on 14th December 2016 the budget presented in the appended business case for 2017/18 contains no savings or costs associated with this new operating model during the roll out phase.

8 Key Actions for 2017–22

- 8.1 SWP's key aims and priorities are identified within the Draft Business Plan. Of these Members are reminded of the large scale projects underway which produce significant changes to service delivery:
- Alternative refuse treatment
 - Recycle More, new service model
- 8.2 The Draft Plan has been brought together against the background of the continuing difficult economic situation but with a continuing desire from partners to deliver the following key priority areas:
1. Waste minimisation, high diversion and high capture
 2. Improved services for customers;
 3. Contract monitoring and review;
 4. Alternatives to landfill and optimising material processing;
 5. Investigating Recycling Centre options;
 6. Investigating collection service options;
 7. Organisational efficiency.

9 Finance / Resource implications

- 9.1 The Waste Partnership is largely funded from contributions from partners and has no block grant from Central Government or any reserves. It is therefore dependent on agreement between the partners on the level of funding provided by each of them in line with the cost sharing formula. Business Planning and Budget setting are part of the same process.
- 9.2 The Annual Budget, once finally approved, will become the new measure for the financial performance of the Waste Partnership for 2017/18. SWP will continue to share the costs among partners in the approved format.
- 9.3 The Annual Audit letter has been received and there are no actions outstanding and

the conclusions are entirely positive.

9.4 The cost increase from 2016/17 is £25,000 or 2.11%. This is made up of an increase in the collection contract costs and an increase in household numbers receiving the service.

9.5 The budget for 2017/18 was set with a contract increase in mind however the increase is greater than expected adding a cost pressure of £4,000 which will need to be managed in the budget setting process.

10 Legal Comments

10.1 The waste collection contract is one of the Authority's largest contracts. The Waste Partnership fulfils the Authority's statutory responsibilities in regard to waste collection.

11 Links to Corporate Aims / Priorities

11.1 SWP is one of the Authority's key partnerships and takes client and operational responsibilities for the delivery of our recycling and waste priorities.

12 Environmental Implications

12.1 The role of SWP has a direct impact on the environment and all actions within the plan are considered against their environmental benefits.

13 Asset Management Implications

13.1 There are no implications as a result of the report.

14 Equalities Impact

14.1 Equalities and other Impact assessments have been made in respect of all savings proposals, even where these do not have an immediate public impact. Individual partners will consider the Draft Plan during January and early February 2017.

15 Risk Management

15.1 The SWP risk register is reviewed annually and taken to the Somerset Waste Board for approval. The updated risk register is attached at Appendix 2.

16 Partnership Implications

16.1 The Somerset Waste Partnership is one of the Council's key partnerships. The Partnership undertakes the client and operational responsibilities for the delivery of our waste collection obligations and our recycling and waste reduction priorities.

Democratic Path:

- **Scrutiny - Yes**

- Executive – Yes
- Full Council – No

Reporting Frequency: Annually

Contact Officer

| | |
|-------------|----------------------------|
| Name | Chris Hall |
| Direct Dial | 01823 356499 |
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| | |
|-------------|---------------------------------|
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Background papers

Somerset Waste Board Constitution and Inter-Authority Agreement
<http://www1.somerset.gov.uk/council/boards.asp?boardnum=32>

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% |



SWP Business Plan 2017 – 2022

| Table of Contents | |
|--------------------------|--|
| Page 6 | Somerset Waste Partnership Business Plan 2017-22 |
| Page 9 | Action Table |
| Page 19 | Draft Budget Summary |
| Appendix A | SWP Risk Register |

| Change History | |
|-----------------------|--------------------|
| 10 Nov 2016 | Initial Draft |
| 29 Nov 2016 | SR Revision marks |
| 06 Dec 2016 | Draft for Approval |

1. About Somerset Waste Partnership

Somerset Waste Partnership (SWP) was established in 2007 to manage waste services on behalf of Mendip, Sedgemoor, South Somerset and West Somerset District Councils, Taunton Deane Borough Council and Somerset County Council. This made it the first county wide waste partnership in the country.

SWP has delegated authority to deliver household waste and recycling services throughout Somerset, including management of kerbside collections, recycling sites and disposal sites. These duties are in turn contracted to Kier (collection services) and Viridor Plc (recycling sites, landfill sites and recycling or disposal of food waste, garden waste and residual waste).

SWP is accountable to the Somerset Waste Board (SWB), which consists of two members from each of the partner authorities.

For further information about Somerset Waste Partnership and the Somerset Waste Board please visit www.somersetwaste.gov.uk

2. Key Stakeholders

- Residents of Somerset
- Members and officers of partner authorities
- Kier MG CIC
- Viridor Plc

3. The SWP Vision

We will:

- Drive material up the waste hierarchy and, where sustainable markets exist, into the circular economy*.
- Avoid landfill and encourage high participation in waste avoidance, reuse, recycling and food waste collection schemes.
- Engage with local people, support economic wellbeing and use efficient, sustainable and affordable solutions at every stage of the process.
- Encourage and facilitate innovation, joined up strategy, policy and operations across the county

*A circular economy is one where resources once used are not disposed of, but become feedstock materials or energy for making new products, thus reducing reliance on raw materials and waste disposal. A “closed loop process” is a variation of this where recovered materials are recycled into the same product. The benefits of a circular economy include reduced energy consumption, resource security and lower environmental impacts. A circular economy works most effectively where there are clear incentives for all persons on the loop (manufacturers, retailers, consumers, local authorities, reprocessors) to move the material around the loop.

4. Key Issues and Challenges

4.1 Service Development

This Business Plan will take forward the decisions made by the Somerset Waste Board and agreed by the partner authorities in the period December 2016 to February 2017. These decisions have the potential to result in significant changes both to the kerbside collection services and the residual waste disposal processes.

4.2 External Pressures

The period of constraint on the public purse continues and SWP will need to contribute to ongoing savings, while striving to maintain the scope and quality of frontline services.

4.3 National Policy Drivers

Withdrawal from the EU

The waste legislative framework may change following withdrawal from the EU. The UK government has not indicated future intentions in this area however there are no changes expected in the short term. There is now particular uncertainty about how the “Circular Economy” proposals for revisions to the EU waste Framework Directive will apply to the UK both in terms of the final detail of the ambitious recycling targets and the extent to which the UK will adopt / be affected them.

Department of Communities and Local Government (DCLG) and non-household waste charging

DCLG have (Autumn 2016) criticised some Local Authorities who are proposing to implement charges at Recycling Centres for disposal of DiY waste. This highlights a difference in interpretation between DCLG and many local authorities, including SWP, who consider that such waste is currently classified as “industrial” waste and thereby chargeable. This has not been tested in law. Should the DCLG interpretation prevail, the cost of reverting to a “free to user” service would equate to around £600k pa in Somerset. This exceeds the running costs of the eleven recycling sites that currently operate five days per week.

Community Recycling Sites

In 2015 DCLG brought in an Order to prevent local authorities from designating some sites (known in Somerset as “Community Recycling Sites (CRSs)”) as provided under discretionary “wellbeing” powers within the Local Government Act 2003. This removed the option to introduce charges for entry to sites (even where this option was promoted by the community as an alternative to closure). The effect of this is that the charging at Dulverton and Crewkerne CRSs will not be permitted after April 1st 2020 and so SWB will need to consider how to deal with the funding gap opened up. It is proposed to do this as part of the Core Services Contract Review which will look at the way the whole Recycling Centre network is provided.

Producer Responsibility

The waste Services Industry body, the Environmental Services Association (ESA), who represent major contractors, has ramped up pressure for a national debate on the role of producers of packaging and retailers of packaged goods in covering costs of recycling. The circular economy proposals call for producers to cover the “entire” costs net of

income from sale of material and provided services are “optimised” (ie value for money). If this was taken up in the UK it would take some pressure off local authorities. SWP will continue to lobby for changes along those lines.

Department for Environment, Food and Rural Affairs (Defra) - Consistency in Collection Methodology

Defra’s main interest, aside from improving the England recycling rate, continues to be promoting consistency in household recycling collections. WRAP published a paper in September 2016 in which Somerset is case studied. The proposed move to the “Recycle More” scheme would, by adding pots tubs and trays, further align Somerset to the list of materials WRAP and Defra advocate all local authorities collect.

4.4 Primary Contract Review

This business plan has a five year horizon. The Collection and Treatment contracts come to an end (unless extended) in 2021 and 2022 respectively. This means that it is within the horizon of this Business Plan to give consideration to future arrangements for the end to end delivery of waste services in Somerset.

In order to ensure an effective future service is in place a full review of options should commence in the financial year 2017 - 18.

It is considered a high risk that the collection contract costs may increase following re-procurement should the current contract go to term without extension.

5. Key Aims and Priorities for 2017/18

For the period of this business plan we will have three priority areas but recognise that significant projects are subject to a further decision making process.

5.1 Refuse Treatment

Assumes approval of proposals (subject to separate Somerset Waste Board and Partner Authority decisions).

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment/ Risk |
|-------------------------|---|--|--------------|----------------------------------|---------------------------------|---------------------------------|
| Refuse Treatment | Complete negotiation, plan and implement changes resulting from decisions taken regarding future processing of residual waste. Includes contract formalisation and oversight of development of Waste Transfer Stations. | New long term treatment process for Somerset's household residual waste. Timeline specified in separate SWB paper. | David Oaten | Outlined in separate SWB paper. | Outlined in separate SWB paper. | Outlined in separate SWB paper. |

5.2 Recycle More

Assumes approval of proposals (subject to separate Somerset Waste Board and Partner Authority decisions).

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementation Budget | Resource - People (internal) | Comment/ Risk |
|---------------------|---|--|-----------------|--|------------------------------------|---------------------------------|
| Recycle More | Planning and implementation of changes resulting from decisions taken regarding the future model of kerbside collection services. <ul style="list-style-type: none"> • Detailed Planning • Procurement – containers, vehicles and infrastructure • Communication • Collection containers • Depot infrastructure • Reprocessing arrangements | Commence implementation of any changes agreed in late summer/autumn 2017. Roll out schedule specified in separate SWB paper. | Bruce Carpenter | Outlined in separate SWB paper. | Outlined in separate SWB paper. | Outlined in separate SWB paper. |

5.3 Other Projects, Task and Activities

These are projects which will be required to maintain the services provided by Somerset Waste Partnership

| Task | Description | Outcome/Target (completion by March 2018 unless otherwise stated) | Lead officer | Resource - Implementatio n Budget | Resource - People (internal) | Comment/ Risk |
|----------------------------|---|--|--------------|---|------------------------------------|--|
| SWP Capacity Review | The last significant review of SWP structure and resources took place in 2012. Following confirmation of direction of travel with the New Service model and the NWTF, or any alternative strategies, SWP staff resources will need to be aligned with the challenging key objectives over the period of change, whatever form / duration they take. In view of the partners' financial situation, the partners will require reassurance that the SWP establishment is fit for its purpose and priorities. | Resource plan in place to deliver major projects. | Steve Read | Staff time only | TBC | SWP team to be fully engaged in process. |

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| | | | | | | |
|---|---|---|--------------|-----------------|--|--|
| Cash Free Recycling Sites – Roll Out | Following the successful cashless pilots at Chard & Taunton Recycling Centres it is proposed to roll this out to all 16 Recycling Centres/Community Recycling Sites in the county. This is proposed in order to increase site security and reduce the possibility of break ins. | All Recycling Centres and Community Recycling Sites operating a cash free environment by end of year. | David Oaten | £2.5k | Liaison with site operator; project management; prepare publicity and website updates. | |
| Core Service Contract Review | With the current Core Services Contract due to expire at the end of March 2022 it is considered timely to formally review the worth of the ‘up to 9 year extension’ available under the current contract and what arrangements would need to be in place subsequent to that date. | Documented review of core services, with proposals for future arrangements presented to SWB by March 2018 | David Oaten | Staff time only | Review current services, including benchmarking and analysis of potential cost/benefits and savings | |
| Collection Service Contract Review | With the current Collection Services Contract due to expire October 2021 it is considered timely to formally review the worth of the ‘up to 7 year extension’ available under the current contract and what arrangements would need to be in place | Review collection service contract and consider options for future arrangements | Colin Mercer | Staff time only | Investigate options for delivery of future service arrangements, considering benefits and potential of maintaining | |

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| | | | | | | |
|---|--|--|-------------|---|---|--|
| | subsequent to that date. | | | | current arrangements against other options | |
| Recycling Centre Essential Maintenance Works | Despite the current challenging financial situation faced by SWP Partner authorities, a number of the Recycling Centre network sites are in need of essential maintenance in order to prolong the sites useful life. One site requiring urgent attention is at Frome, where the skip bays are degrading to a degree that they are becoming untenable. Without such maintenance the site may become unusable. | Sites serviced to acceptable level by end of March 2018 | David Oaten | Costs to be covered by planned maintenance budget. | Survey sites; identify required actions; arrange contractor; monitor and inspect works. | Risk of sites becoming unusable if no action taken. |
| Recycling Centre Van & Trailer Permit Review | Following the successful roll out of the van and trailer permit scheme in October 2016, a formal 6 month review to determine whether there should be any minor amendments to the current process. | Review of current arrangements and proposed revisions to June 2017 SWB meeting | David Oaten | £10k to cover ongoing permit requests and publicity for any changes to current scheme (from disposal budget | Review feedback from residents, site staff, customer service teams etc; prepare report for SWB; publicise | Commitment given to review at September SWB meeting. |

