

To: All Councillors

Our Ref DS/KK  
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Date 25 July 2017

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Dear Councillor

I hereby give you notice to attend the following meeting:

**SPECIAL COUNCIL MEETING**

**Date: Wednesday 2 August 2017**  
**Time: 4.30 pm**  
**Venue: Council Chamber, Council Offices, Williton**

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

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Yours sincerely



**BRUCE LANG**  
Proper Officer



## SPECIAL MEETING

### WEST SOMERSET DISTRICT COUNCIL

#### AGENDA

Wednesday 2 August 2017 at 4.30 pm

#### AGENDA

1. Apologies for Absence

2. 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.

3. 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.

4.(a) Revenue and Capital Outturn 2016/17

To consider Report No. WSC 82/17, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of this report is to provide Members with details of the Council's financial outturn position for both revenue and capital budgets, together with information regarding end of year reserve balances, for the financial year 2016/17.

4.(b) Initial Medium Term Financial Plan 2018/19

To consider Report No. WSC 83/17, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED**.

The purpose of the report is to present Councillors with the proposed Medium Term Financial Strategy (MTFS) for 2018/19 onwards, including an updated set of estimates and assumptions contained with the initial draft of the Council's Medium Term Financial Plan (MTFP).

**5. HPC Planning Obligations Board – Allocations of CIM Funding**

To consider Report No. WSC 81/17, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of the report is to present the recommendations of the Hinkley Point C Planning Obligations Board and West Somerset Council Cabinet, for the allocation of monies from the Community Impact Mitigation (CIM) Fund secured through the Section 106 legal agreement for the Site Preparation Works at Hinkley Point; and to propose a change to the organisation that will receive the grant for the Williton War Memorial Ground Pavilion project.

**COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS**

Report Number: WSC 82/17

## West Somerset Council

### Full Council – 2 August 2017

#### Revenue and Capital Outturn 2016/17

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

**Report Author: Jo Nacey, Financial Services Manager**

#### **1 Executive Summary**

- 1.1 The purpose of this report is to provide Members with details of the Council's financial outturn position for both revenue and capital budgets, together with information regarding end of year reserve balances, for the financial year 2016/17.
- 1.2 Controlling and monitoring financial performance against the agreed budget is an important part of the Council's performance management framework.
- 1.3 The Revenue Outturn position for 2016/17 is a net underspend of £270,890. It is recommended below that a proportion of this is allocated in 2017/18: (i) £100,000 to mitigate increased budget risk in respect of business rates and (ii) £70,000 to provide additional funds to support invest to save initiatives. This would leave £100,890 of the net underspend within general reserves as a contingency to cover unforeseen unavoidable and essential costs arising in future that cannot be addressed within the annual budget.
- 1.4 The General Reserves position for 2016/17 shows a closing balance of £867,776 including the net underspend for the year. If members approve the proposed allocations in 1.3 above this would reduce to £697,776 compared to the current recommended minimum reserves balance of £600,000.
- 1.5 The Earmarked Reserves balance is £2,882,998 at the end of March. This comprises reserves held for specific spending plans and contingencies such as allocated funding for transformation, business rates volatility, specific grants and contributions committed or ring-fenced for spending in future years, and so on.
- 1.6 The General Fund Capital Programme Outturn position for 2016/17 is a net overspend of just £250 against the approved programme, with £1,666,979 being spent during the year and £3,911,185 of the approved Programme planned to be spent in future years.

## 2 Recommendations

- 2.1 That Full Council notes the Council's reported General Fund Revenue Budget underspend of £270,890 for the financial year 2016/17, which takes into account proposed earmarked reserve transfers including budget carry forwards.
- 2.2 That Full Council approves an allocation of £170,000 from the 2016/17 underspend as follows:
- a) £100,000 to the Business Rates Smoothing Reserve to mitigate budget risk for reductions in business rates funding;
  - b) £70,000 to the Sustainability Fund earmarked reserve to help fund opportunities such as "invest to save" plans to support the financial sustainability of the Council.
- 2.3 That Full Council approves the net Earmarked Reserve transfers as set out in **Table 4** and **Appendix B** of this report, including recommended Budget Carry Forward of 2016/17 underspends for specific service costs in 2017/18 totalling £247,189.
- 2.4 That Full Council approves the proposed Capital Programme Budget Carry Forwards totalling £1,788,064 for general schemes to be funded using capital receipts, capital grant and S106 contributions (as set out in **Appendix D** of this report).
- 2.5 That Full Council approves the proposed Capital Programme Budget Carry Forwards totalling £2,123,121 for Hinkley S106-funded schemes (as set out in **Appendix D** of this report).
- 2.6 That Full Council notes the residual net overspend of £250 in relation to the Capital Programme for general schemes in 2016/17.

## 3 Risk Assessment (if appropriate)

### Risk Matrix

Description	Likelihood	Impact	Overall
That the Authority overspends against the approved budget	2	4	8
<i>Regular budget monitoring reports are produced and managers actively manage the budgets under their responsibility</i>	1	4	4

### Risk Scoring Matrix

<b>Likelihood</b>	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
<b>Impact</b>							

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
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 Members have received financial performance information during the year, with reports submitted to Scrutiny and Cabinet in line with the agreed reporting arrangements. In line with agreed changes to reporting frequency the formal reporting to Members was updated to include reporting mid-year and at year end. This report provides details of the position at the end of the financial year, and enables Members to compare mid-year forecast with the actual outturn (end of year) position. It also describes how the year end position impacts on the important objective for achieving financial sustainability.
- 4.2 Effective financial management forms an important part of the Council's overall performance management framework. It is also vital that the Council maintains strong financial management and control in the face of continuing and unprecedented financial pressures as funding for council services is squeezed, and our community continues to face up to the effects of wider economic pressures.
- 4.3 The Outturn figures in this report are provisional (pending end of year audit) and have been used as part of the completion of the Unaudited Statement of

Accounts, which will be approved by the S151 Officer. Should the External Auditor identify any changes to the Accounts these will be reported to the Audit Committee in September 2017.

### **Revenue Budget Outturn 2016/17 and Reserves**

- 4.4 The Council has reported an overall net underspend of £270,890. The forecast outturn as at Q2 (April to August 2016) was a projected net underspend of £117,280.
- 4.5 Below is a table showing the main variances between Q2 and the final outturn position.

**Table 1 – Main Differences between Q2 and Outturn Variances 2016/17**

	<b>Q2 £000</b>	<b>Change £000</b>	<b>Q4 £000</b>
Member Services	0	-28	-28
Revenues and Benefits	-60	-0	-60
Council Tax Admin	0	-26	-26
Building control	0	-47	-47
Parking – Off Street	-46	17	-29
Interest and Other Income	-18	-18	-36
Development Control	22	-4	18
Housing	-15	-16	-31
Roughmoor Depot and Enterprise Centre	0	-20	-20
Other	0	-12	-12
<b>TOTAL – over / (under) spend</b>	<b>(117)</b>	<b>(154)</b>	<b>(271)</b>

- 4.6 The main changes since the Q2 report are explained below:
- **Member Services:** Underspend on budgeted Members Allowances and general expenses, due to some combined roles meaning responsibility allowances not taken. Some councillors also did not claim their entitlement.
  - **Benefits:** There is additional income of £60,088 in Housing Benefits arising from additional funding totalling £23,235 provided for Benefits by Government for various welfare reforms, additional Housing Benefit administration grant of £23,854, and £13,000 estimated savings through staff vacancies.
  - **Council Tax Admin:** Additional court costs income from the Collection Fund at year end and income from the Council Tax Business Case total £61,023. £20,024 transferred as a carry forward for revenues staff on fixed term contracts for the Council Tax additional income business case.
  - **Parking Services:** Car parking income received exceeded original budget estimates, reflecting usage of the facilities provided.
  - **Supported Accommodation:** The Council included a contingency budget of £31k for anticipated housing benefit costs as rental costs for supported accommodation was being reviewed under 'Pathway for Adults' (P4A). This matter appears to have been resolved through provision of P4A support through social housing – with TDBC and Knightstone Housing – meaning



full HB costs can be recovered through Subsidy. There was overspend of £16,000 related to major maintenance needed in two temporary accommodation units.

- **Roughmoor Depot and Enterprise Centre:** Additional income received (£11,000), and reduced running costs (£9,000) lead to overall underspend for this cost centre.
- **Interest and Other Income:** Higher than budgeted investment income received mainly due to cash balances remaining higher than forecast in the budget estimates.

4.7 Table 2 below provides a summary the revenue budget and outturn for the year.

**Table 2 – Summary Revenue Outturn 2016/17**

	Original Budget £	Revised Budget £	Predicted Outturn £	Variance £
Corporate	344,870	544,350	515,893	-28,457
Operations	3,395,234	3,158,418	2,960,346	-198,072
Housing and Communities	637,410	518,567	491,978	-26,589
Growth and Development	350,883	459,825	477,693	17,868
Somerset Rivers Authority	23,728	23,728	23,728	0
<b>Subtotal - Net Service Costs</b>	<b>4,752,125</b>	<b>4,704,888</b>	<b>4,469,638</b>	<b>-235,250</b>
Capital Financing	0	0	0	0
Interest costs and income	-2,000	-2,000	-37,640	-35,640
<b>Subtotal – Net Costs</b>	<b>4,750,125</b>	<b>4,702,888</b>	<b>4,431,998</b>	<b>-270,890</b>
Transfers to/ from Earmarked Reserves	-2,318,016	-2,160,879	-2,160,879	0
Transfers to/from General Reserves	-216,456	-326,356	-326,356	0
<b>NET BUDGET AND EXPENDITURE</b>	<b>2,215,653</b>	<b>2,215,653</b>	<b>1,944,763</b>	<b>-270,890</b>
Business Rates Funding	-1,420,937	-1,420,937	-1,420,937	0
Revenue Support Grant	-550,320	-550,320	-550,320	0
New Homes Bonus	-761,060	-761,060	-761,060	0
Rural Services Grant	-212,433	-212,433	-212,433	0
Council Tax	-1,986,166	-1,986,166	-1,986,166	0
Collection Fund Deficit - Business Rates	2,729,063	2,729,063	2,729,063	0
Collection Fund Surplus - Council Tax	-13,800	-13,800	-13,800	0
<b>TOTAL FUNDING</b>	<b>-2,215,653</b>	<b>-2,215,653</b>	<b>-2,215,653</b>	<b>0</b>
<b>NET UNDER(-)/OVERSPEND FOR THE YEAR</b>	<b>0</b>	<b>0</b>	<b>-270,890</b>	<b>-270,890</b>

4.8 Further analysis and commentary on the main variances reported for the year as a whole is provided in **Appendix A**. The net underspend automatically transfers to General Fund Reserves as part of the financial year end process.