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| | | | | savings) | changes as required | |
|---|--|---|---------------------------|-----------------|---|--|
| Provision of COTC Management - Securing Additional Third Party Sites | The SWP has a number of Certificate of Technical Competence holders to ensure its capability in managing the network of waste facilities under its current contracts. In order to extend the value of the COTCs, SWP have managed, on behalf of Somerset Highways, a number of third party sites for the past 6 years and have recently secured a further 6 year contract. With a growing reputation of providing a good level of service in this area it is proposed to try and secure additional third party sites in order to derive a larger income to the Partnership. SWP have recently secured two additional sites that we now manage on behalf of the Environment Agency. | Agreements raised for inspection of two additional sites by end of March 2018 | David Oaten | Staff time only | Liaison with site “owners”; preparation of agreements; commence inspections as required | Potential revenue generation for partners. |
| Collection Service – Depot Review | Review current depot provision with a view to optimise operations in the west of the county. | Plan for future depot structures completed by | Bruce Carpenter/ Colin | Staff time only | Consider future service requirements; model | |

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| | | | | | | |
|------------------------|---|---|-------------|----------------------------|--|--|
| | | March 2018 | Mercer | | optimised locations and infrastructure (cost, resilience and operation efficiency); Document findings | |
| SWP IT Strategy | <p>To develop and commence implementation of a programme of improving SWP use of IT to support improvements in efficiency and service control. To include improving oversight of quality of contractor planning and output data; increasing “self-service” opportunities; rationalising duplication and other inefficiencies.</p> <p>This will include implementation of a new SWP Customer Service System; a redesign and restructure of the SWP website; improvements to household property data; enhancements to</p> | <p>Document produced and presented to SWB; Procurement of new systems progressed</p> | Mark Blaker | £20k implementation budget | <p>Identify business processes and best practice; investigate current IT market; case study other local authorities; document proposed solutions; present to to SWB; commence procurement.</p> | <p>Improve efficiency and effectiveness of client group; ensure client group prepared to changes anticipated over next five years.</p> |

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| | | | | | | |
|-----------------------------------|--|--|---------------------|--|---|--|
| | <p>data processing capabilities.</p> <p>Resource: £20k</p> | | | | | |
| Asset Audit Risk Reduction | <p>To assess ownership of assets in the collection contract and where appropriate look for SWP to secure ownership of assets currently sitting with the contractor. Also to look at where appropriate securing these assets beyond contract term to ensure greater surety and control of risk going forward.</p> <p>Resource: Staff time only</p> | <p>Ensure we have a fully documented register of service assets by October 2017; ensure procedures developed to maintain register</p> | <p>Colin Mercer</p> | <p>Staff time only</p> | <p>Work with Kier to identify assets, asset location, state of assets, assumed value of assets.</p> | |
| SWP Offices | <p>Somerset County Council's lease for Monmouth House expires in March 2018.</p> <p>At this point SWP will need to have either extended current arrangements, relocated to County Hall or have found alternative accommodation.</p> <p>It will be necessary to confirm future accommodation arrangements.</p> | <p>To have a plan for accommodation beyond March 2018, including budget for relocation if necessary and agreed by SWB by September 2017.</p> | <p>Helen Oaten</p> | <p>Budget Implications to be presented to SWB separately</p> | <p>To identify options, compare costs and benefits, present to SWB in December as part of Business Planning process</p> | |

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| | | | | | | |
|--|---|--|---------------|------|--|---------------------|
| Continuing Waste Minimisation Initiatives | To include Food Waste Champions, Compost Champions and other ongoing community engagement activities designed to encourage waste reduction. | To continue community engagement through Food Waste and Compost Champions and other community initiatives. | David Mansell | £3k | Liaison with current groups; recruiting volunteers; arranging training and events; administrating and providing support. | Ongoing projects |
| Publicity and Communication | Promotion of service changes (including Christmas and Easter changes), print and distribution of key service literature, maintenance of SWP website and support for waste minimisation promotions. Note: this does not include the considerable additional communications programme required to support the “Recycle More” scheme. | All commitments met throughout the year using the most effective and cost effective means available | Mark Blaker | £29k | Press releases; print adverts; website content; leaflets; etc | Ongoing commitments |

Financial Pressures

In all considerations Somerset Waste Partnership will recognise the current and ongoing financial pressures facing partner authorities. Cost effectiveness and identifying opportunities to reduce overall costs must be at the heart of all decisions taken.

7. SWP Budget 2017 - 22

The tables on the following pages show the projected five year budget for Somerset Waste Partnership if the current service model does not change in future years, effectively a “do-nothing” scenario with estimated inflationary indices based on contractual agreements. As noted above, SWP recognises the financial pressures facing partners.

7.1 Revenue Not Included

Control of income from residents for waste related services is retained by the collection authorities and is therefore not shown in this paper. The most significant portion of this is annual Garden Waste subscriptions, which will generate income for the district council of around £53.50 for each wheeled bin subscription in 2017/18. This is a significant offset of the cost of providing the service. Other income streams are Bulky Waste collection fees and sale of Garden Waste sacks.

7.2 Full Draft Budget Summary 2017/18

Summary Draft Annual Budgets 2017/2018

Rounded £000s Total SCC MDC SDC SSDC TDBC WSC

| Expenditure | | £000s | £000s | £000s | £000s | £000s | £000s |
|----------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Salaries & On-Costs | 962 | 477 | 111 | 109 | 153 | 106 | 6 |
| Other Head Office Costs | 230 | 105 | 25 | 27 | 38 | 26 | 9 |
| Support Services | 125 | 54 | 14 | 15 | 22 | 15 | 5 |
| | | | | | | | |
| Disposal - Landfill | 10949 | 10949 | | | | | |
| Disposal - HWRCs | 9522 | 9522 | | | | | |
| Disposal - Food waste | 1447 | 1447 | | | | | |
| Disposal - Hazardous waste | 227 | 227 | | | | | |
| Composting | 1680 | 1680 | | | | | |
| | | | | | | | |
| Kerbside Recycling | 8868 | | 1841 | 1824 | 2715 | 1780 | 708 |
| Green Waste Collections | 2374 | | 464 | 588 | 662 | 557 | 103 |
| Household Refuse | 6001 | | 1238 | 1222 | 1816 | 1240 | 485 |
| Clinical Waste | 116 | | 24 | 25 | 35 | 24 | 8 |
| Bulky Waste Collection | 81 | | 18 | 15 | 22 | 18 | 8 |
| Container Maintenance & Delivery | 220 | | 47 | 42 | 70 | 49 | 12 |
| Container Supply | 432 | | 92 | 89 | 140 | 93 | 18 |
| | | | | | | | |
| Pension Costs | 69 | | 2 | 2 | 62 | 2 | 1 |
| | | | | | | | |
| Depot Costs | 186 | | 38 | 40 | 56 | 39 | 13 |
| | | | | | | | |
| Village Halls | 6 | | | 6 | | | |
| | | | | | | | |
| Transfer Station Avoided Costs | 310 | 310 | | | | | |
| | | | | | | | |
| Recycling Credits | 2430 | 2430 | | | | | |
| | | | | | | | |
| Capital Financing Costs | 231 | | 52 | 41 | 78 | 39 | 21 |
| | | | | | | | |
| Total Direct Expenditure | 46466 | 27201 | 3966 | 4045 | 5869 | 3988 | 1397 |
| | | | | | | | |
| Income | | | | | | | |
| Sort It Plus Discounts | -80 | | -16 | -17 | -24 | -17 | -6 |
| Transfer Station Avoided Costs | -310 | | -63 | -67 | -93 | -65 | -22 |
| May Gurney Secondment Saving | -44 | -20 | -5 | -5 | -7 | -5 | -2 |
| Recycling Credits | -2402 | | -501 | -488 | -743 | -487 | -183 |
| | | | | | | | |
| Total Income | -2836 | -20 | -585 | -577 | -867 | -574 | -213 |
| | | | | | | | |
| Total Net Expenditure | 43630 | 27181 | 3381 | 3468 | 5002 | 3414 | 1184 |

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Summary Draft Annual Budgets

Rounded £000s 2017/18 2018/19 2019/20 2020/21 2021/22

| Expenditure | £000s | £000s | £000s | £000s | £000s |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Salaries & On-Costs | 962 | 972 | 982 | 992 | 1002 |
| Other Head Office Costs | 230 | 210 | 210 | 210 | 210 |
| Support Services | 125 | 125 | 125 | 125 | 125 |
| | | | | | |
| Disposal - Landfill | 10949 | 11559 | 12105 | 12675 | 13271 |
| Disposal - HWRCs | 9522 | 9911 | 10308 | 10728 | 11164 |
| Disposal - Food waste | 1447 | 1501 | 1569 | 1641 | 1716 |
| Disposal - Hazardous waste | 227 | 240 | 255 | 271 | 288 |
| Composting | 1680 | 1813 | 1956 | 2110 | 2277 |
| | | | | | |
| Kerbside Recycling | 8868 | 9119 | 9378 | 9644 | 9917 |
| Green Waste Collections | 2374 | 2441 | 2511 | 2582 | 2655 |
| Household Refuse | 6001 | 6171 | 6346 | 6525 | 6710 |
| Clinical Waste | 116 | 119 | 123 | 126 | 130 |
| Bulky Waste Collection | 81 | 83 | 84 | 86 | 88 |
| Container Maintenance & Delivery | 220 | 226 | 233 | 240 | 246 |
| Container Supply | 432 | 445 | 457 | 470 | 483 |
| | | | | | |
| Pension Costs | 69 | 70 | 70 | 71 | 72 |
| | | | | | |
| Depot Costs | 186 | 186 | 186 | 186 | 186 |
| | | | | | |
| Village Halls | 6 | 6 | 6 | 6 | 6 |
| | | | | | |
| Transfer Station Avoided Costs | 310 | 315 | 320 | 324 | 329 |
| | | | | | |
| Recycling Credits | 2430 | 2503 | 2578 | 2655 | 2735 |
| | | | | | |
| Capital Financing Costs | 231 | 231 | 231 | 231 | 231 |
| | | | | | |
| Total Direct Expenditure | 46466 | 48246 | 50033 | 51898 | 53841 |
| | | | | | |
| Income | | | | | |
| Sort It Plus Discounts | -80 | -80 | -80 | -80 | -80 |
| Transfer Station Avoided Costs | -310 | -315 | -320 | -324 | -329 |
| May Gurney Secondment Saving | -44 | -44 | -44 | -44 | -44 |
| Recycling Credits | -2402 | -2474 | -2548 | -2625 | -2704 |
| | | | | | |
| Total Income | -2836 | -2913 | -2992 | -3073 | -3157 |
| | | | | | |
| Total Net Expenditure | 43630 | 45333 | 47041 | 48825 | 50685 |

Assumptions

1% annual pay award for all years

1.39% housing growth in 2017/18, then 1% annually for years 2018/19 - 2021/22

Collection contract inflation 1.18% in 2017/18, then 2% annually for years 2018/19 - 2021/22

Disposal contract inflation between 1% & 6.3% (for different contract areas), annually in all years (2017/18 - 2021/22)

Tonnage growth 1.5% annually for all years (2017/18 - 2021/22)

| Somerset Waste Partnership - Risk Register 2017 to 2018 (draft) | | | | | | | | | | | | | | |
|---|----------------|---|--|-----------|-------|-------|---|-----------------|-------|-------|--|--------|-------|-----|
| Primary Risks | | | | | | | | | | | | | | |
| Ref | Area | Risk | Effect | Raw Score | | | Mitigation planned | Mitigated Score | | | Future Actions | Target | | |
| | | | | Impact | Prob. | score | | Impact | Prob. | score | | Impact | Prob. | Aim |
| R1 | Financial | Pressure to reduce budgets places existing services under financial pressure. | Services may have to change or service providers have to save money by adjusting the service offered. | Med | Hi | | Work with contractors to either reduce costs or change service offer to be more affordable. | Lo | Hi | | Under guidance from the SWB , agree with contractors delivery of savings. | Lo | Hi | |
| R2 | Financial | Waste growth per household leads to increased volumes of waste requiring collection and/or treatment/disposal | Budget pressure created by increasing waste volumes. | Med | Hi | | Implement cost effective treatment and disposal methods. Continued public engagement and interventions to encourage diversion. | Lo | Hi | | Meet with suppliers to discuss how to deliver efficiencies. Consider potential for waste to increase during implementation of new service model. | Lo | Hi | |
| R3 | Political | DCLG continues challenge innovation in funding Recycling Centres | Potential to reduce services provided or lead to increased costs. | Med | Hi | | Continue to base policy on performance, popularity, effectiveness and affordability. Work with members from all tiers of local government to seek flexibility to ensure continuity of services. | Med | Med | | Keep members, and particularly Board Members, informed especially following changes to administration or portfolio holders. | Med | Med | |
| R4 | Political | Political priorities can and will change over time. | Political priorities change. SWP directed to change strategic and operational priorities. | Med | Med | | Ensure members are aware of the social, environmental and financial impacts of SWPs services. Keep up to date with latest thinking to ensure opportunities to innovate are not | Med | Med | | Keep members informed especially following changes to administration or portfolio holders. | Med | Med | |
| R5 | Organisational | Part time Head of Service | Part time Head of Service is not ideal, especially at a time of major service review. | Med | Med | | Ensure workload is planned to deliver the highest priorities and staff are empowered to work effectively and efficiently. | Med | Med | | Delegate effectively to Senior Management Team. | Lo | Lo | |
| R6 | Operational | Ability of contractors to deliver is reduced or compromised | As pressure is placed on contractors to deliver more with less service may suffer resulting in increased complaints. | Med | Hi | | Ensure SWP carries out sufficient monitoring to keep the contractor focused on meeting contractual standards. | Med | Med | | Regular meetings with contractors to keep service levels under review and to joint plan developments. | Med | Lo | |
| R7 | Operational | IT Systems - obsolescence and compatability | Inefficiencies due to inadequate IT systems | Lo | Hi | | Work with ICT units to improve compatability. Encourage contractors to invest in appropriate infrastructure. | Lo | Med | | Keep systems under review. | Lo | Lo | |