### General Fund Reserves

- 4.9 The following table summarises the movement on the General Reserves Balance during the year and the end of year position.

**Table 3 – 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
<b>Current Budgeted Balance</b>	<b>596,886</b>
2016/17 Outturn Variance	270,890
<b>Balance 31 March 2017</b>	<b>867,776</b>
Proposed transfer to Business Rates Smoothing Reserve (recommendation 2.2a)	-100,000
Proposed transfer to Sustainability Fund (recommendation 2.2b)	-70,000
<b>Projected Balance</b>	<b>697,776</b>
Recommended Minimum Balance	600,000

- 4.10 The balance on 31 March 2017 (subject to audit) is £867,776. This is £267,776 above the recommended balance of £600,000. As the table shows the recommended allocations included within this report will reduce the balance to £697,776.
- 4.11 In view of the Council's future financial position the strong advice is maintain reserves above the recommended minimum, to provide some resilience for unforeseen essential and unavoidable costs that may arise.

### Earmarked Reserves

- 4.12 Earmarked Reserves are amounts that have been set aside for specific purposes from existing resources, where the expenditure is expected to be incurred in future years. The table below provides a summary of the movement in earmarked reserve balances during 2016/17 financial year, highlighting that earmarked reserve balances have decreased by £1,499,372 to a total of £2,882,998 at 31 March 2017.

**Table 4 – Earmarked Reserves Balance 31 March 2017**

	Actual £
Balance Brought Forward 1 April 2016	<b>4,382,370</b>
Transfers From Earmarked Reserves in 2016/17	-4,039,878
Transfers To Earmarked Reserves in 2016/17	2,540,506
Balance Carried Forward 31 March 2017	<b>2,882,998</b>

- 4.13 The following paragraphs provide explanation for the larger items included within the earmarked reserves balances. Further detail for all earmarked

reserves is provided in **Appendix B**.

- 4.14 **Business Rates Smoothing Reserve:** The balance in the reserve on 31 March 2017 is £305,144. The balance brought forward of £3,388,863 was required to fund the Council's 40% share of the Business Rates Collection Fund Deficit reported for 2014/15 and forecast for 2015/16. The balance on this reserve is currently low in relation to the risk in Business Rates volatility.
- 4.15 **Housing Options:** Remainder of the homelessness prevention grant received as part of the Revenue Support Grant in 2014/15 and the remainder of the Mortgage Rescue Grant.
- 4.16 **Joint Management and Shared Services:** Funding to support residual transformation costs under JMASS phase 1.
- 4.17 **Planning Policy Reserve:** We have received a significant amount of grant from DCLG to support the West Somerset Local Plan preparation through to examination and beyond to adoption.
- 4.18 **Asset Management and Compliance:** Monies have been set aside following the compliance survey which was undertaken during the year which identified significant work to be carried out.
- 4.19 **Transformation and Creating a New Council:** Monies have been set aside in line with the approved Transformation Business Case which includes transforming services and ways of working and also work required to implement a new council replacing West Somerset and Taunton Deane councils should we receive permission from the Secretary of State.
- 4.20 **Strategic Housing Market Area Assessment:** This is DCLG funding which will support plans for more affordable housing in West Somerset.
- 4.21 **Budget Carry Forwards For Specific Services:** Funds have been transferred to earmarked reserves in respect of requests to carry forward budget underspends to support service costs in 2017/18 due to timing of spend across financial years and to delivery ongoing service delivery plans.

## **5 Business Rates Retention**

- 5.1 The Business Rates Retention (BRR) funding system is proving to be both challenging and volatile, with the Council facing significant risks particularly in respect of appeals against rateable values by rate payers. The required accounting arrangements also result in some 'timing differences' which can skew the funding position across financial years.

### **General Fund Retained Business Rates Funding**

- 5.2 The Council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area. The amounts credited to the General Fund Revenue Budget in 2016/17 are based on business rates yield and BRR figures from different sources – a combination of the 2016/17

NNDR1 (Original Budget Estimate) and the 2016/17 NNDR3 (End of Year position):

***Business Rates Funding Timing Differences***

In Year Funding based on NNDR1 Original Budget Estimates (fixed amount for the year based on budget):
<ul style="list-style-type: none"> <li>• 40% Standard Share of BR Income</li> <li>• Tariff to Government</li> <li>• Share of Previous Year's Collection Fund Surplus/Deficit</li> </ul>
In Year Funding based on NNDR3 actual amounts due for the year (variable amount for the year based on actuals):
<ul style="list-style-type: none"> <li>• Section 31 Grant (Government-funded Reliefs/ Discounts)</li> <li>• Levy Payment to Government</li> <li>• Safety Net Receipt from Government</li> </ul>

- 5.3 At the end of the financial year there will be a Surplus or Deficit on the Business Rates Collection Fund, and this sum will be distributed in future years based on Standard Shares – so 40% for West Somerset Council.
- 5.4 The following table summarises the net position in respect of retained business rates funding for the Council in 2016/17 based on required accounting entries.

***Table 5 – Business Rates Funding Outturn for West Somerset Council***

	<b>Budget 2016/17 £</b>	<b>Actual 2016/17 £</b>
40% Share of Business Rates Income	4,365,929	4,365,929
Tariff to Government (fixed amount)	-3,061,669	-3,061,669
Section 31 Grant Funding for enhanced Small Business Rates Relief / Flooding Relief/Retail Reliefs	317,155	346,210
Amount Retained By West Somerset Council For Renewable Energy rates	50,000	29,394
50% Levy Payment to Government	-250,479	-753,466
<b>Subtotal</b>	<b>1,420,936</b>	<b>926,398</b>
Use Business Rates Smoothing Reserve for in year funding shortfall	0	494,538
Previous Year's Collection Fund Deficit	-2,729,063	-2,729,063
Previous Year Deficit Funded By Business Rates Smoothing Reserve	2,729,063	2,729,063
<b>Total Retained Business Rates Funding 2016/17</b>	<b>1,420,936</b>	<b>1,420,936</b>

- 5.5 As has been previously reported, the introduction of the Business Rates Retention system has introduced new financial risks for the Council. The Council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area. Although the total retained funding accounted for in 2016/17 is above previous forecasts, this is skewed by the timing differences in the required accounting. These timing differences – mainly for the increased levy – has been mitigated using the Smoothing

Reserve.

- 5.6 The Council will need to pay additional funds into the Smoothing Reserve (current balance £305k) if we wish to safely address the risk relating to Business Rates volatility, particularly as Hinkley accounts for a major proportion of the Council's Business Rates funding. It would be prudent to increase this reserve to c£1.6m in the coming years to remain safe.

## **6 Hinkley-Funded Projects**

- 6.1 As at 31 March 2017 West Somerset Council has received £17.95m in funding from EDF as part of the planning agreement to mitigate the construction of Hinkley Point C.
- 6.2 Of this total, the largest contributions received have been in respect of the Community Impact Mitigation Fund (£7.424m), Housing (£4.004m) and a contribution towards the cost of officers dealing with the work generated by this agreement (£2.778m).
- 6.3 During 2016/17, the Council approved a number of capital and revenue funded schemes. The main capital schemes supported include the following:
- Improvements to Stogursey Village Hall
  - Funding for part of the Brean Down Way cyclepath
  - Improvements at the YMCA Beach Hotel for a kitchen theatre
  - Funding for the 2<sup>nd</sup> stage of the Steam Coast Trail between Blue Anchor and Washford
- 6.4 The main revenue schemes supported in 2016/17 include the following:
- A series of tourism promotion and marketing campaigns
  - Funding for the delivery of business support and training, supply chain support and technical training, delivering local skills and enterprise, supporting strategic partnerships and inward investments, investing in local economic initiatives and delivering customer service training
  - Funding for the creation and support of 2 additional Employment Hubs in Stogursey and Dulverton to support the 3 already in place in Williton, Watchet and Minehead/Alcombe
  - Continuing support to the Tourist Information Centres in both West Somerset and Sedgemoor.
- 6.5 For information, West Somerset Council received a total £3,544,029 from EDF in 2016/17 from both the SPW and the DCO agreement. We received £1,937,220 from the SPW agreement for the 2nd anniversary of Phase 2. Prior to the DCO transition date, we received payments in advance to fill in the funding gap. We received the transition date payment as well as other payments due (2nd Anniversary of the DCO Commencement date and the 5th anniversary of SPW Phase 1).
- 6.6 EDF Energy made their long awaited Final Investment Decision in September 2016. This 'locks' in a series of payments to the Council over the next 9 years. The majority of the payments will be made over the next 4 years as the

development and workforce builds up towards the peak of construction in around 2020/21.

- 6.7 Some changes to the structure of the Energy Infrastructure Team were made in April 2016 however, the funding of this team continues to be met from the s106 agreement contributions rather than the WSC General Fund base budget.
- 6.8 Full details of spend against funding can be found in **Appendix C** to the report. A detailed annual review related to Hinkley is underway and will be reported in August. The information in this report is intended only to give a financial position statement.

## 7 Capital Programme Budget Outturn 2016/17

- 7.1 The final Capital Programme budget for 2016/17 for General Schemes was £2,437,154, with actual spend incurred during the year of £650,335 on these schemes, funded through a combination of capital receipts plus grant funding received for disabled facilities grants and Section 106 agreements. Budget carry forward is requested to complete approved schemes in the Programme totalling £1,788,064 with an actual overspend reported of £1,245 against the approved budget.
- 7.2 The key areas of spend included: Disabled Facilities Grants (£244,040) and the Steam Coast Trail (£293,543).
- 7.3 During 2016/17 a number of Capital Budget allocations were approved for schemes funded through Hinkley S106 contributions, totalling £3,140,760. The costs for these schemes is expected to be incurred over more than one year, with £1,016,645 actually spent during 2016/17 and £2,123,121 carried forward to complete the approved schemes in subsequent years, leading to an underspend of £994 against the approved budget.
- 7.4 The key areas of spend included: Westfield Church (£101,900), Onion Collective (£191,237), Cannington Village Hall (£179,619) and Doniford Road Housing Scheme (£379,069).
- 7.5 The following table summarises the position for both general schemes and Hinkley funded programmes:

**Table 6 – Summary Capital Programme Outturn 2016/17**

	General Schemes £	Hinkley Funded Schemes £	Total £
Capital Budget including carry forward	1,910,733	1,282,629	3,193,362
Supplementary Budget Approvals	526,421	1,858,131	2,384,552
<b>Revised Capital Budget 2016/17</b>	<b>2,437,154</b>	<b>3,140,760</b>	<b>5,577,914</b>
Actual Spend in 2016/17	650,335	1,016,645	1,666,980
Carry Forwards	1,788,064	2,123,121	3,911,185
<b>Total Outturn Plus Planned Spend</b>	<b>2,438,399</b>	<b>3,139,766</b>	<b>5,578,165</b>
<b>Net (Overspend) / Underspend</b>	<b>(1,245)</b>	<b>994</b>	<b>(251)</b>

- 7.6 A scheme by scheme analysis summary of the 2016/17 Outturn is set out in **Appendix D**. The net overspend arises from a number of small variances against approved schemes.
- 7.7 There has been no increase in the underlying capital borrowing requirement during the year.

### **Capital Receipts Reserve**

- 7.8 The uncommitted General Fund capital funding balance is £1.047m taking into account the current Capital Programme requires funding of £897,215 from the Useable Capital Receipts Reserve and the proposed 2017/18 Capital Programme requires funding of £12,500. The 2017/18 Budget also includes the continuation of the three year plan to fund capital debt repayment from capital receipts rather than through an MRP charge to the Revenue Budget.

**Table 7 – Useable Capital Receipts Reserve Balance 31 March 2017**

	Actual £
Balance Brought Forward 1 April 2016	2,229,638
Capital Receipts income in 2016/17	155,488
Capital Receipts Used in 2016/17 to support capital spend	-31,712
Capital Receipts used in 2016/17 to repay capital debt	-143,100
<b>Balance Carried Forward 31 March 2017</b>	<b>2,210,314</b>
Proposed Funding of Carry Forwards from 2016/17	-1,007,215
2017/18 Approved Capital Programme (Appendix E)	-12,500
Use of Capital Receipts for debt repayment in 2017/18	-143,100
Flexible use of capital receipts for Transformation revenue costs	-111,488
Uncommitted Balance	<b>936,011</b>

- 7.9 Capital receipts income during the year has come from the sale of road sweepers and ex-public toilet building in Dunster. Of these receipts, £111,488 has been ring-fenced for the approved transformation business case under the approved flexible use of capital receipts (total target is £163,000), and £44,000 has been committed as part of the Sustainability Capital Fund within the capital carry forwards included in this report.
- 7.10 For information, details of the approved 2017/18 Capital Programme are set out in **Appendix E** of this report.

### **Capital Debt Position**

- 7.11 The total amount of capital debt held by the Council is represented by the Capital Financing Requirement (CFR). The total CFR on 31 March 2017 is £5,489,600.

**Table 8 – Capital Financing Requirement (CFR)**

	2016/17 Actual £	2017/18 Estimate £	2018/19 Estimate £
<b>External borrowing</b>	<b>0</b>	<b>0</b>	<b>3,250,000</b>
<b>Internal borrowing</b>	<b>5,489,600</b>	<b>5,346,500</b>	<b>5,203,400</b>
<b>CFR Balance Brought Forward:</b>	<b>5,489,600</b>	<b>5,346,500</b>	<b>8,453,400</b>
Additional borrowing required (SWP Loan)	0	3,500,000	0
External Loan Repayment	0	-250,000	-500,000
Repayment of internal borrowing using capital receipts in lieu of MRP	-143,100	-143,100	-143,100
<b>External borrowing</b>	<b>0</b>	<b>3,250,000</b>	<b>2,750,000</b>
<b>Internal borrowing</b>	<b>5,346,500</b>	<b>5,203,400</b>	<b>5,060,300</b>
<b>CFR Balance Carried Forward:</b>	<b>5,346,500</b>	<b>8,453,400</b>	<b>7,810,300</b>

## **8 Links to Corporate Aims / Priorities**

- 8.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

## **9 Finance / Resource Implications**

- 9.1 Contained within the body of the report.

## **10 Legal Implications**

- 10.1 The report focusses on the council's performance against the agreed budget therefore no comments have been sought from SHAPE Legal advisors.

## **11 Environmental Impact, Safeguarding and/or Community Safety, Equality and Diversity, Social Value, Partnership, Health and Wellbeing, Asset Management, and Consultation Implications**

- 11.1 None for the purpose of this report.

## **12 Scrutiny Comments / Recommendation(s)**

- 12.1 During discussion, the following points were raised:-

- Members queried the rules on what money could be borrowed and lent to other organisations. The Council had secured a loan to enable the Somerset Waste Partnership to purchase new fleet vehicles. Social Landlords were mentioned as one type of organisation the Council could lend money to.  
*The Finance Team were currently working on a protocol to be used to assess which groups would qualify to borrow money. The Council had to be careful not to show favour to any particular groups but would probably lean towards community groups and partner organisations.*
- Concern was raised on what would happen to the West Somerset Hinkley money once the proposed new Council was created. And would the new creation of the new Council limit any future funds?



*No. Due to the Section 106 Agreement, the Hinkley money would be ring-fenced for West Somerset and the areas stated in the agreement. The hope was that the Hinkley money would have been spent by 2018.*

- Members queried the amount of money raised by the increased Business Rates from Hinkley B Power Station and the associated risks of another appeal being submitted by EDF.  
*Members and officers had urged the Government to request EDF and the Valuation Office to have discussions before April 2017 about the increase in the rates. These discussions had resulted in a figure of over £20,000,000 being agreed upon. However, EDF had the ability to lodge a further appeal within the next five years against its Business Rates but this would be dependent on various factors which included the outage of the power station.*
- Information was also given on the amount of money required to be kept as a 'safety net' to mitigate against the risk of another appeal.
- Members congratulated officers on the ability to save money across the board and were hopeful that a proportion of the funds that were underspent could be spent on local community projects.  
*Officers were looking into ways to improve the budget monitoring process to help prevent such a large underspend in the future. It was confirmed that some of the savings were one offs and might not re-occur.*
- The challenges faced with financial year end were acknowledged. There were other Council's that had 'real time' accounts, however, West Somerset Council was dependent upon other partner organisations and departments to provide their accounts prior to the final accounts being calculated.

12.2 Following the discussion, Scrutiny supported the recommendations contained in the report.

#### **Democratic Path:**

- **Scrutiny – 15 June 2017**
- **Cabinet – 21 July 2017**
- **Full Council – 2 August 2017**

**Reporting Frequency: Twice-yearly**

#### **List of Appendices**

Appendix A	Summary of Revenue Variances 2016/17
Appendix B	Summary of Proposed Earmarked Reserves 2016/17
Appendix C	Hinkley Funding Position 2016/17
Appendix D	Capital Programme Outturn 2016/17
Appendix E	Capital Programme 2017/18

**Contact Officers**

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## SUMMARY OF REVENUE VARIANCES TO REVISED BUDGET 2016/17

Group and Detail	Q2 Forecast Variance £	Q4 Actual Variance £	Comments
<b>Corporate</b>			
Member Services		-28,457	Underspend on budgeted Members Allowances and general expenses.
<b>Group Total</b>	<b>0</b>	<b>-28,457</b>	
<b>Operations</b>			
Housing Benefit	-60,088	-60,088	There is additional income of £60,088 in Housing Benefits arising from additional funding totalling £23,235 provided for Benefits by Government for various welfare reforms, additional Housing Benefit administration grant of £23,854, and £13,000 estimated savings through staff vacancies.
Council Tax Admin	0	-25,999	Additional court costs income from the Collection Fund at year end and income from the Council Tax Business Case total £61,023. £35,024 transferred to reserve to finance staff on fixed term contracts for the Council Tax additional income business case.
Supported Accommodation	-31,000	-31,000	The Council included a contingency budget of £31k for anticipated housing benefit costs as rental costs for supported accommodation was being reviewed under 'Pathway for Adults' (P4A). This matter appears to have been resolved through provision of P4A support through social housing – with TDBC and Knightstone Housing – meaning full HB costs can be recovered through Subsidy
Building Control	0	-46,745	There has been a reduced cost in operating the building control service as a result of the creation of the partnership.
Parking – Off Street	-46,035	-28,767	Additional car parking income received.
Other minor variances		-5,473	
<b>Group Total</b>	<b>-137,260</b>	<b>-198,072</b>	

<b><i>Housing and Communities</i></b>			
Temporary Accommodation Costs	16,000	0	The projected Housing Support overspend of £16,000 in Q2 related to major maintenance needed in two temporary accommodation units, was funded by underspends in the rest of the service.
Roughmoor Depot and Enterprise Centre	0	-20,230	Additional income received
Other minor variances		-6,359	
<b>Group Total</b>	<b>16,000</b>	<b>-26,589</b>	
<b><i>Growth and Development</i></b>			
Development Control	21,843	17,868	The reduction in Development Control income is due to reduced demand and the need for resources to be concentrated on mandatory functions and not on pre-application advice.
<b>Group Total</b>	<b>21,843</b>	<b>17,868</b>	
<b><i>Other Variances</i></b>			
Interest and other income	-18,000	-35,640	Additional investment income received.
<b>Total Underspend (-) / Overspend for the Year</b>	<b>-117,280</b>	<b>-270,890</b>	