| | | | | | | | | | | | | | | |
|-----|---------------|---|--|-----|-----|--|--|-----|-----|--|---|-----|-----|--|
| R8 | Operational | Driver shortages | Impact on service delivery if not all rounds deployed. Quality of delivery suffers where inexperienced drivers employed in service delivery. | Hi | Med | | Work with contractors to ensure they have policies in place for driver training and retention. | Med | Med | | Seek opportunities to improve role of drivers. Work with local colleges to promote driving as a career option. | Med | Med | |
| R9 | Environmental | Weather related | Service disruption caused by weather. Risk of extended localised disruption caused by flooding. | Med | Med | | Follow procedures to ensure least disruption to services. | Med | Med | | Review and update procedures in light of experience. | Med | Med | |
| R10 | Commercial | Capacity of contractors to develop/improve services/ make new proposals | As service providers broaden their scope resources can be stretched and other areas may be prioritised; performance and commitment to service development may suffer | Med | Med | | Work with service suppliers to ensure changes are managed with appropriate resources and services and delivered to expected level. | Med | Lo | | Ensure that expectations are made clear and embedded in contractor meetings | Lo | Lo | |
| R11 | Financial | National Spending Review - uncertainty over where potential cuts to DCLG budget will fall | Strategic plans based on a short horizon, resulting in short term decisions where longer term planning would be better. | Med | Med | | Plan service maintenance and development with long horizon in mind but consider alternatives. Flag risks as appropriate to MD, SMG or Board | Lo | Lo | | Where relevant maintain log of service changes that could be reviewed in future subject to affordability. | Lo | Lo | |
| R12 | Political | New service model review results in differing collection service models across Somerset. | Inability to implement county wide service model, resulting in implementation delays and suboptimal financial savings | Hi | Med | | Ensure decisions are based on sound business case information, highlighting risks as appropriate, by ensuring SMG, SWP and partner authorities are clearly informed of the full facts. | Med | Med | | Seek alternative implementation timescales through the planning process to allow further discussion and debate. | Med | Lo | |
| R13 | Operational | SWP resource capacity insufficient to deliver major changes and maintain service levels | Degradation of current service support, resulting increased complaints. Sub standard planning and implementation of any significant changes. | Hi | Med | | Ensure Business Case for major changes includes full outline of resource requirements to deliver the changes so budget is available for support.. | Lo | Med | | Ongoing review of SWP client team structure and priorities. | Lo | Lo | |
| R14 | Operational | Future service model may have unforeseen impacts | Unforeseen issues arise when introducing a new service model to 240,000 households in Somerset resulting in costs or complaints. | Med | Med | | Full risk and impact assessments of NSM proposals to ensure key risks are identified and mitigation put in place. | Med | Lo | | Constant review of arising risks through roll out of any service changes | Lo | Lo | |
| R15 | Operational | Site infrastructure ages and degrades | Infrastructure at fixed site, particularly recycling sites, degrades to the point where it is hazardous to site staff or members of the public. | Med | Med | | Ensure ongoing programme of site inspection, identification of issues and prioritisation of maintenance and repair based on assessed potential impact. | Lo | Med | | Review Health and Safety inspection procedures to ensure risks identified and highlighted efficiently | Lo | Lo | |

| | | | | | | | | | | | | | | |
|-----|-------------|---|--|-----|------|--|--|-----|-----|----|--|-----|-----|--|
| R16 | Operational | Collection infrastructure degrades to point of unreliability | Aging collection fleet reaching the end of its expected service life becomes prone to mechanical issues, resulting in failure to collect waste from households and transport it to disposal/bulking points. Aging balers/bulking facilities result in failure to offload materials causing bottleneck at bulking facilities. | Med | High | | Ensure ongoing programme of monitoring service issues resulting from mechanical failures. Proceed with vehicle procurement programme, regardless of outcome of New Service Model decisions. | Med | Med | | Procure replacement collection fleet. Ensure contractor meeting requirements to provide fit for purpose infrastructure. | Lo | Lo | |
| R17 | Operational | Contractors fail to deliver service to expected service standards | Unspecified issues result in failure to deliver services to contractual standards resulting in increased complaints and increased cost of processing and managing complaints. | Med | Med | | Ensure contractors are addressing issues of repeat failure (failure demand) and that supervisory arrangements are as required by the contract. | Lo | Med | | Progress with plans to fit trackers to collection vehicles. | Lo | Lo | |
| R18 | Operational | Contractor lacks capacity (skill/experience/resource) to deliver service change effectively | Contractor skill base inadequate to plan and implement complex service change resulting in problems with service in the aftermath of implementation. | Med | High | | Ensure contractors are briefed on requirements well in advance. Ensure contractor planning is scrutinised by suitably skilled SWP staff. | Lo | Med | | Review contractor's skill base at regular operational meetings and agree actions to ensure it remains adequate in all areas. | Lo | Lo | |
| R19 | Operational | Focus on service development detracts from day to day service delivery focus. | Monitoring and management of contractors reduces to point where service delivery fails resulting in increased complaints. | Med | Med | | Ensure full resource allocation plan in place for whole of SWP, optimising staff time in all areas and identifying and mitigating pressure points well in advance. Short term recruitment of adequate staff to cover requirements. | Lo | Lo | | Ongoing monitoring of requirements. Ensure staff are skilled to cover certain aspects of other roles as necessary. | Lo | Lo | |
| R20 | Social | Increase in care in the community for people with clinical needs results in significant and sudden increase in demand for household clinical waste collections. | Pressure on current service model; Contractor requests review of contracted price resulting in increased costs. | Low | High | | Review structure and role of clinical waste service. Seek cost effective alternatives. | Lo | Med | | Build relationships with Health and Social Care teams to predict and plan for future demand. | Lo | Lo | |
| R21 | Hinkley C | Congestion from construction traffic may impact on collections | Alter times of collections or result in missed collections | Hi | Hi | | Engagement with contractor and highways to assess risk and plan times and routes to avoid identified problems | Hi | Med | Hi | Continue to engage with appropriate bodies and respond quickly to any new or changed circumstances | Med | Med | |

| | | | | | | | | | | | | | | |
|-----|-----------|---|---|----|----|--|---|-----|-----|-----|---|-----|-----|--|
| R22 | Hinkley C | Increased demand from short term population growth during construction phases | Demand increases cost to SWP for providing the service | Hi | Hi | | Engagement with appropriate bodies to identify level of growth and areas impacted | Med | Med | Hi | Engage with contractor to seek confirmation that most of the waste produced by the direct population growth as a result of the construction is dealt with by the contractor | Lo | Med | |
| R23 | Hinkley C | Staff shortages through increased and more attractive employment opportunities through the construction phases to build the power station | Difficulty in attracting or keeping sufficient staff to provide the service | Hi | Hi | | Establish pay rates and identify areas of concern | Med | Med | Med | Continue to monitor pay rates and seek to promote and improve conditions and benefits of working in our service | Med | Lo | |
| | | | | | | | | | | | | | | |

Report Number: WSC 3/17

West Somerset Council

Scrutiny Committee – 19th January 2016

Transfer of Public Conveniences Update

Report Author: Councillor Peter Murphy, Chairman of Scrutiny Committee

1 Executive Summary / Purpose of the Report

- 1.1 This report makes reference to the outcomes of the Cabinet Report WSC 1/17 which was considered at the meeting of Cabinet held on 4th January, 2017, provides an update on the latest position in regard to the transfer of public conveniences and considers the most effective way in which the Scrutiny Committee can monitor the implementation of the agreed policy.

2 Recommendations:-

It is recommended that the Scrutiny Committee notes the progress to date of the Transfer of Public Conveniences and considers the most effective means of monitoring the implementation of the agreed policy.

3 Risk Assessment

Risk Matrix

| Description | Likelihood | Impact | Overall |
|--|--------------|--------------|-------------|
| Transfer of public conveniences to other parties is not completed by the 31 st March 2017. | Possible (3) | Major (4) | Medium (12) |
| <i>Officer time has been prioritised to this transfer work.</i> | Unlikely (2) | Major (4) | Medium (8) |
| Town and Parish Councils do not wish to progress the transfers. | Possible (3) | Moderate (3) | Medium (9) |
| <i>Sites will close on the 31st March 2017 and alternative options for disposal or other of these buildings will be considered.</i> | Possible (3) | Minor (2) | Low (6) |

Risk Scoring Matrix

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

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

4 Background and Full details of the Report

- 4.1 At the meeting of the Cabinet held on 4th January, 2017, consideration was given to Report WSC 1/17 when the decisions were as set out below:-

RESOLVED (1) that the transfer of the public conveniences listed in section 4.5 of the report to town, parish councils or community groups either freehold at £1 or leasehold at £1 per annum (if demanded) or a licence, be approved.

RESOLVED (2) that all other terms and conditions of the transfers to be agreed by the Asset Manager with the approval of the Lead Member for Resources and Central Support.

RESOLVED (3) that if sites are not transferred as in resolution (2), then alternative options are to be progressed of commercial freehold or leasehold disposal, development, demolition or alternative use to be agreed by the Asset Manager with the approval of the Lead Member for Resources and Central Support.

RESOLVED (4) that the use of the sustainability reserve as set out in Appendix A be approved.

RESOLVED (5) that it be recommended to Council to formally approve the addition of £43,200 to the Capital Programme to create the Capital Sustainability Fund expenditure budget which will be funded from ring-fenced capital receipts.

RESOLVED (6) that delegated authority be approved to Assistant Director Chris Hall and Assistant Director Terry May in consultation with the Lead Member of Resources and Central Support to review bids to the sustainability reserve and allocate resources.

- 4.2 The Committee will note that these decisions were aligned with the comments made by Scrutiny at its meeting held on 15th December, 2017 with the exception that Resolution (3) was adopted notwithstanding that it was not supported by the Scrutiny Committee.
- 4.3 This issue is an important one for the communities involved and now that a policy has been agreed it is vital that progress is made in a timely fashion to secure the future availability of as many of the public conveniences as possible. The latest position on progress at the time of publishing the agenda is set out in the table appended at Appendix A to this report, this will be tabled at the meeting. Any further updates can be provided at the meeting.
- 4.4 The Committee may wish to consider the most effective way it can monitor the implementation of this policy going forwards.

Democratic Path:

- **Scrutiny Committee – Yes**

Reporting Frequency: Once only

Contact Author

| | |
|-------------|----------------------------|
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| | |
|-------------|--|
| Name | |
| Direct Dial | |
| Email | |

Sustainability fund grant scheme

West Somerset Council have established a limited sustainability fund to provide support to Town and Parish Councils, or community groups where public toilets are transferred from WSC to their operation, ownership or control.

In assessing the bids, West Somerset Council will be looking to achieve the maximum community impact for the money available by funding as many facilities as possible.

This fund is restricted to the transfer of public toilets.

Salient points

Applications are accepted annually during January, whilst funds remain available.

The closing date for applications has now been extended to 10th January 2017. Decisions will be notified to the applicant by email by close of business on 12th January 2017. As you will be aware the closing date for Heads of Terms (HOTs) is the 20th January 2017. If a decision in principle to accept the HOTs has not been made by your Town or Parish Council by this time it may be prudent for Councils to convene relevant decision making meetings in between receiving notification of the grant applications and HOTs submission dates.

Applicants may be awarded up to 100% of a project cost but where match funding is required to complete a project evidence of the match funding available, or that will be applied for from other bodies, must be provided.

Once a grant is awarded applicants have up to 18 months to claim the funding. 18 months is given due to the grant scheme having the potential to act as a lever for other grants to be applied for in order to obtain enough funding for a complete project.

Funding is available in advance, however evidence of total spend will need to be provided on completion of the project, this will be limited to the amount awarded and any underspend returned to the council.

The grant payment is not proposed to cover costs associated with the transfer, a separate payment of £1,000 per toilet block transferred has been agreed for this purpose.

The transfer of public conveniences is being led by Asset Management and whilst this team may have some involvement in the assessment of bids to the fund, any decisions in respect of the grant will not impact on those Heads of Terms issued.

Timeline

All applications are considered together after 10th January 17:00 deadline, this is not a first come first served fund.

Applications are received by the Council and assessed for suitability. Decisions will be notified to the applicant by email by close of business on 12th January 2017.

Applications should contain the following information

- At least 2 quotes for the works, or 1 quote from an RICS qualified quantity surveyor or equivalent – where it has not been possible to achieve this, appropriate estimates for works can be submitted
- A statement of expected income and expenditure for the current year – this is only a requirement where the application is not made by a Town or Parish Council
- Plans of the proposal if appropriate and available
- Confirmation of any planning permission needed – a simple statement that this has been considered not the approval itself.