## APPENDIX B

## SUMMARY OF PROPOSED EARMARKED RESERVES AS AT 31 MARCH 2017

Earmarked Reserve Account	1 April Balance £	Transfers In	Transfers Out	Transfers Between Accounts	31 March Balance £	Comments
Transformation and Creating a New Council	0	762,000	-5,287		756,713	Funding required primarily to implement the approved Transformation Business Case and also to create a new council replacing West Somerset and Taunton Deane councils.
JMASS Reserve	302,324	270,406	-533,260		39,470	Funding to support transformation costs under JMASS.
Strategic Housing Market Area Assessment	1,000	574,760			575,760	DCLG funding for community land fund to support bringing forward affordable housing within West Somerset.
Business Rates Retention Smoothing Account	3,388,863	139,882	-3,223,601		305,144	The balance brought forward of £3,388,863 was required to fund the Council's 40% share of the Business Rates Collection Fund Deficit reported for 2014/15 and forecast for 2015/16. This reflects the impact of total £7.18m refund for Hinkley B. It has also been used to offset the increased levy cost in 2016/17.
Asset Management and Compliance	148,436	85,780	-20,700		213,516	Asset maintenance compliance works to be completed.
Planning Policy Reserve	20,925	223,222	-48,940		195,207	Monies set aside and to be drawn down to cover additional costs arising and relating to the West Somerset Local Plan preparation through to examination and beyond to adoption.
Sustainability Fund	67,698		-26,998		40,700	Earmarked for initiatives such as "invest to save" plans that have a positive impact upon the underlying financial sustainability of the Council's budget.
Budget Carry Forwards For Specific Services	41,690	247,189	-41,690		247,189	Budgets carried forward to reflect timing of planned spend across financial years and support ongoing service delivery requirements.

<b>Earmarked Reserve Account</b>	<b>1 April Balance £</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Transfers Between Accounts</b>	<b>31 March Balance £</b>	<b>Comments</b>
Contingency to underwrite delivery of 2017/18 savings	0	48,000			48,000	Funding to underwrite the 2017/18 savings and mitigate any adverse impact on the General Reserve balance
Community Safety	15,260	10,000	-11,727		13,533	External funding specifically earmarked for community safety initiatives.
District Election	0	8,550	0		8,550	Funds to meet the costs of Elections
Other Election Reserve	19,436		-5,900		13,536	Funds to meet the additional costs of Individual Electoral Registration.
Revenues and Benefits Reserve	89,565	12,749	-29,565		72,749	Monies set aside to provide service resilience and to fund planned software upgrade needed for CTS Scheme developments.
Finance Reserve	24,000	20,840			44,840	Monies set aside to provide service resilience.
SWP Vehicles	0	33,617			33,617	Cover the cost of the sale of the old vehicle fleet
WS Employment Hub	0	21,293			21,293	Business Development grant to create an Employment Hub
Agile Working	0	20,000			20,000	Investment in technology to implement transformation changes and better enabling of agile working
Members' Technology	0	20,000			20,000	Funding to invest in updating members technology that complements the implementation of transformation of ways of working
Planning Reserve	20,000				20,000	Monies set aside to fund specialist technical advice for major planning applications. E.g. Landscape visual impact assessments, retail studies etc.
Cuckoo Meadow Reserve	10,010	16,820	-10,010		16,820	Lottery monies earmarked to be used in future years.

<b>Earmarked Reserve Account</b>	<b>1 April Balance £</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Transfers Between Accounts</b>	<b>31 March Balance £</b>	<b>Comments</b>
Steam Coast Trail Reserve	23,218	8,505			31,723	Monies received to date set aside in respect of the West Somerset Council is working with Friends of the Steam Coast Trail and Sustrans to deliver the Steam Coast Trail Project - a vision of safe cycling routes linking Minehead and Williton.
Housing Options	46,660		-3,040		43,620	Balance of Homeless Prevention funding plus remainder of Mortgage Rescue Grant.
Training Reserve	14,560		-4,560		10,000	Monies set aside to meet future training needs across the organisation.
Morrison's Footpath	6,000				6,000	Earmarked to part-fund the footpath upgrade.
Community Right to Challenge	5,000				5,000	Government Grant set aside to support the administration of applications under regulations.
Assets of Community Value	10,000				10,000	Government Grant set aside to support the administration of applications under regulations.
Minehead Harbour Dredging Reserve	5,500				5,500	Monies set aside to fund works in future years.
Online DHP Reserve	5,375				5,375	Online Software Requirement for Revenues and Benefits.
Dulverton Mill Leat	12,195				12,195	Monies set aside to fund works required.
Licensing Staff Reserve	8,091	4,700			12,791	Monies set aside to fund extra resource within West Somerset Council.
Car Parking Reserve	10,000				10,000	Monies set aside in respect of maintenance and signage.
Watchet Harbour Dredging	7,000				7,000	Used to fund additional dredging.
Environmental Health Reserve	4,081				4,081	Destitute Burial Reserve.

<b>Earmarked Reserve Account</b>	<b>1 April Balance £</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Transfers Between Accounts</b>	<b>31 March Balance £</b>	<b>Comments</b>
Business Development Reserve	14,287		-8,610		5,677	Funding for initiatives to support small businesses.
Inspire	3,391				3,391	Earmarked for costs under the Inspire Directive.
CCTV	1,565				1,565	Monies set aside to fund the purchase of a new CCTV camera.
Water Bathing Signs	1,266				1,266	Environmental grant specifically earmarked.
Customer Service Equipment Reserve	666				666	Specialised Chair Required (Health and Safety).
Minehead Events	396				396	Mary Portas grant – specifically earmarked.
Minehead Town Centre Signage	115				115	Contribution from Minehead Chamber of Trade and Morrison s106 to fund the signs.
Capital Financing Reserve	46,000		-46,000		0	Underspend on Revenue Contribution to Capital Outlay (RCCO) earmarked to fund slippage on capital programme.
Our Place	10,934		-10,934		0	Contribution for the Our Place project.
Transparency Code	8,100		-8,100		0	Earmarked to meet the cost of complying with the Transparency Code.
Somerset Growth Board	957		-957		0	Growth Board core costs.
<b>Totals</b>	<b>4,394,564</b>	<b>2,528,313</b>	<b>-4,039,879</b>	<b>0</b>	<b>2,882,998</b>	



**Hinkley Point S106 EDF Funding Position as at 31st March 2017**

	FUNDS BALANCE HELD					BUDGET APPROVALS			APPROVED NOT YET SPENT		
	Funding Received	Capital Spend to Date	Revenue Spend to Date	Total Spend to Date	Current Balance	Capital Approval	Revenue Approval	Total Approval	Capital Approved Balance	Revenue Approved Balance	Total Approved Balance
Housing Strategy	4,004,053	761,619	2,821,600	3,583,219	420,834	766,550	3,162,311	3,928,861	4,931	340,711	345,642
Community Impact Mitigation	7,424,395	1,293,895	111,779	1,405,674	6,018,721	2,480,915	154,405	2,635,320	1,187,020	42,626	1,229,646
Stogursey CIM	533,632	0	2,088	2,088	531,544	200,000	2,088	202,088	200,000	0	200,000
Ecology	250,000	0	0	0	250,000	0	0	0	0	0	0
Economic Development (SPW)	130,641	0	83,186	83,186	47,455	0	130,641	130,641	0	47,455	47,455
Economic Development (DCO)	321,022	0	200	200	320,822	0	159,792	159,792	0	159,592	159,592
Air Quality	15,432	0	0	0	15,432	0	0	0	0	0	0
Health	20,000	0	0	0	20,000	0	20,000	20,000	0	20,000	20,000
Landscape Art	80,000	0	80,000	80,000	0	0	80,000	80,000	0	0	0
Land Management	127,789	0	31,691	31,691	96,098	0	127,000	127,000	0	95,309	95,309
Leisure	266,816	0	71,667	71,667	195,149	0	259,000	259,000	0	187,333	187,333
Stogursey Leisure	533,632	0	24,040	24,040	509,592	400,000	24,532	424,532	400,000	492	400,492
Community Outreach (SPW)	15,198	0	-11,609	-11,609	26,807	0	-10,199	-10,199	0	1,410	1,410
Community Outreach (DCO)	64,204	0	0	0	64,204	0	0	0	0	0	0
Fit to Work Programme	30,396	0	12,056	12,056	18,340	0	30,000	30,000	0	17,944	17,944
Tourism Marketing (SPW)	342,312	0	187,600	187,600	154,712	0	342,311	342,311	0	154,711	154,711
Tourism Marketing (DCO)	213,056	0	0	0	213,056	0	0	0	0	0	0
Tourist Information Centre (SPW)	210,699	0	160,507	160,507	50,192	0	210,699	210,699	0	50,192	50,192
Tourist Information Centre (DCO)	42,611	0	0	0	42,611	0	10,350	10,350	0	10,350	10,350
Stolford Fund	81,631	0	81,631	81,631	0	0	81,631	81,631	0	0	0
Hinkley Officers	2,777,506	0	2,298,164	2,298,164	479,342	0	2,769,506	2,769,506	0	471,342	471,342
Technical Support	465,078	0	135,532	135,532	329,546	0	465,077	465,077	0	329,545	329,545
<b>TOTALS</b>	<b>17,950,103</b>	<b>2,055,514</b>	<b>6,090,132</b>	<b>8,145,646</b>	<b>9,804,457</b>	<b>3,847,465</b>	<b>8,019,144</b>	<b>11,866,609</b>	<b>1,791,951</b>	<b>1,929,012</b>	<b>3,720,963</b>