Return the grant application via email to :

PropertyEstatesTeam@tauntondeane.gov.uk

The application is sent to the finance team to be assessed, this would be a light touch assessment on the basis that the majority of awards would be to Town and Parish Councils who already have financial governance in place.

If accounts and project specification are both deemed to be suitable, then a report on each application is compiled and discussed with the Lead Member.

The decision on which applications to award and the amounts grants will be taken by one or more Assistant Directors in consultation with the Lead Member for Resources.

All applicants receive written confirmation of the decision and given 18 months to claim the funding, if the money is not claimed within the 18 months then it would be returned to the fund for reallocation.

Further information required

No template has been provided for bid however in addition to the points noted above the bid must answer the following:

What is the value of the bid?

How has the value been calculated?

How will the funds be spent and in what year?

Detail on the building improvements or alterations with plans if appropriate?

What will be the impact of not making these changes?

What other funding is available to you for this work?

What funding will be provided from other sources? Town or parish council funds, other bids, community fund raising etc.

Report Number: WSC 4/17

West Somerset Council

Scrutiny Committee – 19 January 2017

Financial Standing and MTFP 2017/18

This matter is the responsibility of Councillor Chilcott, Lead Member Resources and Central Services

Report Author: Jo Nacey, Finance Manager

1 Executive Summary

- 1.1 The purpose of this report is to provide Scrutiny Committee with an update on budget estimates for 2017/18 and Medium Term Financial Plan (MTFP) forecasts, and to consult with Members on the proposed means of closing the residual Budget Gap for 2017/18.
- 1.2 The provisional funding settlement was issued by Government late December, and included details regarding general revenue grant funding, New Homes Bonus, and business rates retention baseline and tariff. Overall the funding available to deliver services has reduced hugely in 2017/18:
 - a) General funding (Revenue Support and Rural Services Delivery grants) have reduced by a combined £274,000 (36%)
 - b) New Home Bonus funding has reduced by £171,000 (24%)
 - c) Retained business rates has reduced by £382,000 (27%)
- 1.3 Cabinet is minded to implement a council tax increase of 3.44% (£5 on a Band D) which provides an additional £69,000 income. Together with the higher Tax Base, total council tax funding will increase by £124,000 in 2017/18.
- 1.4 Overall, funding from general grant, new homes bonus, business rates and council tax has reduced by some £702,000 (14.4%) in 2017/18.
- 1.5 The 2017/18 draft budget also includes a prior year net Collection Fund deficit of £160,000 (£223,000 business rates deficit, £63,000 council tax surplus).
- 1.6 Cabinet is minded to progress the Savings Options, totalling £61,000 in 2017/18.
- 1.7 Cabinet is also minded to use £581,000 from the business rates smoothing reserve in 2017/18 (£223,000 to offset the business rates deficit, £358,000 to mitigate the funding reduction compared to 2016/17).

- 1.8 The updated Medium Term Financial Plan indicates that, despite forecasting a balanced budget for 2017/18, the Budget Gap in 2018/19 remains extremely serious at a projected £891,000.

2 Recommendations

- 2.1 Scrutiny notes the latest budget estimates, and refers any comments to Cabinet on the proposed means of closing the Budget for 2017/18.

3 Risk Assessment

Risk Matrix

| Description | Likelihood | Impact | Overall |
|--|----------------|-------------------------|----------------|
| Risk - West Somerset Council is unable to balance the budget | Likely (4) | Catastrophic (5) | Very High (20) |
| <i>Members approve options to balance the budget</i> | <i>Rare(1)</i> | <i>Catastrophic (5)</i> | <i>Low (5)</i> |

Risk Scoring Matrix

| | | | | | | | |
|------------|---|---------------|---------------|-------------|-------------|----------------|----------------|
| Likelihood | 5 | Very Likely | Low (5) | Medium (10) | High (15) | Very High (20) | Very High (25) |
| | 4 | Likely | Low (4) | Medium (8) | Medium (12) | High (16) | Very High (20) |
| | 3 | Feasible | Low (3) | Low (6) | Medium (9) | Medium (12) | High (15) |
| | 2 | Slight | Low (2) | Low (4) | Low (6) | Medium (8) | Medium (10) |
| | 1 | Very Unlikely | Low (1) | Low (2) | Low (3) | Low (4) | Low (5) |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Negligible | Minor | Moderate | Major | Catastrophic |
| | | | Impact | | | | |

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

4 Background Information

- 4.1 The General Fund Revenue Account is the Council's main fund and shows the income and expenditure relating to the provision of services which residents, visitors and businesses all have access to including planning, environmental

services, car parks, certain housing functions, community services and corporate services.

- 4.2 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).
- 4.3 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 current Corporate Plan.
- 4.4 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.
- 4.5 Members have previously considered a range of important reports that provide background on the Council's financial position and the budget strategy for 2017/18.

5 Provisional Finance Settlement 2017/18

- 5.1 Since the 24 November 2016 report we have received the Provisional Finance Settlement from DCLG. The Final Settlement is expected to be confirmed in early February 2017.

General Grant Funding

- 5.2 The grant funding from Government is in line with the confirmed multi-year settlement (2016/17 to 2019/20), with the expected reduction in 2017/18 as shown below – a 36% reduction in general revenue grant funding:

Table 1 – General Government Grant

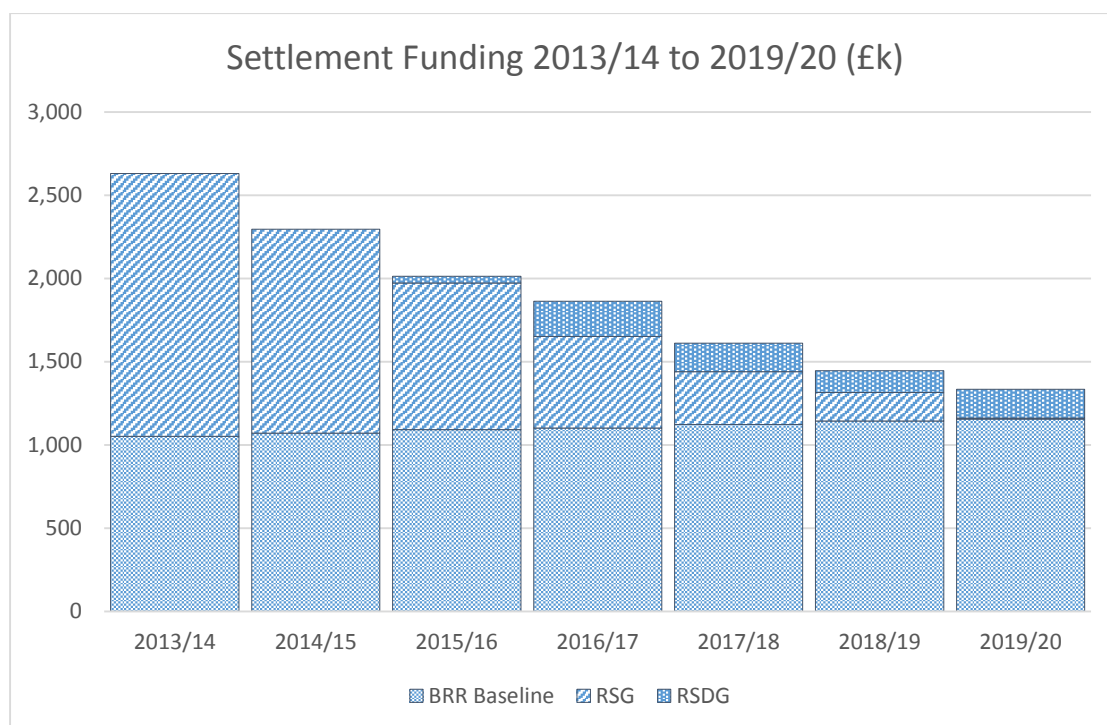
| | 2016/17 £ | 2017/18 £ | Change £ | |
|--|----------------|----------------|-----------------|-------------|
| Revenue Support Grant (RSG) | 550,320 | 316,885 | -233,435 | -42% |
| Rural Services Delivery Grant (RSDG) | 212,433 | 171,530 | -40,903 | -19% |
| Total General Revenue Grant Funding | 762,753 | 488,415 | -274,338 | -36% |

- 5.3 The multi-year settlement includes further reductions in subsequent years. The following table summarises how these grants, together with the Business Rates Baseline (BR Baseline) have and are projected to reduce since 2013/14, followed by a graph that clearly demonstrates the downward trend in the Council's Settlement Funding Assessment. During this period, the Settlement will have reduced by 51% in cash terms (estimated 56% in real terms).

Table 2 – Settlement Funding

| | 13/14 £k | 14/15 £k | 15/16 £k | 16/17 £k | 17/18 £k | 18/19 £k | 19/20 £k |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| RSG | 1,579 | 1,225 | 880 | 550 | 317 | 170 | 6 |
| RSDG* | 0 | 0 | 41 | 212 | 172 | 132 | 172 |
| BR Baseline | 1,051 | 1,071 | 1,092 | 1,101 | 1,123 | 1,144 | 1,156 |
| Govt Settlement | 2,630 | 2,296 | 2,013 | 1,863 | 1,612 | 1,446 | 1,334 |

*Incorporated within RSG prior to 2015/16, with amount not separately identified within Settlement information.



6 Business Rates Retention

- 6.1 As previously reported to Members, both at Scrutiny Committee in November and at Corporate PAG in December, there has been a change in both the baseline and the tariff methodology to reflect the implementation of the 2017 Revaluation of business rates. The Draft 2017 Revaluation has seen a significant increase in rateable values for the area, notably in respect of Hinkley B, which increases the amount of business rates payable by rate payers. However, we know discussions between the VOA and the ratepayer regarding the new valuation for Hinkley B are ongoing, and the strong advice from the Assistant Director Resources is to budget with an assumption that the final agreed value will be less than currently set within the Draft Revaluation. As such our estimates include a prudent but large provision for reductions on appeal – which is essential in safeguarding the Council’s financial viability.
- 6.2 A significant factor within the budget estimates for 2017/18 is the recommended provision for appeals. This was explained in some detail in the briefing provided to Members at Corporate PAG on 8 December 2016. The total Gross Rateable Values for business rates accounts in West Somerset per the draft 2017 valuation list is £52.424m. This is a substantial increase of some £23.95m

compared to the current list, with the majority of the increase attributable to Hinkley B power station. We have no way of knowing with certainty what this figure may change to following agreement between the VOA and EDF, however the risk that the figure will be reduced significantly is considered to be extremely high. It is considered absolutely prudent to budget for a large appeal cost, and the draft budget estimates include a provision for appeals totalling some £10.71m – 40% or £4.284m of which is this Council's share.

- 6.3 Members are advised that Council Leader, Lead Member for Resources and senior officers continue to lobby the Valuation Office and Government, with support of the LGA, regarding the draft Hinkley B rateable value, as it clearly does not appear to be accurate. This is a fundamental risk and uncertainty for the Council's financial planning and changes could have a material impact on retained business rates funding forecasts.
- 6.4 When the latest budget estimates were reported to Scrutiny in November 2016 we were expecting the Tariff element of our BRR funding to increase by some £2.7m to around £5.8m in total. The Provisional Settlement announcement by Government on 15 December incorporated adjustments that were not included in the related technical consultation, and indicates that the Tariff will in fact increase **to more than £6m next year**. As we need to make a prudent provision for reductions on appeals, we do not have a sufficient increase in our share of retained funding to mitigate this increase in Tariff, and as a result our funding will reduce well below the Business Rates Funding Baseline and trigger a large safety net payment from Government.
- 6.5 Provisional estimates for Business Rates Collection Fund Net Rates Income is summarised in the table below.

Table 3a Collection Fund Rating Income Estimate 2017/18

| | £k |
|---|---------------|
| Net Rates Payable (after reliefs) | 21,953 |
| Less: Allowance for bad debt | -75 |
| Less: Allowance for appeals | -10,710 |
| Collectible Rates | 11,168 |
| Less: Costs of Collection | -73 |
| Less: Disregarded amounts: Renewable Energy | -50 |
| Non-Domestic Rating Income | 11,045 |
| WSC 40% Share of NDR Income | 4,418 |

6.6 A summary of the new Retained Funding figure is shown in the table below:

Table 3b – Business Rates Retention Estimates

| Business Rates Retention Funding Estimates | 2016/17 Budget £ | 2017/18 Estimate £ |
|---|-----------------------------|-------------------------------|
| 40% Standard Share of Business Rates Yield | 4,365,929 | 4,417,716 |
| Rates yield from renewable energy schemes | 50,000 | 50,000 |
| Tariff to Government | -3,061,669 | -6,058,369 |
| Levy Payment | -250,479 | 0 |
| Safety Net Income | 0 | 2,042,559 |
| S31 Grant | 317,156 | 587,227 |
| Net Retained Business Rates Funding | 1,420,937 | 1,039,133 |
| Net Retained B Rates Funding as % of yield | 13.0% | 9.4% |

6.7 The Council's estimated retained business rates funding is reduced by £381,804 in 2017/18 compared to 2016/17. This adds further enormous pressure to the Budget Gap, late in the budget planning cycle. However, as the projected funding is now significantly below the safety net, the impact of volatility in funding is much less than before as changes in funding are most likely to affect the amount of safety net income due from Government, rather than change the net funding from the £1.039m shown above. The Council has prudently set aside reserves to mitigate funding risk and there is an option to use these reserves to offset the impact of this large funding reduction in 2017/18 – as described later in this report.

6.8 The estimates overall have changed by £71k since the last report to Scrutiny in November as the provisional NNDR1 forecast has been updated and Provisional Settlement details have come through. The final NNDR1 estimates will need to be completed by the end of January with our latest projections – it is considered unlikely that the figures will change significantly from those shown above.

7 New Homes Bonus

7.1 The New Homes Bonus (NHB) Grant has been in place since 2011/12. It is funding allocated by Government, separate to Revenue Support Grant and Business Rates, which incentivises and rewards housing growth. The NHB grant is non-ringfenced which means the Council is free to decide how to use it. The previous scheme design sets out that each year's Grant allocation would be payable for six years. Historically, all NHB Grant has been used to support ongoing spending of the Council.

7.2 The provisional NHB Grant for 2017/18 is £545,411, which is £170,649 or 24% less than 2016/17, and £75,781 less than our November estimate adding significant further pressure by increasing the budget gap to be addressed through our budget setting process.

Table 4 – New Homes Bonus 2017/18

| | 2016/17 £ | 2017/18 £ | Change £ | |
|-----------------------|--------------|--------------|-------------|------|
| New Homes Bonus Grant | 716,060 | 545,411 | -170,649 | -24% |

- 7.3 Last winter the Government consulted on proposed changes to the funding methodology for NHB, and has only just through announced changes as part of the Provisional Settlement in December. This brings further bad news in terms of funding reductions and our budget estimates for next year and beyond. Despite positive housing growth which was higher than previously forecast for budget purposes, a new baseline of 0.4% growth has been introduced from 2017/18 which has effectively acted as a top-slice so that we only receive grant for growth above 0.4%. Hence our housing growth ‘good news’ has been more than wiped out by this new baseline assumption. In addition to the new top-slice the Government has now confirmed that the rolling up of grants has reduced from 6 years to 5 years in 2017/18 and then reduces further to 4 years from 2018/19. Our previous MTFP forecasts had been prepared on this basis.
- 7.4 The impact of this new growth baseline is significant, particularly in a significantly rural area like West Somerset. The actual growth in Band D equivalents in 2016 was 118 or 0.7%. The impact is summarised within the following breakdown of the grant allocation related to 2017/18:

Table 5 – New Homes Bonus 2017/18 Calculation

| | |
|---|---------|
| Net Additions (October 2015 to October 2016) | 161 |
| Net increase in empty homes | -22 |
| Pure net housing growth | 139 |
| Net housing growth weighted as Band D equivalents (=0.7%) | 118.1 |
| 0.4% of October 2015 stock base – Band D equivalents | -67.6 |
| Rewarded units = 0.3% growth – Band D equivalents (rounded) | 50.5 |
| NHB Grant for growth (£1529.56* x 80%** x 50.5) | £61,824 |
| Affordable housing units growth (April 2015 to March 2016) | 21 |
| NHB Grant for affordable housing growth (£350 x 80%** x 21) | £5,880 |
| Returned funding (one-off in 2017/18) | £2,731 |
| Total NHB Grant allocation related to 2017/18 | £70,435 |

*£1,529.56 = the national average Band D council tax for 2016/17

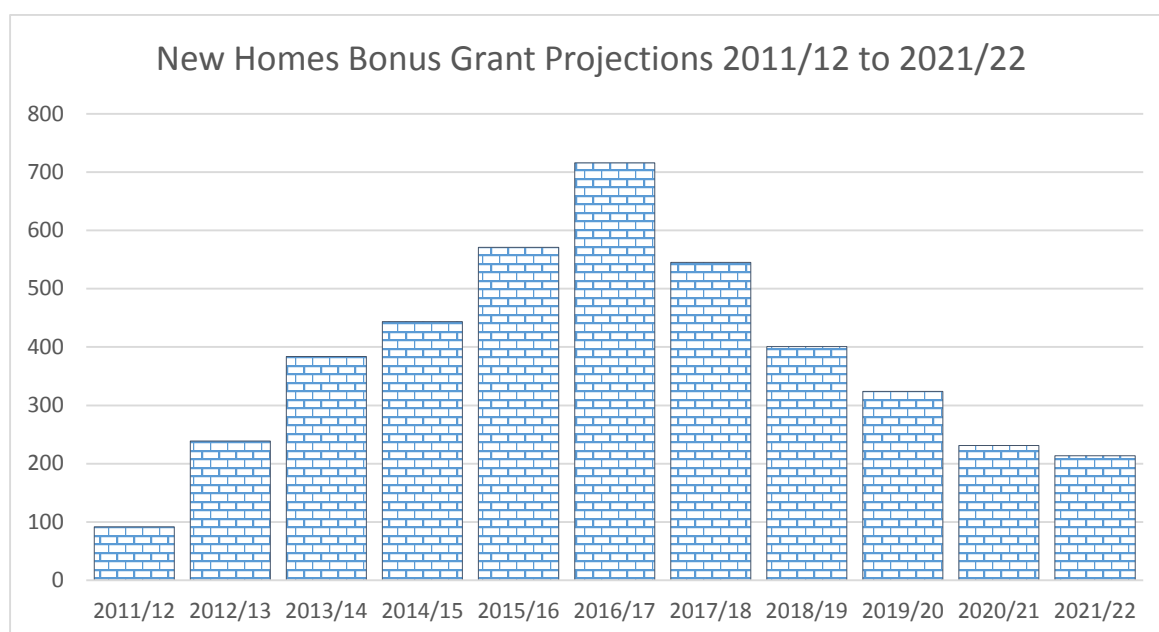
**growth is rewarded 80% to lower tier (District), 20% to upper tier (County)

- 7.5 As this shows, housing growth (net of new housing, demolitions and increase/decrease in empty homes) of 67.6 Band D equivalents has not been rewarded in 2017/18. This has resulted in a loss of funding of approximately **£82,700** as a result of the new top-slice for 0.4% growth.
- 7.6 The following table and graph summarises the historic allocations of NHB and the MTFP forecast up to 2021/22. Members are advised that the forecast for 2018/19 onwards have not yet been updated for up to date housing growth projections or to reflect the 0.4% growth baseline. This will be updated for the report to Cabinet in February, however the indicative trend indicates this grant source peaked in 2016/17 and further reductions in funding are expected in future years which inevitably adds further financial pressure for the Council's

services.

Table 6 – New Homes Bonus Grant Forecast

| | 11/12 £k | 12/13 £k | 13/14 £k | 14/15 £k | 15/16 £k | 16/17 £k | 17/18 £k | 18/19 £k | 19/20 £k | 20/21 £k | 21/22 £k | Totals £k |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 2011/12 | 91 | 91 | 91 | 91 | 91 | 91 | | | | | | 546 |
| 2012/13 | | 147 | 147 | 147 | 147 | 147 | | | | | | 735 |
| 2013/14 | | | 145 | 145 | 145 | 145 | 145 | | | | | 725 |
| 2014/15 | | | | 60 | 60 | 60 | 60 | | | | | 240 |
| 2015/16 | | | | | 128 | 128 | 128 | 128 | | | | 512 |
| 2016/17 | | | | | | 145 | 142 | 142 | 142 | | | 571 |
| 2017/18 | | | | | | | 70 | 68 | 68 | 68 | | 274 |
| 2018/19 | | | | | | | | 63 | 63 | 63 | 63 | 252 |
| 2019/20 | | | | | | | | | 50 | 50 | 50 | 150 |
| 2020/21 | | | | | | | | | | 50 | 50 | 100 |
| 2021/22 | | | | | | | | | | | 50 | 50 |
| Total | 91 | 238 | 383 | 443 | 571 | 716 | 545 | 401 | 323 | 231 | 213 | 4,155 |



8 Council Tax

- 8.1 The Secretary of State has confirmed within the Provisional Settlement that Shire Districts are able to increase council tax by the greater of 1.99% or £5 (on a Band D) in 2017/18 without the need for a referendum.
- 8.2 The 2016/17 annual basic tax rate towards the cost of West Somerset Council services, for the average Band D property, is £145.56, and the Council also included £1.76 in respect of the Somerset Rivers Authority (SRA), making the total Band D charge £147.32 on the face of Band D tax bills in 2016/17.
- 8.3 As previously reported to Scrutiny, Cabinet are minded to recommend to Full Council the option to increase Council Tax by 3.44% which equates to the £5 limit on a Band D property, and this is reflected in the draft budget estimates for

2017/18. For an average Band D property this will set the tax rate at £152.32 or £2.92 per week (comprising £150.56 for West Somerset services and £1.76 for the SRA). Any increase above this amount would require a referendum of local tax payers.

- 8.4 The approved Tax Base for 2017/18 is 13,860.4 Band D Equivalents, an increase of 378.4 (2.8%) compared to 2016/17. The draft budget estimates for Council Tax income for WSC is therefore 13,860.4 x £150.56 = £2,086,823. This represents a total increase of £124,385 compared to the previous year. The budget estimates are calculated as follows.

| | |
|---|------------------|
| | £ |
| Council Tax Income Budget 2016/17 | 1,962,438 |
| Increase due to change in Tax Base (Band D equivalents) | 55,083 |
| Increase due to proposed 3.44% increase in Tax Rate | <u>69,302</u> |
| Estimated Balance as at 31 March 2017 | <u>2,086,823</u> |

9 Somerset Rivers Authority

- 9.1 Members will be aware that the Somerset Rivers Authority are unable as yet to raise their own precept and it is therefore proposed and supported by the Board members to follow the same arrangements as 2016/17 and raise a precept for the same Band D value, ie £1.76 per year, which is currently included in our base rate. This will raise £24k funding from WSC in 2017/18. Keeping the precept at this level will make it easier to “unravel it” from our Council Tax computations when the Rivers Authority has precepting power.
- 9.2 Further information on the proposed use of these resources will be included in the Cabinet report in February.

10 Updated Budget Gap 2017/18 and Plans to Balance the Budget

- 10.1 The 2017/18 Budget Gap as presented to Scrutiny Committee on 24 Nov 2016 was £172k.

Table 7 – Draft Budget Gap 2017/18 Reconciliation

| | £k | £k |
|---|-----|-----|
| Budget Gap as reported to Scrutiny 16 th June 2016 | | 119 |
| Additional cost of Street Cleansing Contract | 23 | |
| Apprenticeship Levy | 10 | |
| Insurance Premiums | 8 | |
| BRR Funding | 329 | |
| Transformation Business Case savings | -48 | |
| Supported Accommodation HB Subsidy (P4A) | -31 | |
| Parking usage income trend | -30 | |
| Brunel Way Depot Rental Income | -6 | |
| Lease of Watchet Harbour Studios | -5 | |
| Telephones usage budget requirement reduced | -5 | |
| Software budget requirement reduced | -5 | |
| HR Service costs reduced budget requirement | -11 | |
| Finance service costs reduced budget requirement | -4 | |

| | £k | £k |
|---|-----|------------|
| Net interest costs reduced – provisional estimate | -8 | |
| Past service pension costs reduced | -2 | |
| Assume council tax increase 3.44% (£5 on Band D) | -28 | |
| T&C Mileage reductions through use of pool cars | -18 | |
| Street Cleaning contract increase (adjustment) | 4 | |
| Building Control contract saving | -46 | |
| Salaries - align to detailed estimates | 25 | |
| Harbour costs | 4 | |
| Council Tax - Provisional Surplus | -64 | |
| Council Tax - Provisional tax base estimate | -39 | |
| Budget Gap Estimate 24 Nov 2016 | | 172 |

- 10.2 The Provisional Settlement and some other material changes to budget estimates have significantly increased the Budget Gap for next year, from £172k in November to £514k in January 2017.

Table 8 – Budget Gap Following Provisional Finance Settlement

| | £k | £k |
|--|------|------------|
| Budget Gap as reported to Scrutiny 24 th Nov 2016 | | 172 |
| <i>Additional Net Budget Pressures:</i> | | |
| Pension deficit recovery lump sum 2017 valuation impact | 143 | 315 |
| Pension contribution increased from 13.5% to 15.4% | 37 | 352 |
| Business Rates Collection Fund Deficit updated estimate | 17 | 369 |
| Provisional NNDR1 completed for BRR | 71 | 440 |
| New Homes Bonus provisional settlement | 75 | 515 |
| Fees and charges: Planning | -1 | 514 |
| Sub-Total – Updated Budget Gap for 2017/18 | | 514 |
| <i>Proposals to Balance the Budget in 2017/18:</i> | | |
| Implement Savings Options | -61 | 453 |
| Adjust transfers to/from BRR Smoothing Reserve to offset BRR Collection Fund Deficit | -17 | 436 |
| Transfer from BRR Smoothing Reserve | -436 | 0 |

Pension Deficit lump sum/Pension contributions

- 10.3 We have received the initial details of the triennial valuation of the LGPS. The formal valuation documentation is not due to be issued until mid-March but we have had prior notice (which is unlikely to change) of the impact on our budgets. The figures we have been given indicate that the actuaries will propose a significant increase to our lump sum payments and Employers contributions for 2017/18 and in the future.
- 10.4 This is a significant unforeseen pressure, adding a combined £180,000 to the Gap, and reflects the current markets and changes in assumptions adopted by the actuaries. We have little scope for disputing the rises as the work behind the assumptions is highly specialised and detailed and therefore likely to be appropriate.
- 10.5 The total pension fund deficit payment in 2017/18 is expected to be £503,000 (£143,000 higher than previous estimates per the 2013 valuation) and takes up

12.5% of the Council's net funding. By 2021/22 this lump sum is projected to rise to £562,000 which would take up 14.7% of projected net funding in that year.