**Hinkley S106 Funded Capital Schemes**

Scheme	Previous Year Approval	Previous Year Spend	Carry Forward	In Year Approval	Current Budget	Actual Spend in Year	Total Spend to Date	Funding Remaining	Total Approval
<b>Housing Strategy</b>									
Former Withcutter	80,000	-	<b>80,000</b>	4,000	<b>84,000</b>	84,000	<b>84,000</b>	-	<b>84,000</b>
Living Over the Shop	204,750	204,750	-	-	-	-	<b>204,750</b>	-	<b>204,750</b>
Monmouth Street	302,236	-	<b>302,236</b>	(302,236)	-	-	-	-	-
Old Croft Housing Scheme	56,000	56,000	-	-	-	-	<b>56,000</b>	-	<b>56,000</b>
Prospect House YMCA	37,800	37,800	-	-	-	-	<b>37,800</b>	-	<b>37,800</b>
Doniford Road, Watchet	-	-	-	384,000	<b>384,000</b>	379,069	<b>379,069</b>	<b>4,931</b>	<b>384,000</b>
	<b>680,786</b>	<b>298,550</b>	<b>382,236</b>	<b>85,764</b>	<b>468,000</b>	<b>463,069</b>	<b>761,619</b>	<b>4,931</b>	<b>766,550</b>
<b>Community Impact Mitigation</b>									
Williton Bowling Club	13,000	13,000	-	-	-	-	<b>13,000</b>	-	<b>13,000</b>
Kilve Cricket Club	22,000	-	<b>22,000</b>	-	<b>22,000</b>	22,000	<b>22,000</b>	-	<b>22,000</b>
Williton Pavilion	250,000	-	<b>250,000</b>	-	<b>250,000</b>	-	-	<b>250,000</b>	<b>250,000</b>
Onion Collective	243,119	51,883	<b>191,236</b>	-	<b>191,236</b>	191,236	<b>243,119</b>	-	<b>243,119</b>
Watchet War Memorial Recreation Ground	7,500	7,500	-	-	-	-	<b>7,500</b>	-	<b>7,500</b>
Tropiquaria - Primate Relocation	40,000	40,000	-	-	-	-	<b>40,000</b>	-	<b>40,000</b>
Tropiquaria - Play Area	37,350	37,350	-	-	-	-	<b>37,350</b>	-	<b>37,350</b>
Burgage Road Play Area	90,373	89,919	<b>454</b>	(454)	-	-	<b>89,919</b>	-	<b>89,919</b>
Stogursey Victory Hall	-	-	-	400,000	<b>400,000</b>	-	-	<b>400,000</b>	<b>400,000</b>
Beach Hotel Kitchen Theatre	-	-	-	12,500	<b>12,500</b>	9,500	<b>9,500</b>	<b>3,000</b>	<b>12,500</b>
Westfield Street Café	110,000	-	<b>110,000</b>	-	<b>110,000</b>	101,900	<b>101,900</b>	<b>8,100</b>	<b>110,000</b>
North Petherton Playing Field Trust	46,000	46,000	-	-	-	-	<b>46,000</b>	-	<b>46,000</b>
Coronation Park Enhancement	200,000	188,500	<b>11,500</b>	-	<b>11,500</b>	11,500	<b>200,000</b>	-	<b>200,000</b>
South Bridgwater & North Petherton Mitigation	-	-	-	344,850	<b>344,850</b>	-	-	<b>344,850</b>	<b>344,850</b>
Bridwater Town Centre Support	-	-	-	116,070	<b>116,070</b>	-	-	<b>116,070</b>	<b>116,070</b>
SYCSA	9,600	9,600	-	-	-	-	<b>9,600</b>	-	<b>9,600</b>
Wembdon Village Hall	250,000	250,000	-	-	-	-	<b>250,000</b>	-	<b>250,000</b>
Cannington Village Hall	186,186	6,567	<b>179,619</b>	-	<b>179,619</b>	179,619	<b>186,186</b>	-	<b>186,186</b>
Otterhampton Play Area	-	-	-	37,820	<b>37,820</b>	37,820	<b>37,820</b>	-	<b>37,820</b>
Brean Down Way Project	-	-	-	65,000	<b>65,000</b>	-	-	<b>65,000</b>	<b>65,000</b>
	<b>1,505,128</b>	<b>740,319</b>	<b>764,809</b>	<b>975,786</b>	<b>1,740,595</b>	<b>553,575</b>	<b>1,293,894</b>	<b>1,187,020</b>	<b>2,480,914</b>
<b>Stogursey CIM</b>									
Stogursey Victory Hall	-	-	-	200,000	<b>200,000</b>	-	-	<b>200,000</b>	<b>200,000</b>
	-	-	-	<b>200,000</b>	<b>200,000</b>	-	-	<b>200,000</b>	<b>200,000</b>
<b>Stogursey Leisure</b>									
Stogursey Victory Hall	-	-	-	400,000	<b>400,000</b>	-	-	<b>400,000</b>	<b>400,000</b>
	-	-	-	<b>400,000</b>	<b>400,000</b>	-	-	<b>400,000</b>	<b>400,000</b>
<b>CAPITAL TOTAL</b>	<b>2,185,914</b>	<b>1,038,869</b>	<b>1,147,045</b>	<b>1,661,550</b>	<b>2,808,595</b>	<b>1,016,644</b>	<b>2,055,513</b>	<b>1,791,951</b>	<b>3,847,464</b>

**Hinkley S106 Funded Revenue Schemes**

Scheme	Previous Year Approval	Previous Year Spend	Carry Forward	In Year Approval	Current Budget	Actual Spend in Year	Total Spend to Date	Funding Remaining	Total Approval
<b><u>Housing Strategy</u></b>									
Somerset Homelet	20,790	17,054	3,736	-	3,736	-	17,054	3,736	20,790
Flexible Rent Support	107,100	73,500	33,600	-	33,600	3,429	76,929	30,171	107,100
Furniture Packages	31,500	21,000	10,500	-	10,500	-	21,000	10,500	31,500
Tenant Ready Scheme	47,250	46,500	750	-	750	-	46,500	750	47,250
Sustainable Management Service	168,000	165,000	3,000	(16,500)	(13,500)	(16,500)	148,500	3,000	151,500
Homes Moves Plus	60,000	60,000	-	-	-	-	60,000	-	60,000
Minor Improvement Fund	147,000	147,000	-	-	-	-	147,000	-	147,000
Rent a Room Scheme	126,000	126,000	-	-	-	-	126,000	-	126,000
Empty Homes Grant	194,250	194,250	-	-	-	-	194,250	-	194,250
Empty Homes Loan	110,250	110,250	-	-	-	-	110,250	-	110,250
First Time Buyer Loans	105,000	102,500	2,500	(2,500)	-	-	102,500	-	102,500
Landlord Accreditation	10,500	10,500	-	-	-	-	10,500	-	10,500
Bridgwater Credit Union	-	-	-	10,600	10,600	10,600	10,600	-	10,600
Somerset Homelet 2	-	-	-	9,054	9,054	-	-	-	9,054
Sustainable Letting Scheme	-	-	-	42,000	42,000	-	-	-	42,000
Empty Homes/LOTS	-	-	-	94,500	94,500	-	-	-	94,500
DIY Empty Homes Grant	-	-	-	21,000	21,000	-	-	-	21,000
Minor Improvement Fund	-	-	-	5,250	5,250	-	-	-	5,250
Ldging Schemes	-	-	-	42,000	42,000	-	-	-	42,000
Homes Moves Plus	-	-	-	63,000	63,000	-	-	-	63,000
Tenant Ready Scheme	-	-	-	15,750	15,750	-	-	-	15,750
Transferred to Sedgemoor DC	-	-	-	1,750,517	1,750,517	1,750,517	1,750,517	-	1,750,517
	<b>1,127,640</b>	<b>1,073,554</b>	<b>54,086</b>	<b>284,154</b>	<b>2,088,757</b>	<b>1,748,046</b>	<b>2,821,600</b>	<b>48,157</b>	<b>3,162,311</b>
<b><u>Community Impact Mitigation</u></b>									
Student Employer Mentoring Project	18,295	18,295	-	-	-	-	18,295	-	18,295
Victoria Park Community Centre	14,524	6,308	8,216	-	8,216	4,108	10,416	4,108	14,524
Sydenham Together	60,000	10,000	50,000	-	50,000	40,000	50,000	10,000	60,000
West Somerset Employment Hub Network	-	-	-	57,036	57,036	28,518	28,518	28,518	57,036
Small Schemes (Under £1k)	2,550	2,550	-	2,000	2,000	2,000	4,550	-	4,550
	<b>95,369</b>	<b>37,153</b>	<b>58,216</b>	<b>59,036</b>	<b>117,252</b>	<b>74,626</b>	<b>111,779</b>	<b>42,626</b>	<b>154,405</b>
<b><u>Stogursey CIM</u></b>									
Stogursey Earplug Scheme	2,640	2,088	552	(552)	-	-	2,088	-	2,088
	<b>2,640</b>	<b>2,088</b>	<b>552</b>	<b>(552)</b>	<b>-</b>	<b>-</b>	<b>2,088</b>	<b>-</b>	<b>2,088</b>
<b><u>Economic Development - SPW</u></b>									
Building a Business Database	15,000	8,256	6,744	-	6,744	4,544	12,800	2,200	15,000
Food & Drink Sector	4,000	4,000	-	-	-	-	4,000	-	4,000
Business Mentoring	10,000	3,216	6,784	-	6,784	1,000	4,216	5,784	10,000
Tourism & Hospitality Sector	15,000	13,500	1,500	-	1,500	-	13,500	1,500	15,000
Town/Village Centre Support	20,000	14,946	5,054	-	5,054	962	15,908	4,092	20,000

Supply Chain Enhancement	20,470	5,000	15,470	-	15,470	6,762	11,762	8,708	20,470
Small Business & Enterprise Support	26,171	5,000	21,171	-	21,171	11,000	16,000	10,171	26,171
Local Economic Initiatives Support	20,000	-	20,000	-	20,000	5,000	5,000	15,000	20,000
	<b>130,641</b>	<b>53,918</b>	<b>76,723</b>	-	<b>76,723</b>	<b>29,268</b>	<b>83,186</b>	<b>47,455</b>	<b>130,641</b>

**Economic Development - DCO**

Business Support & Tourism	-	-	-	30,000	30,000	0	-	30,000	30,000
Supply Chain Support	-	-	-	24,000	24,000	0	-	24,000	24,000
Deliver Local Skills	-	-	-	30,000	30,000	0	-	30,000	30,000
Raising Profile - West Somerset	-	-	-	10,000	10,000	200	200	9,800	10,000
Expansion & Relocation	-	-	-	10,000	10,000	0	-	10,000	10,000
Influential - W Somerset	-	-	-	20,000	20,000	0	-	20,000	20,000
Local Economic Initiatives	-	-	-	20,792	20,792	0	-	20,792	20,792
Customer Service Training	-	-	-	15,000	15,000	0	-	15,000	15,000
	-	-	-	<b>159,792</b>	<b>159,792</b>	<b>200</b>	<b>200</b>	<b>159,592</b>	<b>159,792</b>