Business Rates Collection Fund Deficit

- 10.6 Where the total amount of business rates collected during the year varies from the budget estimates this results in a surplus or deficit balance in the Collection Fund. WSC is liable for 40% of any balance, with the final projected deficit in 2016/17 forecast at £558,865. Our 40% share of this is £223,546, which needs to be paid into the Collection Fund in 2017/18. This figure has by approximately £17,000 compared to previous estimates.

Business Rates Retention

- 10.7 As stated earlier in this report (see para 6.5) the business rates retention estimates have reduced by around £71,000 during December.

New Homes Bonus

- 10.8 As stated earlier in this report (see section 7) the NHB grant funding is less than previously estimated, mainly due to a change in the calculation of the grant.

Fees and Charges

- 10.9 Fees and Charges for 2017/18 were approved by Full Council in December but this resulted in only a £1k reduction in the Budget Gap due to increased fees being offset by increased costs in a number of cases.

Savings Options

- 10.10 The initial savings options totalling £60,900 were outlined to Scrutiny at the meeting in December. Since that time, Cabinet has indicated their intention to progress with those savings proposals and they have been applied to the MTFP projections pending approval by Full Council.
- 10.11 The savings options are set out in more detail in Appendix A, with requisite Equalities Impact Assessments included in Appendix B. The options are summarised here:

Table 9 – Savings Options

| | £ |
|--|---------------|
| Health and safety costs | 1,000 |
| Dog collection and kennelling | 4,000 |
| Minehead seafront lights maintenance | 1,700 |
| Revenue funding for capital programme costs (RCCO) | 39,000 |
| Legal services costs | 11,000 |
| Grant to West Somerset Advice Bureau | 3,400 |
| Total | 60,900 |

Business Rates Smoothing Reserve

- 10.12 As previously reported, the Council's share of business rates funding can be volatile. Financial provisions are maintained in respect of appeals and bad debts, however there remains a risk that rating income can fall below our budget estimates. The Council has previously maintained a Business Rates Smoothing

Reserve which provides a contingency for volatility in the Council's retained funding. The reserve was depleted by the previous Hinkley B appeal and since that time the Council has prudently replenished the Reserve with a view to providing some resilience against further appeals and Business Rates losses

10.13 It is clear that the savings options currently being considered are not adequate to fully address the budget gap in 2017/18. There is also insufficient funds in general reserves (see below). In view of the change in risk in respect of funding volatility, as the Council's BRR budget estimates are not significantly above the safety net threshold, Cabinet is minded to close the residual Budget Gap by use of the Business Rates Smoothing Reserve. This is only a short-term solution, however this provides time for the Council to develop plans necessary to address the underlying gap for 2018/19.

10.14 The resulting balance in the reserve would be as follows:

Table 10 – Provisional Business Rates Smoothing Reserve Balance

| | £ |
|--|------------------|
| Opening Balance 1 April 2016 | 3,388,863 |
| 2016/17 Budget – Estimated 2015/16 Deficit | -2,729,063 |
| 2016/17 Budget – Final Settlement Funding | 139,882 |
| Proposed transfer from 2016/17 Underspend | 75,000 |
| Projected Balance 1 April 2017 | 874,682 |
| 2017/18 Budget – Estimated 2016/17 Deficit | -223,546 |
| 2017/18 planned transfer to reserve (2016/17 budget setting) | 79,168 |
| 2017/18 Draft Budget transfer to balance the budget | -436,242 |
| Projected Closing Balance March 2018 | 294,062 |

10.15 When the initial estimates for 2017/18 were updated in June 2016, the forecast BRR Funding budget was £1.438m. Now, the Draft Budget BRR Funding estimate is £1.039m, some £399,000 less than previously planned for. The proposed net transfer from the reserve in 2017/18 of £357,074 (436,242 – 79,168) mitigates the majority of this sharp reduction in funding and therefore offsets volatility that the reserve was set aside for – in the short term at least.

11 2017/18 Draft Budget Summary

11.1 The following table provides a summary of the latest Draft Budget position for 2017/18.

Table 11 – Draft Revenue Budget 2017/18

| | Original Budget 2016/17 £ | Draft Estimates 2017/18 £ |
|--|--|--|
| Total Spending on WSC Services | 4,632,260 | 4,590,636 |
| Somerset Rivers Authority Contribution | 23,728 | 24,394 |
| Revenue Contribution to Capital | 0 | 0 |
| Capital Debt Repayment Provision (MRP) | 0 | 0 |
| Interest Costs | 13,000 | 5,000 |
| Interest Income | -15,000 | -15,000 |
| Transfers to/from Earmarked Reserves | -2,266,879 | -580,620 |
| Transfer to/from General Reserves | -216,456 | 0 |
| AUTHORITY EXPENDITURE | 2,170,653 | 4,024,410 |
| Retained Business Rates | -1,420,937 | -1,039,133 |
| Revenue Support Grant | -550,320 | -316,885 |
| Rural Services Delivery Grant | -212,433 | -171,530 |
| New Homes Bonus | -716,060 | -545,411 |
| Surplus(-)/Deficit on Collection Fund – Council Tax | -13,800 | -63,780 |
| Surplus(-)/Deficit on Collection Fund – Business Rates | 2,729,063 | 223,546 |
| <i>Expenditure to be financed by District Council Tax</i> | 1,962,438 | 2,086,823 |
| <i>Council Tax raised to fund SRA Contribution</i> | 23,728 | 24,394 |
| Total Council Tax Raised by WSC | 1,986,166 | 2,111,217 |
| Divided by Council Tax Base | 13,482.0 | 13,860.4 |
| Council Tax @ Band D – West Somerset Services | 145.56 | 150.56 |
| Council Tax @ Band D – Somerset Rivers Authority | 1.76 | 1.76 |
| Council Tax @ Band D – WSC including SRA | 147.32 | 152.32 |
| Cost per week per Band D equivalent | 2.83 | 2.92 |

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

12 Revised MTFP Position

12.1 The updated MTFP forecast is summarised below, reflecting the updates described in this report.

Table 12 – Revised MTFP Summary as at 4 January 2017

| | 2016/17 £ | 2017/18 £ | 2018/19 £ | 2019/20 £ | 2020/21 £ | 2021/22 £ |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Services Costs | 4,632,260 | 4,590,636 | 4,625,261 | 4,525,345 | 4,651,130 | 4,800,378 |
| Net Financing Costs | -2,000 | -10,000 | -10,000 | -10,000 | -10,000 | -10,000 |
| Repayment of Borrowing | 0 | 0 | 143,100 | 143,100 | 143,100 | 143,100 |
| Revenue contribution to Capital | 0 | 0 | 39,000 | 39,000 | 39,000 | 39,000 |
| SRA Contribution | 23,728 | 24,394 | 0 | 0 | 0 | 0 |
| Earmarked Reserves – Business Rates Deficit | -2,729,063 | -223,546 | 0 | 0 | 0 | 0 |
| Earmarked Reserves – Other | 462,184 | -357,074 | 0 | 0 | 0 | 0 |
| General Reserves | -216,456 | 0 | 0 | 0 | 0 | 0 |
| Net Expenditure | 2,170,653 | 4,024,410 | 4,797,361 | 4,697,445 | 4,823,230 | 4,972,478 |

| | 2016/17 £ | 2017/18 £ | 2018/19 £ | 2019/20 £ | 2020/21 £ | 2021/22 £ |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Retained Business Rates | -1,420,937 | -1,039,133 | -1,055,259 | -1,063,221 | -1,071,272 | -1,079,406 |
| Business Rates prior year surplus/deficit | 2,729,063 | 223,546 | 0 | 0 | 0 | 0 |
| Revenue Support Grant | -550,320 | -316,885 | -170,193 | -6,340 | 0 | 0 |
| Rural Services Delivery Grant | -212,433 | -171,530 | -131,946 | -171,530 | -171,530 | -171,530 |
| New Homes Bonus | -716,060 | -545,411 | -401,028 | -323,657 | -231,141 | -250,000 |
| Council Tax–WSC | -1,962,438 | -2,086,823 | -2,147,553 | -2,203,488 | -2,260,866 | -2,319,705 |
| Council Tax–SRA | -23,728 | -24,394 | 0 | 0 | 0 | 0 |
| Council Tax prior year surplus/deficit | -13,800 | -63,780 | 0 | 0 | 0 | 0 |
| Net Funding | -2,170,653 | -4,024,410 | -3,905,979 | -3,768,236 | -3,734,809 | -3,820,641 |
| Budget Gap | | 0 | 891,382 | 929,209 | 1,088,421 | 1,151,837 |
| Budget Gap Increase | | 0 | 891,382 | 37,827 | 159,212 | 63,416 |

Transformation of Services

- 12.2 The MTFP position above already includes the projected savings arising through the implementation of the Transformation Business Case, as summarised below. Without these savings the forecast budget gap would be even greater i.e. **£1.593m per year** by 2021/22. The savings from transformation included in the MTFP above are:

Table 13 – Transformation Savings

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------|---------|---------|---------|---------|---------|
| | £ | £ | £ | £ | £ |
| Incremental Savings Delivered | 48,000 | 181,000 | 203,000 | 4,500 | 4,500 |
| Total annual savings | 48,000 | 229,000 | 432,000 | 436,500 | 441,000 |

- 12.3 These figures do not include the further savings that are identified in the Business Case that would be delivered through creating a new Council (Option 2).

Recycle More – Budget Impact (2018/19, 2019/20 and 2020/21 ongoing)

- 12.4 Following the decision to support the new Delivery Model for the Waste Partnership, we have reflected a pressure in 2018/19 (£15,300) followed by savings in 2019/20 (£36,550) and 2020/21 (£48,400) ongoing. There is a pressure of £25k in the current year 16/17 which we will have to absorb through existing underspends but overall this is good news for the MTFP in later years.

Medium Term Forecast

- 12.5 The forecasts for the medium term reflect the position for West Somerset Council on its own. It is clear that 2018/19 is set to be a serious challenge in terms of finding additional savings and/or income to close the budget gap. The one-off use of reserves that is proposed to be applied to close the 2017/18 budget gap has exacerbated the pressure in later years as it does not provide ongoing savings.
- 12.6 We will need to start our work early to ensure we consider all our options for closing the gap including new ways of generating income; expanding the

income generated from our existing funding streams and also finding new ways of finding service related savings; making economies and; finding further efficiencies in our ways of working.

- 12.7 One potential measure to reduce the 2018/19 revenue gap would be to ring-fence capital resources (as we have done for 3 years) to mitigate the impact of the MRP pressure. This would result in a reduction of £143,100 in the Budget Gap.
- 12.8 The 2018/19 figures also show a £39k standing budget allocation for Revenue Contribution to Capital Programme. This, in the current climate, may be considered an unnecessary pressure which might be removed from the budget and use only unallocated capital resources for any new unavoidable capital costs.

13 General Reserves

- 13.1 The current reserves position is shown below. The mid-year forecast for the 2016/17 budget is a projected underspend of £117k, but Cabinet has approved a transfer to the Business Rates Smoothing Reserve of £75k which will be included in the recommendations to Full Council in February. This will deplete the balance to a projected £639,166.

Table 14 – General Reserves Balance 31 March 2017

| | £ |
|---|----------------|
| Balance Brought Forward 1 April 2016 | 1,073,242 |
| 2016/17 Budget: Transfer to JMASS Reserve | -166,456 |
| 2016/17 Budget: Transfer to Planning Service Reserve | -50,000 |
| Supplementary Budget – North Hill Maintenance | -150,000 |
| Supplementary Budget – Transformation Business Case | -106,000 |
| Supplementary Budget – Street Cleaning Contract | -3,900 |
| Current Budgeted Balance | 596,886 |
| 2016/17 Projected Outturn Variance – Mid-Year Forecast | 117,280 |
| Transfer to BR Smoothing Res – To be ratified by Full Council | -75,000 |
| Projected Balance 31 March 2017 | 639,166 |
| Recommended Minimum Balance | 600,000 |
| Projected Balance above recommended minimum | 39,166 |

14 Capital Programme

- 14.1 This is covered in a separate report.

15 Robustness of the Budget Process

- 15.1 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. Both of these elements will be included in subsequent reports to Cabinet and Full Council in February.

16 Links to Corporate Aims / Priorities

- 16.1 It is important that Councillors recognise the financial position, challenges and risks faced by the Council and fully engage in the corporate and financial planning processes in order to determine an affordable and sustainable set of corporate aims and priorities. This should lead to the Council approving a sustainable final budget and MTFP in February 2017.

17 Finance / Resource Implications

- 17.1 The Council's financial position is set out above within the body of this report. Whilst the draft budget estimates present a balanced draft budget for 2017/18 this relies on use of reserves to mitigate the significant reduction in business rates funding. The Budget Gap for 2018/19 is serious. There is a significant uncertainty in the MTFP forecasts in respect of Hinkley B business rates, which brings significant risk to financial forecasts. Having clarity and confidence about the Hinkley B rateable value and its relationship with the Council's ongoing funding will make financial and service planning much more robust.
- 17.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term.
- 17.3 The MTFP reflects the projected savings from transformation of council services. It does not include the potential further savings projected through the creation of a new single council to replace Taunton Deane and West Somerset Councils.