**Health**

Task & Finish Group	20,000	-	20,000	-	20,000	-	-	20,000	20,000
	<b>20,000</b>	-	<b>20,000</b>	-	<b>20,000</b>	-	-	<b>20,000</b>	<b>20,000</b>

**Landscape Art**

Artlife	77,000	77,000	-	3,000	3,000	3,000	80,000	-	80,000
	<b>77,000</b>	<b>77,000</b>	-	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>80,000</b>	-	<b>80,000</b>

**Land Management**

LMSS General	-	38	(38)	-	(38)	-	38	(38)	-
Conservation Grazing Skills	6,000	-	6,000	-	6,000	-	-	6,000	6,000
Landscape Tree Management	6,000	-	6,000	-	6,000	-	-	6,000	6,000
Building Resilience	15,500	-	15,500	-	15,500	3,000	3,000	12,500	15,500
Historic Hedges	2,500	-	2,500	-	2,500	2,500	2,500	-	2,500
Orchards	6,000	-	6,000	-	6,000	2,500	2,500	3,500	6,000
Species Identification & Monitoring	6,000	-	6,000	-	6,000	-	-	6,000	6,000
Land Management Skills	15,000	4,500	10,500	-	10,500	10,500	15,000	-	15,000
Landscape Skills Flexible Dev Grant	20,000	-	20,000	-	20,000	8,653	8,653	11,347	20,000
Project Enabling Match Funding Budget	50,000	-	50,000	-	50,000	-	-	50,000	50,000
	<b>127,000</b>	<b>4,538</b>	<b>122,462</b>	-	<b>122,462</b>	<b>27,153</b>	<b>31,691</b>	<b>95,309</b>	<b>127,000</b>

**West Somerset Leisure**

1610 Outreach Work	2,500	-	2,500	-	2,500	-	-	2,500	2,500
Age UK - Watchet Exercise Class for Elderly	9,500	-	9,500	-	9,500	-	-	9,500	9,500
Carhampton Rec - New Showers	10,000	-	10,000	-	10,000	5,000	5,000	5,000	10,000
Dunster Marsh Playing Field - Multi Use Game Area	10,000	-	10,000	-	10,000	-	-	10,000	10,000
Minehead EYE Extreme Sport Instructor	2,500	-	2,500	(2,500)	-	-	-	-	-
Minehead Golf Club Indoor Training Facilities	5,000	-	5,000	-	5,000	-	-	5,000	5,000
Minehead Tennis Club Floodlights	5,000	-	5,000	-	5,000	5,000	5,000	-	5,000
Alcombe Activity Area & Green Gym	12,500	-	12,500	-	12,500	-	-	12,500	12,500
Watchet Bowling Club	50,500	-	50,500	-	50,500	-	-	50,500	50,500
Watchet PT & ABC Boxing Club	20,000	-	20,000	-	20,000	-	-	20,000	20,000
Williton Football Club Youth Team Equipment	1,500	-	1,500	(1,500)	-	-	-	-	-
Williton Pavilion & MUGA Project	70,000	-	70,000	-	70,000	-	-	70,000	70,000
YMCA - Minehead Silver Gym	50,000	50,000	-	-	-	-	50,000	-	50,000

Steam Coast Trail Feasibility Studies	4,000	1,917	2,083	-	2,083	-	1,917	2,083	4,000
Leisure Consultancy	10,000	9,750	250	-	250	-	9,750	250	10,000
	<b>263,000</b>	<b>61,667</b>	<b>201,333</b>	<b>(4,000)</b>	<b>197,333</b>	<b>10,000</b>	<b>71,667</b>	<b>187,333</b>	<b>259,000</b>

**Stogursey Leisure**

Victory Hall Feasibility Study	24,532	18,475	6,057	-	6,057	5,565	24,040	492	24,532
	<b>24,532</b>	<b>18,475</b>	<b>6,057</b>	-	<b>6,057</b>	<b>5,565</b>	<b>24,040</b>	<b>492</b>	<b>24,532</b>

**Community Outreach**

Access to Employment	3,400	2,266	1,134	-	1,134	-	2,266	1,134	3,400
Job & Career Fair	600	325	275	-	275	-	325	275	600
Currach Project	500	500	-	-	-	-	500	-	500
Our Place Project	5,000	5,000	-	-	-	-	5,000	-	5,000
Sea Angling Community Learning Project	500	500	-	-	-	-	500	-	500
Our Place Project	-	-	-	(20,199)	(20,199)	(20,199)	(20,199)	-	(20,199)
	<b>10,000</b>	<b>8,591</b>	<b>1,409</b>	<b>(20,199)</b>	<b>(18,790)</b>	<b>(20,199)</b>	<b>(11,608)</b>	<b>1,409</b>	<b>(10,199)</b>

**Fit to Work Programme**

Pathway to Employment	1,000	283	717	-	717	40	323	677	1,000
Community Learning	5,250	4,600	650	-	650	-	4,600	650	5,250
Intensive Support	16,750	5,600	11,150	-	11,150	-	5,600	11,150	16,750
Digital Skill Project	2,000	-	2,000	-	2,000	-	-	2,000	2,000
Upskilling Flexibility	3,000	1,400	1,600	-	1,600	-	1,400	1,600	3,000
Business Start-up	2,000	132	1,868	-	1,868	-	132	1,868	2,000
	<b>30,000</b>	<b>12,015</b>	<b>17,985</b>	-	<b>17,985</b>	<b>40</b>	<b>12,055</b>	<b>17,945</b>	<b>30,000</b>

**Tourism Marketing (SPW)**

Visitor & Mon Survey	40,000	11,470	28,530	-	28,530	10,885	22,355	17,645	40,000
Watchet HTAP	5,000	3,044	1,956	-	1,956	1,956	5,000	-	5,000
PR & Social Media Support	20,000	5,000	15,000	-	15,000	10,000	15,000	5,000	20,000
Marketing Plan Activity	65,385	5,693	59,692	-	59,692	34,696	40,389	24,996	65,385
Industry Body Capacity Building	20,000	20,000	-	-	-	-	20,000	-	20,000
Business Support Tourism & Hospitality	20,000	18,423	1,577	-	1,577	756	19,179	821	20,000
P2 - Public Relations	-	-	-	20,000	20,000	-	-	20,000	20,000
P2 - Visitor Travel	-	-	-	25,000	25,000	17,023	17,023	7,977	25,000
P2 - Monitoring	-	-	-	6,926	6,926	1,795	1,795	5,131	6,926
P2 - Products & Tools	-	-	-	25,000	25,000	13,517	13,517	11,483	25,000
P2 - Marketing & Advertising	-	-	-	45,000	45,000	-	-	45,000	45,000
P2 - Industry & Growth	-	-	-	30,000	30,000	6,253	6,253	23,747	30,000
P2 - Local Delivery	-	-	-	20,000	20,000	-	-	20,000	20,000
	<b>170,385</b>	<b>63,630</b>	<b>106,755</b>	<b>171,926</b>	<b>278,681</b>	<b>96,881</b>	<b>160,511</b>	<b>181,800</b>	<b>342,311</b>

**Tourist Information Centre (SPW)**

Minehead Information Centre	72,000	72,000	-	12,000	12,000	12,000	84,000	-	84,000
Porlock Visitor Centre	15,600	15,600	-	4,000	4,000	4,000	19,600	-	19,600
Watchet Tourist Office	3,500	3,500	-	7,500	7,500	7,500	11,000	-	11,000
Contribution to Sedgemoor District Council	35,000	35,000	-	23,000	23,000	23,000	58,000	-	58,000
Contribution to Somerset County Council	25,000	15,000	10,000	-	10,000	-	15,000	10,000	25,000
Tourist Information Centre - WSC	-	-	-	13,099	13,099	-	-	13,099	13,099
	<b>151,100</b>	<b>141,100</b>	<b>10,000</b>	<b>59,599</b>	<b>69,599</b>	<b>46,500</b>	<b>187,600</b>	<b>23,099</b>	<b>210,699</b>

**Tourist Information Centre (DCO)**

Tourist Information Centre - WSC

-	-	-	10,351	<b>10,351</b>	-	-	<b>10,351</b>	<b>10,351</b>
-	-	-	<b>10,351</b>	<b>10,351</b>	-	-	<b>10,351</b>	<b>10,351</b>

**Dedicated Staff Resourcing**

Stolford Fund

81,631	-	<b>81,631</b>	-	<b>81,631</b>	81,631	<b>81,631</b>	-	<b>81,631</b>
<b>81,631</b>	-	<b>81,631</b>	-	<b>81,631</b>	<b>81,631</b>	<b>81,631</b>	-	<b>81,631</b>

**Dedicated Staff Resourcing**

Staff Cost (DCO)

Technical Support

Staff Cost (SPW)

-	-	-	881,949	<b>881,949</b>	410,606	<b>410,606</b>	<b>471,343</b>	<b>881,949</b>
103,730	68,518	<b>35,212</b>	361,348	<b>396,560</b>	67,014	<b>135,532</b>	<b>329,546</b>	<b>465,078</b>
1,887,558	1,887,558	-	-	-	-	<b>1,887,558</b>	-	<b>1,887,558</b>
<b>1,991,288</b>	<b>1,956,076</b>	<b>35,212</b>	<b>1,243,297</b>	<b>1,278,509</b>	<b>477,620</b>	<b>2,433,696</b>	<b>800,889</b>	<b>3,234,585</b>

**REVENUE TOTAL**

<b>4,302,226</b>	<b>3,509,805</b>	<b>792,421</b>	<b>1,966,404</b>	<b>4,509,342</b>	<b>2,580,331</b>	<b>6,090,136</b>	<b>1,636,457</b>	<b>8,019,147</b>
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## 2016/17 CAPITAL PROGRAMME AS AT 31st March 2017

## APPENDIX D

Scheme	Original Budget	Carry Forward	Supplement Estimates	Transfers	Revised Budget	Actual Spend	Variance Against Budget	Proposed Carry	Proposed Funding Of Carry Forward Requests					Total Funding Of Carry Forward Requests
	2016-17	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	Capital Receipts	Grants	RCCO	marked Rese	S106	£
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>GENERAL FUND</b>														
<b>General Schemes</b>														
Offsite Backup Facility	15,000	0			15,000	0	(15,000)	15,000	15,000					15,000
Exford Public Conveniences		9,000			9,000	9,000	0	0						0
Wheddon Cross Public Conveniences		12,000			12,000	0	(12,000)	12,000			12,000			12,000
Superfast Broadband		240,000			240,000	0	(240,000)	240,000	240,000					240,000
JMASS ICT Transformation		267,710		6,870	274,580		(274,580)	274,580	267,710					267,710
Single IT Platform Revenues		6,867	3	(6,870)	0		0	0	6,870					6,870
IT Hardware Replacement	2,500				2,500	2,143	(357)	357	357					357
Disabled Facilities Grants	358,000	153,134	(4)		511,130	244,040	(267,090)	267,090		267,090				267,090
Decent Homes		15,911	(1)		15,910	0	(15,910)	15,910		15,910				15,910
Stair Lift Recycling		760			760	0	(760)	760		760				760
7 The Esplanade, Watchet		15,000			15,000	0	(15,000)	15,000			15,000			15,000
East Wharf Contingent Disposal Costs		64,684	8,996		73,680	7,069	(66,611)	66,611	66,611					66,611
Harbours - Pre Cast Concrete Columns (Watchet)		18,870	(18,870)		0		0	0						0
Harbours - Pile Bracket Fixings (Watchet)		8,430	(8,430)		0		0	0						0
Harbours - Replacement Ladder (Watchet)		3,000	(3,000)		0		0	0						0
Steam Cost Trail		502,824	(4)		502,820	293,543	(209,277)	209,277		209,277				209,277
Cuckoo Meadow		2,948	2		2,950	(510)	(3,460)	3,460		3,460				3,460
Seaward Way Housing Land		26,500			26,500	12,700	(13,800)	13,800	13,800					13,800
Transformation			196,000		196,000		(196,000)	196,000	110,000			86,000		196,000
CASA Project			83,000		83,000		(83,000)	83,000	83,000					83,000
Capital Sustainability Fund			64,500		64,500		(64,500)	64,500	64,500					64,500
Clanville Grange Low Cost Housing Scheme		0	128,000		128,000		(128,000)	128,000	128,000					128,000
IS Annual Projects		20,270			20,270		(20,270)	20,270	11,367		8,903			20,270
Church Street Public Conveniences					0	800	800	0						0
<b>Sub-total - General Schemes</b>	<b>375,500</b>	<b>1,367,908</b>	<b>450,192</b>		<b>2,193,600</b>	<b>568,785</b>	<b>(1,624,815)</b>	<b>1,625,615</b>	<b>1,007,215</b>	<b>496,497</b>	<b>35,903</b>	<b>86,000</b>	<b>0</b>	<b>1,625,615</b>
<b>S106-Funded General Schemes</b>														
Williton Pavilion	0	149,500			149,500	21,291	(128,209)	128,209					128,209	128,209
Huish Champflower Village Hall	0	10,000			10,000	0	(10,000)	10,000					10,000	10,000
Land Upgrade - Marshfield Road	0	7,825	5		7,830	7,825	(5)	0					0	0
Redesign Play Space	0	0	16,984		16,984	16,984	0	0					0	0
Footpath Lighting Enhancement	0	0	47,000		47,000	35,000	(12,000)	12,000					12,000	12,000
Minehead Heritage Trail	0	0	0		0	450	450	0					0	0
Dunster Parish Council - Multi Use Games Area	0	0	12,240		12,240	0	(12,240)	12,240					12,240	12,240
<b>Sub-total - S106 Schemes</b>	<b>0</b>	<b>167,325</b>	<b>76,229</b>		<b>243,554</b>	<b>81,550</b>	<b>(162,004)</b>	<b>162,449</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162,449</b>	<b>162,449</b>
<b>General Fund Programme Total</b>	<b>375,500</b>	<b>1,535,233</b>	<b>526,421</b>		<b>2,437,154</b>	<b>650,335</b>	<b>(1,786,819)</b>	<b>1,788,064</b>	<b>1,007,215</b>	<b>496,497</b>	<b>35,903</b>	<b>86,000</b>	<b>162,449</b>	<b>1,788,064</b>

## 2016/17 CAPITAL PROGRAMME AS AT 31st March 2017

## APPENDIX D

Scheme	Original Budget	Carry Forward	Supplement Estimates	Transfers	Revised Budget	Actual Spend	Variance Against Budget	Proposed Carry	Proposed Funding Of Carry Forward Requests					Total Funding Of Carry Forward Requests
	2016-17 £	2015-16 £	2016-17 £	2016-17 £	2016-17 £	2016-17 £	2016-17 £	2016-17 £	Capital Receipts £	Grants £	RCCO £	marked Rese £	S106 £	£
<b>Hinkley-Funded Schemes</b>														
Burgage Road Play Area, Stogursey (CMF)	0	454	(4)		450	0	(450)	0					0	0
Kilve Cricket Club	0	22,000			22,000	22,000	0	0					0	0
Williton Pavilion	0	250,000			250,000	0	(250,000)	250,000					250,000	250,000
Westfield United Church (CMF)	0	110,000			110,000	101,900	(8,100)	8,100					8,100	8,100
Onion Collective	0	191,236	4		191,240	191,237	(3)	0					0	0
Coronation Park Enhancement	0	11,500			11,500	11,500	0	0					0	0
Cannington Village Hall	0	179,619	1		179,620	179,619	(1)	0					0	0
Former Withycutter	0	80,000	4,000		84,000	84,000	0	0					0	0
Otterhampton Play Area	0	37,820			37,820	37,820	0	0					0	0
Stogursey Victory Hall	0	400,000			400,000	0	(400,000)	400,000					400,000	400,000
S BW & NP Mitigation	0	0	344,850		344,850	0	(344,850)	344,850					344,850	344,850
BW TC Support Scheme	0	0	116,070		116,070	0	(116,070)	116,070					116,070	116,070
Brean Down Way Project	0	0	65,000		65,000	0	(65,000)	65,000					65,000	65,000
Beach Hotel Kitchen	0	0	12,500		12,500	9,500	(3,000)	3,000					3,000	3,000
Doniford Road, Watchet	0	0	384,000		384,000	379,069	(4,931)	4,391					4,391	4,391
Stogursey Victory Hall (Leisure)	0	0	400,000		400,000	0	(400,000)	400,000					400,000	400,000
Stogursey Victory Hall (CIM)	0	0	200,000		200,000	0	(200,000)	200,000					200,000	200,000
Steam Coast Trail	0	0	331,710		331,710	0	(331,710)	331,710					331,710	331,710
<b>Hinkley Fund Programme Total</b>	<b>0</b>	<b>1,282,629</b>	<b>1,858,131</b>		<b>3,140,760</b>	<b>1,016,645</b>	<b>(2,124,115)</b>	<b>2,123,121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,123,121</b>	<b>2,123,121</b>
<b>TOTAL CAPITAL PROGRAMME ALL SCHEMES</b>	<b>375,500</b>	<b>2,817,862</b>	<b>2,384,552</b>		<b>5,577,914</b>	<b>1,666,979</b>	<b>(3,910,935)</b>	<b>3,911,185</b>	<b>1,007,215</b>	<b>496,497</b>	<b>35,903</b>	<b>86,000</b>	<b>2,285,570</b>	<b>3,911,185</b>



## Appendix E

## 1 2017/18 Capital Programme

Table 1 – Capital Programme 2017/18

Scheme	Priority	Cost £	Funding			
			Capital Receipts £	Capital Grants £	Borrowing £	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
SWP Loan	4	3,500,000			3,500,000	3,500,000
<b>Total</b>		<b>3,872,500</b>	<b>12,500</b>	<b>360,000</b>	<b>3,500,000</b>	<b>3,872,500</b>

**Capital Schemes Explained**

- 1.1 **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.
- 1.2 **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.
- 1.4 **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.
- 1.5 **SWP Loan £3,500,000:** As set out in a separate report, the capital programme includes a proposed loan of £3,500,000 to the Somerset Waste Partnership. The loan will be accounted for as capital expenditure and is therefore included in the recommended capital programme.



*Report Number: WSC 83/17*

## **West Somerset Council**

### **Full Council – 2 August 2017**

#### **Initial Medium Term Financial Plan 2018/19**

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

**Report Author: Paul Fitzgerald, Assistant Director Strategic Finance and S151 Officer**

#### **1 Executive Summary / Purpose of the Report**

- 1.1 The purpose of this report is to present Councillors with the proposed Medium Term Financial Strategy (MTFS) for 2018/19 onwards, including an updated set of estimates and assumptions contained with the initial draft of the Council's Medium Term Financial Plan (MTFP).
- 1.2 The MTFS provides the Council's plan for balancing the budget over the medium term including the approach to managing costs and optimising / forecasting the funding that will be available to support spending on services. The MTFP contains the financial forecasts that underpins the strategy.
- 1.3 In February 2017, despite balancing the budget for 2017/18, the Council had a forecast budget gap – the difference between forecast net spending requirement and forecast funding available – of £785,000 in 2018/19 rising to £1.2m by financial year 2021/22. This is despite all the actions taken by the Council to balance the books in response to funding reductions in previous years.
- 1.4 Since the Council approved the 2017/18 Budget there has been a significant change to our business rates retained funding estimates. The 2017/18 Finance Settlement was determined by Government using the first draft results of the 2017 Revaluation of Rateable Values (RV) undertaken by the Government's Valuation Office Agency (VOA). This included a huge increase from £8m to £29.48m in the RV for Hinkley B power station. We were concerned that the new RV would inevitably lead to an appeal and had to plan for the strong probability that it would be reduced by including a large provision for a potential refund in the 2017/18 budget estimates. Senior councillors and officers lobbied the Government, VOA and EDF to seek an urgent resolution given the significant uncertainty this created in our financial planning.