18 Legal Implications

- 18.1 The Council is required by law to set a balanced budget and failure to do so would result in serious financial and service implications and lead to Government intervention.

19 Environmental Impact Implications

- 19.1 None for the purposes of this report.

20 Safeguarding and/or Community Safety Implications

- 20.1 None for the purposes of this report.

21 Equality and Diversity Implications

- 21.1 Equalities Impact Assessments in respect of savings options are included in Appendix B.

22 Social Value Implications

- 22.1 None for the purposes of this report.

23 Partnership Implications

23.1 None for the purposes of this report. The Council budget incorporates costs and income related to the various partnership arrangements, and any changes in relevant forecasts and proposals will be reported for consideration as these emerge.

24 Health and Wellbeing Implications

24.1 None for the purposes of this report. Any relevant information and decisions with regard to health and wellbeing will be reported as these emerge through the financial planning process.

25 Asset Management Implications

25.1 None directly for the purposes of this report. The financial implications associated with asset management will be reflected in due course.

26 Consultation Implications

26.1 None for the purposes of this report.

27 Scrutiny Comments / Recommendation(s)

27.1 Scrutiny comments are invited at this meeting, for consideration by Cabinet and in forming recommendations to Members to address the ongoing financial sustainability of the Council.

Democratic Path:

- **Scrutiny Committee – Yes**
- **Cabinet – Yes**
- **Full Council – Yes**

Reporting Frequency: Annual

Contact Officers

| | | | |
|-------------|--|-------------|--|
| Name | Jo Nacey | Name | Paul Fitzgerald |
| Direct Dial | 01823 356537 | Direct Dial | 01823 358680 |
| Email | j.nacey@tauntondeane.gov.uk | Email | p.fitzgerald@tauntondeane.gov.uk |

Taunton Deane Borough Council and West Somerset Council
Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

| | | | |
|--|-------------------------------|----------------------------------|----------------|
| <i>"I shall try to explain what "due regard" means and how the courts interpret it. The courts have made it clear that having due regard is more than having a cursory glance at a document before arriving at a preconceived conclusion. Due regard requires public authorities, in formulating a policy, to give equality considerations the weight which is proportionate in the circumstances, given the potential impact of the policy on equality. It is not a question of box-ticking; it requires the equality impact to be considered rigorously and with an open mind."¹</i> | | | |
| Officer completing EIA form: | Job Title: | Team/Service: | |
| Christine Gale | Housing & Communities Officer | Housing & Community Project Team | |
| Why are you completing the impact assessment? <i>Please ✓ as appropriate</i> | | | |
| Proposed new policy or service | Change to policy or service | New or Change to Budget | Service review |
| | | ✓ | |
| 1 Description of policy, service or decision being impact assessed: | | | |
| West Somerset Advice Bureau is an independent organisation, established in 1979 providing free and confidential advice. It is a registered charitable company and is affiliated to Advice UK. Like Citizens Advice Bureaux, it operates with a team of trained (13-week training programme) and experienced volunteer advisers, backed and supported by 6 part-time paid staff (including specialist debt, money guidance, welfare benefit & older persons' independent living guidance workers). Advice is offered across a broad range of matters including debt and welfare benefits, employment, housing, consumer matters, legal and relationship problems. WSAB provides or assists in the provision of the best confidential advice and information service to meet the needs of the people who live and work in West Somerset. | | | |
| 2 People who could be affected, with particular regard to the legally defined protected characteristics²: | | | |

¹ Baroness Thornton, March 2010

² For protected characteristics, please visit:

<http://www.equalityhumanrights.com/private-and-public-sector-guidance/guidance-all/protected-characteristics>

Taunton Deane Borough Council and West Somerset Council
Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

WSAB provides services which reach across a number of the protected characteristics.

Age: A proportion of the welfare benefit work involves Pension queries & Attendance Allowance claims. This reflects the age demographic profile of the district.

Disability (includes mental & physical health & sensory loss): Many clients are sick, distressed & vulnerable and many suffer with mental and or physical health problems and or sensory loss. Clients presenting with debt problems will also struggle with feelings of anxiety and depression; assisting with these issues will often see an improvement in the client's health.

Gender Reassignment: Harassment, prejudice & sexism advice.

Marriage & Civil Partnership: Harassment, prejudice & sexism advice.

Pregnancy & Maternity: Prejudice / domestic violence advice, support & signposting.

Race (inc ethnicity, colour & nationality): There has been a noticeable increase in migrant workers seeking advice. The impact of the Hinkley Point development is likely to further increase the number of people from migratory populations seeking advice in future years.

Religion and Belief: Harassment & prejudice advice & signposting.

Sex (gender): Harassment, prejudice & sexism advice.

Sexual Orientation (includes heterosexual, gay, lesbian & bi-sexual): Harassment & prejudice advice & signposting.

Non – Statutory groups

Low income individuals & families: West Somerset is an area affected by low social mobility and many users of the service are low income individuals and families.

Rural Isolation: West Somerset is a rural district with poor transport networks which can affect the way advice services are delivered: A home service is offered for sick & housebound clients unable to attend the bureau and additionally Village Agents currently identify those in need of this service. WSAB is the nearest independent advice service available for some West Somerset residents; other bureau being situated in Taunton, Bridgwater and Tiverton.

Carers: Carers associated with any of the protected characteristics listed above.

Armed Forces Communities: General welfare advice & signposting is given to this group and client numbers are expected to increase with the location of The British Legion to the area; promotion of advice bureau services and signposting of those seeking advice.

3 People and Service Area who are delivering the policy/service/decision:

Housing and Communities Project Team

Taunton Deane Borough Council and West Somerset Council
Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

4 Evidence used to assess impact: *Please attached documents where appropriate.*

- Discussions held with WSAB during monitoring visits
- Study of agreement
- AGM & report
- Written response by WSAB to notification of cuts
- Consultation with Benefits & Revenues Manager:

"If funding for the West Somerset Advice Bureau is reduced and they are unable to continue current service delivery, I feel it is likely the workload of the Revenues & Benefits Service would increase. We refer many customers to this agency so they can seek independent advice, particularly in money and debt management. The consequences of this agency not being able to assist customers who are struggling to pay their rent or Council Tax, could result in a decline in our ability to collect money owed as well as the potential for increased homelessness."

5 Conclusions on impact of proposed decision or new policy/service change:

West Somerset Advice Bureau will need additional support in order to continue with the work they do with a 10% reduction in funding.

6 Recommendation based on findings. These need to be outlined in the attached action plan.

- WSAB need guidance with bid-writing guidance via council staff and Engage.
- Monitoring of impact of funding reduction.
- Partnership working/possible merger with another bureau in order to pool resources and secure joint funding.
- Explore possibility of post(s) within the service being funded by the private sector. Eg Wessex Water and other utilities providers.
- Consider reduction in paid staff / hour-age.
- Grant application to Armed Forces Covenant: Community Integration-Local Service Delivery.

Taunton Deane Borough Council and West Somerset Council

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

- Joint grant applications with The British legion

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

| Equality Impact Assessment Action Plan | | | | | |
|--|--|--|----------------------------|-------------------------------|--------------------------|
| Group Affected | Action required | Expected outcome of action | Person to undertake action | Service Plan - for monitoring | Expected Completion date |
| Age | WSAB refer clients to & work with external agencies such as Equality Advisory & Support Services (EASS). | Clients explore options, WSAB broaden staff knowledge and workload shared. | S Clowes WSAB | | 31/03/2018 |
| Disability | WSAB to work with Compass Disability to address issues | Increased partnership working & possibility of resource pooling. | S Clowes WSAB | | 31/03/2018 |
| Gender Re-assignment | WSAB to consult with Diversity Trust to increase awareness of issues relating to this group. | Enhanced skills and increased learning. Staff better able to understand difficulties relating to this group. | S Clowes WSAB | | 31/03/2018 |
| Marriage and Civil Partnership | WSAB to consult with Diversity Trust to increase awareness of issues relating to this group. | Enhanced skills and increased learning. Staff better able to | S Clowes WSAB | | 31/03/2018 |

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

| Equality Impact Assessment Action Plan | | | | | |
|--|---|---|----------------------------|-------------------------------|--------------------------|
| Group Affected | Action required | Expected outcome of action | Person to undertake action | Service Plan - for monitoring | Expected Completion date |
| | | understand difficulties relating to this group. | | | |
| Pregnancy and Maternity | Liaise with Family and Childcare Trust to increase staff knowledge and refer clients for further information and support. EASS may also be consulted. | Heightened staff awareness, clients able to network with peers. EASS will advise on discrimination. | S Clowes WSAB | | 31/03/2018 |
| Race ³ | Liaise with SARI/EASS to increase staff knowledge and refer clients for further information and support. | SARI will take on Hate Crime cases. EASS will advise on discrimination. | S Clowes WSAB | | 31/03/2018 |

³ Including ethnicity, national origin, colour, nationality, gypsies and travellers.

Taunton Deane Borough Council and West Somerset Council

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

| Equality Impact Assessment Action Plan | | | | | |
|---|---|--|----------------------------|-------------------------------|--------------------------|
| Group Affected | Action required | Expected outcome of action | Person to undertake action | Service Plan - for monitoring | Expected Completion date |
| Religion and Belief | Liaise with SARI/EASS, referral to Mind peer support groups. | SARI will accept Hate Crime cases. EASS will advise on discrimination. Mind will offer access to peer support group. | S Clowes WSAB | | 31/03/2018 |
| Sex | WSAB refer clients to & work with external agencies such as Equality Advisory & Support Services. | Clients receive specialist advice and support. | S Clowes WSAB | | 31/03/2018 |
| Sexual Orientation | WSAB to consult with Diversity Trust to increase awareness of issues relating to this group. | Enhanced skills and increased learning. Staff better able to understand difficulties relating to this group. | S Clowes WSAB | | 31/03/2018 |
| Low Income (WSC only) | WSAB refer clients to Turn2Us for advice on income and funding sources. | Partnership working opportunities for WSAB & targeted support for client. | S Clowes WSAB | | 31/03/2018 |
| Rurality (WSC only) | WSAB refer clients to Turn2Us for advice on | Partnership working opportunities for WSAB | S Clowes WSAB | | 31/03/2018 |

Equality Impact Assessment Form and Action Plan

Expand boxes as required. Guidance notes are stored - TDBC link:

<http://portal/sites/policyPerf/strategyandpartnerships/equality/Equality%20Impact%20Assessment%20GuidanceTemplate/Forms/AllItems.aspx> WSC 'W' drive: W:\Equalities\EIA TEMPLATE

| Equality Impact Assessment Action Plan | | | | | | | |
|--|-----------------------------|--------------|--------------------------------|------|----------------------------|-------------------------------|--------------------------|
| Group Affected | Action required | | Expected outcome of action | | Person to undertake action | Service Plan - for monitoring | Expected Completion date |
| | income and funding sources. | | & targeted support for client. | | | | |
| Author's Signature: | | | Ref/Report Title: | | Date: | 14/11/2016 | EIA Version: 1 |
| Contact Details: | Tel: | 01823 358693 | Extn: | 2340 | Email: | c.gale@tauntondeane.gov.uk | |

Report Number: WSC 5/17

West Somerset Council

Scrutiny – 19 January 2017

Capital Programme Draft Budget Estimates 2017/18

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

Report Author: Jo Nacey, Finance Manager

1 Executive Summary

- 1.1 The purpose of this report is to provide Members with the detail of the Capital bids for the 2017/18 Capital Programme and the proposed source of funding.

2 Recommendations

- 2.1 That Scrutiny notes the Draft 2017/18 Capital Programme totalling £372,500, and the current unallocated capital resources position.

3 Background Information

- 3.1 The current capital programme approach was approved by Full Council on 26th March 2014. A key part of the strategy concerns the approach to funding the capital programme and states that it will be through

- a) the disposal of land and buildings;
- b) by maximising third party contributions from grant funding or private sector investment; and
- c) borrowing, as a last resort, in accordance with the Prudential Code and with full regard of the impact on the revenue budget.

- 3.2 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

- 3.3 Members are also reminded of the additional flexibility that allows authorities to

use new capital receipts arising in 2016/17, 2017/18 and 2018/19 to fund up-front revenue costs of initiatives that will deliver ongoing revenue savings or efficiencies. Currently the Council has committed to raise £217k through asset sales in order to fund part of the costs included in the Transformation Business Case approved by Council on 7 September 2016.

- 3.4 The current General Fund Capital Programme in 2016/17 includes approved projects totalling £1.861m plus carry forwards from the previous years' schemes of 2.817m.

4 Draft 2017/18 Capital Programme

- 4.1 In view of limited capital resources and future commitments regarding transformation, only bids for essential spend have been sought from services. The table below sets out the proposed capital schemes for 2017/18 and suggested funding for these schemes.

Table 1 – Draft Capital Programme 2017/18

| Scheme | Priority | Cost £ | Funding | | |
|--------------------|----------|----------------|--------------------------|------------------------|----------------|
| | | | Capital Receipts £ | Capital Grants £ | Total £ |
| ICT Infrastructure | 1 | 10,000 | 10,000 | | 10,000 |
| ICT Hardware | 1 | 2,500 | 2,500 | | 2,500 |
| DFGs | 2 | 360,000 | | 360,000 | 360,000 |
| Total | | 372,500 | 12,500 | 360,000 | 372,500 |

Capital Schemes Explained

- 4.2 **ICT Infrastructure £10,000:** This relates to the installation of essential software upgrades such as for Oracle, environmental health and cash receipting systems. There is a risk that without these updates the software would become unsupported and therefore leave the Authority at unacceptable risk.
- 4.3 **ICT Hardware Contingency £2,500:** There is a standing annual bid for replacement of computers and laptops and generally dealing with hardware issues. In light of the financial constraints the Authority has, it has been suggested that this bid be replaced with a contingency, ie in case of need, and this is considered to be safe albeit there is some level of risk.
- 4.5 **Disabled Facility Grants (Private Sector) £360,000:** 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 subject to confirmation of the grant to be received from Somerset County Council's Better Care Fund, it is anticipated the Council will receive £360,000, providing the necessary funding to make this scheme affordable.
- 4.6 Members are advised that this draft capital programme does not include the potential loan to the Somerset Waste Partnership, which is included in a separate report to this meeting.

5 Funding the Capital Programme

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

- Capital Receipts
- Grant Funding
- Capital Contributions (e.g. from another Local Authority/s.106 Funding)
- Revenue budgets/reserves (often referred as RCCO – Revenue Contributions to Capital Outlay)
- Borrowing

5.2 Table 1 above summarises the proposed funding of the Capital Programme for 2017/18 through capital receipts plus grant funding provided via SCC.

Funding Sources Explained

5.3 **Capital Receipts:** These come from the sale of the Council's assets. The following table summarises the current and forecast Capital Receipts Reserve balance, including the commitment to fund the repayment of previous capital borrowing in lieu of Minimum Revenue provision from 2015/16 to 2017/18.

Table 2 – Capital Receipts Reserve

| | Actual £ |
|---|---------------------|
| Balance Brought Forward 1 April 2015 | 896,581 |
| Capital Receipts income in 2015/16 | 2,053,602 |
| Capital Receipts Used in 2015/16 to support capital spend | -577,446 |
| Capital Receipts used in 2015/16 to repay capital debt | -143,100 |
| Balance Carried Forward 31 March 2016 | 2,229,637 |
| Funding of Carry Forwards from 2015/16 | -647,428 |
| 2016/17 Approved Capital Programme | -17,500 |
| Use of Capital Receipts for debt repayment in 2016/17 and 2017/18 | -286,200 |
| <i>Supplementary Estimates</i> | |
| CASA Project | -83,000 |
| Capital Sustainability | -43,200 |
| Transformation | -110,000 |
| Capital Receipts income in 2016/17 (To Date) | 155,000 |
| Uncommitted Balance | 1,197,309 |

5.4 **Grant Funding:** The Council receives capital grant for Disabled Facilities Grant. The confirmed grant for 2017/18 is expected to be £360,000. This funding is allocated via the Better Care Fund (BCF) and it is the responsibility of the commissioners of the fund – the Clinical Commissioning Group (CCG) and Somerset County Council – to decide how the money is allocated. WSC has representation on various groups to try and ensure our interests are protected.

5.5 **Capital Contributions:** This could take the form of capital contributions from other authorities or developers in the form of s.106 funding.

- 5.6 **Revenue Funding (RCCO):** The Draft Budget for 2017/18 does not include any revenue funding towards the capital programme due to the pressures on the revenue budget.
- 5.7 **Borrowing:** This would be in the form of taking out a loan either from the markets or through the PWLB which would incur interest costs chargeable to the revenue budget. There is also “internal borrowing” which is treated the same as external borrowing for funding purposes, but uses cash flow timing balances rather than taking out a physical loan.
- 5.8 Supporting new capital expenditure through borrowing (internal or external) would add to the Council’s underlying Capital Financing Requirement (CFR). The current and estimated CFR balance for 2016/17 and 2017/18 are summarised in the table below. Currently, the Council plans to use uncommitted capital receipts to fund the repayment of capital borrowing. This is included in financial plans up to 2017/18. The Council could consider extending this a further year (or years) if sufficient surplus receipts are available and not required to support capital expenditure.

Table 3 – Capital Financing Requirement

| | 2015/16 £k | 2016/17 £k |
|---------------------------|---------------|---------------|
| Opening CFR | 5,633 | 5,490 |
| MRP From Capital Receipts | (143) | (143) |
| Closing CFR | 5,490 | 5,347 |

6 Links to Corporate Aims / Priorities

- 6.1 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.

7 Finance / Resource Implications

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

8 Legal Implications

- 8.1 Managers have considered legal implications in arriving at the recommended budget for 2017/18.

9 Environmental Impact Implications

- 9.1 None for the purposes of this report.

10 Safeguarding and/or Community Safety Implications

10.1 None for the purposes of this report.

11 Equality and Diversity Implications

11.1 Equalities impacts have been considered. No Equality Impact Assessment (EIA) has been included for Disabled Facilities Grants for 2017/18 as there are no proposed changes. For information Members should refer to the EIA for DFGs provided in the Full Council Report in Feb 2016.

12 Social Value Implications

12.1 None for the purposes of this report.

13 Partnership Implications

13.1 Disabled Facilities Grants are administered on behalf of West Somerset Council by the Somerset West Private Sector Housing Partnership.

14 Health and Wellbeing Implications

14.1 Disabled Facilities Grants support the health and wellbeing of residents that need additional aids and adaptations in their own homes.

15 Asset Management Implications

15.1 None directly for the purposes of this report.

16 Consultation Implications

16.1 None directly for the purposes of this report.

17 Scrutiny Comments / Recommendation(s)

17.1 Scrutiny comments are invited at this meeting, for consideration by Cabinet and in forming final Capital Programme recommendations to Full Council in February 2017.

Democratic Path:

- **Scrutiny Committee – Yes**
- **Cabinet – Yes**
- **Full Council – Yes**

Reporting Frequency: Annual

Contact Officers

| | | | |
|------|----------|------|-----------------|
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|------|----------|------|-----------------|

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Report Number: WSC 6/17

West Somerset Council

Scrutiny Committee – 19 January 2017

Loan to Somerset Waste Partnership for Vehicles to support the New Operating Model

This matter is the responsibility of Councillor Chilcott, Lead Member Resources and Central Services

Report Author: Jo Nacey, Finance Manager

1 Executive Summary

- 1.1 The purpose of this report is to provide detail in relation to a request to lend between £1.26m and £3.5m to the Somerset Waste Partnership (SWP) for the purchase of new vehicles associated with the New Operating Model. There may be a later request for a further advance in relation to new or reconfigured depots but the details of these and the funding required is not yet available.
- 1.2 At this stage the exact borrowing request has not been finalised as the split between the district partners, who are willing to lend, is still subject to change.
- 1.3 As with any investment this is not risk free, however the risks are considered to be minimal and managed through the cost sharing agreement of the Waste Partnership. There are financial benefits for the Council of lending to the Waste Partnership at a time when the opportunities for new income streams are limited and low-risk returns are scarce.

2 Recommendations

- 2.1 The Scrutiny Committee is recommended to note the report support the principle of providing a capital loan to the Somerset Waste Partnership within the range of £1.26m to £3.5m.
- 2.2 To note the potential benefits for the Council's financial position through the generation of additional net interest income.

3 Risk Assessment

Risk Matrix

| Description | Likelihood | Impact | Overall |
|--|------------|--------|---------|
| As with any loan agreement there is a risk that the borrower fails to make repayments on a timely basis | 3 | 4 | 12 |
| <i>Mitigated by – The loan is supported by an appropriate agreement and managed through the cost sharing agreement of the Waste Partnership of which the Council is a partner. The vehicles act as security for the agreement.</i> | 1 | 4 | 4 |

Risk Scoring Matrix

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

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

4 Loan Requirement

- 4.1 The SWP partners have been approached to consider the provision of loan funding in relation to new vehicles which will be required by the Waste Partnership for the new operating model, of which we are in support.
- 4.2 SWP seeks to borrow £17.5 million over a 7 year period, paying back both principal and interest on an annual basis. This borrowing has been proposed to be spread across the five district partners of the Waste Partnership in relation to their proportion of the contract costs. At this stage, the County Council are not proposing to be one of the lenders.
- 4.3 West Somerset Council's share of the partnership (excluding the County Council) equates to 7.20%, weighted according to contract value. This would mean that our share of the £17.5m loan requirement would be £1.26m. There is however a possibility that one of the partners may not wish to take their full entitlement and therefore West Somerset may be able to offer to lend a higher share, up to £3.5m.
- 4.4 We are able to offer the partnership a fixed rate loan for either £1.26 million or £3.5 million, at 1% above the PWLB rate that we could borrow at (as at 28 Dec 2016 this rate would be 2.18%).
- 4.5 The start date of the loan would be approximately September 2017 and the interest rate would have to be calculated again to ensure that the rate we receive is current. The "surplus" contribution that the 1% equates to would of course stay the same.

5 Links to Corporate Aims / Priorities

- 5.1 The proposal gives the Council the opportunity to generate income, which would contribute towards the general funding of Council services.

6 Finance / Resource Implications

- 6.1 Providing a loan of between £1.26 million and £3.5 million to Somerset Waste Partnership alongside other capital commitments within the capital programme is supported by our proposed 2017/18 Treasury Management Strategy and borrowing limits. The regular principal and interest repayments provide an annual cashflow of repayments which will serve to replenish cash balances.
- 6.2 External borrowing is required to provide this loan as the Council does not have a sufficient surplus of unallocated capital resources. The "surplus" the Council therefore would receive would equate to the 1% "mark-up" to the Waste Partnership. This would be £47,250 (or an average of £6,750 per annum) based on a loan of £1.26m or £131,250 (or an average of £18,750 per annum) based on a loan of £3.5m.

- 6.3 Our average investment return is in the region of 0.43% currently which equates to £5,418 annually on £1.26m or £15,050 annually on £3.5m. This is more pertinent if we were in a position to lend from internal funds which at this stage we are not.
- 6.4 Another factor of benefit to the Council is that the Waste Partnership will charge Kier (the supplier) a further 0.3% in interest which will then be shared across the partners through the service charging mechanism.
- 6.5 The provision of a loan to SWP would be treated as capital expenditure under accounting regulations, and would therefore require formal budget approval to be added to the Capital Programme in 2017/18. This would initially be funded through borrowing, and therefore increase the Council's underlying Capital Financing Requirement (CFR).
- 6.6 Repayment of the principal amount of £180k each year (on £1.26m) or £500k each year (on £3.5m) will form a capital receipt which will be set aside to reduce the CFR (i.e. to repay the borrowing) and replace the need for the Council to charge Minimum Revenue Provision to the Revenue Budget. This means there is no revenue impact to WSC for the loan principal amount provided the loan repayments are received.

7 MTFP Implications

- 7.1 The following table outlines the additional net interest income which could be added to the MTFP each year depending on the level of loan agreed.

| Year | Value of Loan (£1.26m) | Value of Loan (£3.5m) |
|--------------------------------|-------------------------------|-------------------------------|
| | Additional Interest Income | Additional Interest Income |
| 1 | 12,150 | 33,750 |
| 2 | 10,350 | 28,750 |
| 3 | 8,550 | 23,750 |
| 4 | 6,750 | 18,750 |
| 5 | 4,950 | 13,750 |
| 6 | 3,150 | 8,750 |
| 7 | 1,350 | 3,750 |
| Total Additional Income | 47,250 | 131,250 |

- 7.2 The timing of the interest payments will be dependent on the date of drawdown of the loan. The first payment will be factored into the year following the drawdown and then for the subsequent 6 years.

8 Legal Implications

- 8.1 The legal implications have been considered and there will be a need to draft a formal loan agreement. This will be dealt with through our legal partnership and costs should be minimal when compared to the size and term of the transaction.

9 Environmental Impact Implications

- 9.1 None for the purposes of this report.

10 Safeguarding and/or Community Safety Implications

- 10.1 None for the purposes of this report.

11 Equality and Diversity Implications

- 11.1 None for the purposes of this report.

12 Social Value Implications

- 12.1 None for the purposes of this report.

13 Partnership Implications

- 13.1 We have a vested interest in that the ability of the Waste Partnership to borrow at the best available rate will in turn be reflected in the net costs of the partnership, of which we take a share.

14 Health and Wellbeing Implications

- 14.1 None for the purposes of this report.

15 Asset Management Implications

- 15.1 None for the purposes of this report.

16 Consultation Implications

- 16.1 None for the purposes of this report.

17 Scrutiny Comments / Recommendation(s)

- 17.1 Scrutiny comments are invited at this meeting, for consideration by Full Council.

Democratic Path:

- Committee – Yes (19 January 2017)
- Cabinet – No
- Full Council – Yes (6 February 2017)

Contact Officers

| | | | |
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Scrutiny Committee – Work Programme 2016/17

| January 19th (special) | February | April | June | August | TBC |
|--|---|---|---|---------------|------------|
| Notes of any Key Cabinet Decisions / Action Points. | Notes of any Key Cabinet Decisions / Action Points. | Notes of any Key Cabinet Decisions / Action Points. | Notes of any Key Cabinet Decisions / Action Points. | | |
| Somerset Waste Partnership Annual Business Plan – Chris Hall | Education Update Report – Ec. Development/Scrutiny | | | | |
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