- 1.5 In March 2017 the VOA announced an updated 2017 RV for Hinkley B – agreed between the VOA and EDF – significantly lower than the draft, at £20.72m. At the same time the 2010 RV was increased from £8m to £9.68m. Although the agreed RV of £20.72m is lower than the Draft RV it is higher than we had planned for and this enables us to increase our business rates retention estimates with greater confidence. This report therefore contains proposals for Members to agree a Revised Budget for 2017/18 in light of this updated information and to note updated forecasts within the MTFP.
- 1.6 Despite the improvement in our funding estimates there are ongoing budget risks and the MTFS includes a recommended strategy for protecting the Council's underlying financial viability in case of future reductions in business rates funding.

## 2 Recommendations

- 2.1 Full Council notes the revised estimates, and in particular the ongoing risks and uncertainty, within the Medium Term Financial Plan and supports the proposed financial strategy that seeks to deliver a balanced budget prior to the formation of a new council.
- 2.2 Full Council approves a Revised Budget for 2017/18 with the following changes:
- a) Revise the Collection Fund Business Rates Surplus/Deficit budget from a deficit of £223,546 to a surplus of £480,635 – a net increase in funding of £704,181.
  - b) A transfer to the Business Rates Smoothing Reserve of £704,181 to mitigate budget risk from business rates funding volatility.
  - c) Revise the 2017/18 Business Rates Retention estimates by an additional £30,700 in respect of S31 Grant, with a related transfer to General Reserves.
- 2.3 Full Council agrees in principle to a further transfer to the Business Rates Smoothing Reserve in 2018/19 to mitigate the increased budget risk in respect of business rates funding volatility as reflected in the updated MTFP estimates.

## 3 Risk Assessment

### Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to agree and deliver a sustainable Medium Term Financial Plan for the next five years.	Likely 4	Cata- strophic 5	Very High 20

## AGENDA ITEM 4(b)

Description	Likelihood	Impact	Overall
<i>The Council is progressing a Transformation business case which aims to deliver significant budget savings, and has jointly with Taunton Deane submitted a request to the Secretary of State to create a new council covering both areas. Other savings plans will need to be developed through the annual budget process.</i>	Possible 3	Major 4	Medium 12
Business rates retention funding reduces significantly through appeals and other changes	Possible 3	Catastrophic 5	High 15
<i>The Council maintains adequate funds within the Business Rates Smoothing Reserve to mitigate a sharp decline in funding for up to two years, providing time to respond with low probability of emergency measures.</i>	Possible 3	Major 4	Medium 12

## 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
<b>Impact</b>							

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 Medium Term Financial Strategy**

- 4.1 The financial history of West Somerset Council has been well documented and is widely understood. The Council has made good progress over recent years in meeting the challenge of 'balancing the books'. Importantly, Councillors recognise and understand that more has to be done as the financial challenges ahead are considerable.
- 4.2 Phase 1 of the Council's partnership with Taunton Deane Borough Council has contributed to the delivery of savings through efficiency in the management and staff structures.
- 4.3 Following the mandate from Councillors in January 2016, a business case has been developed to provide options for Phase 2 of this partnership and in September 2016 the Council determined agreed to implement Option 2 – to jointly transform the way services are delivered and to submit an application to the Secretary of State seeking approval to form a new single Council to replace both Taunton Deane and West Somerset councils. This application has been submitted and we await the Secretary of State's decision.
- 4.4 This refresh of the Medium Term Financial Plan at this stage is important in providing a realistic and up to date assessment of the Council's financial forecasts to underpin the important decisions to be taken in respect of the business case and other potential options needed to secure ongoing financial sustainability. 2017/18 has seen – for the first time under the Business Rates Retention regime – the implementation of the periodic revaluation of business Rateable Values.
- 4.5 In February 2017, despite balancing the budget for 2017/18, the Council had a forecast budget gap – the difference between forecast net spending requirement and forecast funding available – of £785,000 in 2018/19 rising to £1.2m by financial year 2021/22. This is despite all the actions taken by the Council to balance the budget in response to funding reductions in previous years.
- 4.6 Since the Council approved the 2017/18 Budget there has been a significant change to our business rates retained funding estimates. The 2017/18 Finance Settlement was determined by Government using the first draft results of the 2017 Revaluation of Rateable Values (RV) undertaken by the Government's Valuation Office Agency (VOA). This included a huge increase from £8m to £29.48m in the RV for Hinkley B power station. We were concerned that the new RV would inevitably lead to an appeal and had to plan for the strong probability that it would be reduced by including a large provision for a potential refund in the 2017/18 budget estimates. Senior councillors and officers lobbied the Government, VOA and EDF to seek an urgent resolution given the significant uncertainty this created in our financial planning.
- 4.7 In March 2017 the VOA announced an updated 2017 RV for Hinkley B – agreed between the VOA and EDF – significantly lower than the draft, at £20.72m. At the

same time the 2010 RV was increased from £8m to £9.68m. Although the agreed RV of £20.72m is lower than the Draft RV it is higher than we had planned for and this enables us to increase our business rates retention estimates with greater confidence. This report therefore contains proposals for Members to agree a Revised Budget for 2017/18 in light of this updated information and to note updated forecasts within the MTFP.

- 4.8 The MTFS considers financial issues that the Council will face during the five year period covered within this document. The ultimate aim of this plan is to provide short and medium term guidance for officers and Members, highlighting the budgetary issues which need to be addressed in order to deliver a sustainable financial position over the next five years. If the Secretary of State approves the creation of a new Council this is likely to be within the first 2-3 years of the plan, and it is appropriate to plan within this context.
- 4.9 The budget process starts in June/July and culminates in the Council setting its annual budget and council tax requirement in February – allowing time for the bills to be sent out ready for collection from 1 April. A summary of the budget timetable is set out below.

June / July	Previous financial year outturn report issued Initial MTFS and MTFP estimates prepared
August to October	Update detailed budget estimates Develop budget options and proposals Update MTFP forecasts Develop capital budget requirements
November	Updated MTFP and Budget Gap to Scrutiny and Cabinet Fees and Charges to Scrutiny and Cabinet Budget Options to Scrutiny and Cabinet
December	Fees and Charges set by Council
January	Draft Revenue Budget to Scrutiny Draft Capital Budget to Scrutiny Draft Treasury and Investment Strategy to Scrutiny
February	Cabinet proposes final Budget and Council Tax Council approve Budget and Council Tax

#### **Four Year Funding Settlement, Efficiency Strategy and Flexible Use of Capital Receipts**

- 4.10 In October 2016 the Council accepted the Government's offer of a four year funding settlement for the period 2016/17 to 2019/20. Whilst the inherent reduction in funding is not a "good deal" this approach gives greater certainty for financial planning and provides greater confidence over measures needed to balance the budget over the medium term, and reduces risk that funding would be less than the amounts included in the offer.
- 4.11 The funding streams within scope of the settlement are the Revenue Support Grant

(RSG) and Rural Services Delivery Grant (RSDG). In addition, tariffs and top-ups in 2017/18, 2018/19 and 2019/20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention. The settlement will see general grant funding reduce from £880k in 2015/16 to just £6k in 2019/20.

- 4.12 The Council produced an Efficiency Strategy – a pre-requisite for accepting the offer – and will keep this under review. The Council plans to achieve efficiency savings largely through transformation of services.
- 4.13 The Efficiency Strategy also includes plans for the flexible use of capital receipts to fund revenue costs of projects designed to deliver ongoing revenue savings. The Council aims to generate £163k capital receipts income that will contribute to the overall funding of transformation during the period 2016/17 to 2018/19.

#### **Strategy for Business Rates Retention (also known as Non Domestic Rates)**

- 4.14 Through the Funding Settlement the Government has set a funding “baseline”. Under the current Business Rates Retention (BRR) system, the Council will retain a proportion of business rates that exceed this baseline. The most prudent approach to budgeting for BRR is to set retained income at the safety net level as this is the guaranteed minimum level of income for any authority. However this could understate income and require more budget savings from services than may ultimately be required. The strategy is therefore to budget based on a reasonable forecast of BRR income each year taking into account appropriate assumptions and risks. The main risks are revaluation, economic growth, and appeals.
- 4.15 The forecasts in February reflected initial estimates for the impact of the 2017 Revaluation. Whilst this national process is expected to ‘fiscally neutral’ overall, this will not be the case for individual authorities and the government aims to minimise changes to the impact on individual funding through adjustments to the Tariff. The updated MTFP reflects our best estimates at this stage of the ongoing tariff adjustments, which will be confirmed in the 2018/19 Settlement.
- 4.16 To help protect against funding volatility the Council sets aside a specific Business Rates Smoothing earmarked reserve, to provide a contingency for estimation differences and accounting timing differences for elements of the BRR system.

#### **Business Rates Retention Revised Estimates for 2017/18**

- 4.17 Since the Council approved the 2017/18 Budget there has been a significant change to our business rates retained funding estimates. The 2017/18 Finance Settlement was determined by Government using the first draft results of the 2017 Revaluation of Rateable Values (RV) undertaken by the Government’s Valuation Office Agency (VOA). This included a huge increase from £8m to £29.48m in the RV for Hinkley B power station. We were concerned that the new RV would inevitably lead to an appeal and had to plan for the strong probability that it would be reduced by including a large provision for a potential refund in the 2017/18



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budget estimates. Senior councillors and officers lobbied the Government, VOA and EDF to seek an urgent resolution given the significant uncertainty this created in our financial planning.

- 4.18 In March 2017 the VOA announced an updated 2017 RV for Hinkley B – agreed between the VOA and EDF – significantly lower than the draft, at £20.72m. At the same time the 2010 RV was increased from £8m to £9.68m. Although the agreed RV of £20.72m is lower than the Draft RV it is higher than we had planned for and this enables us to increase our business rates retention estimates with greater confidence. This report therefore contains proposals for Members to agree a Revised Budget for 2017/18 in light of this updated information and to note updated forecasts within the MTFP.
- 4.19 The Council agreed with DCLG that, in view of the major impact these changes would have, we could revise our business rates. It was essential we were able to do this before 1 April 2017 otherwise we would be locked in to a new Business Rates Tariff cost of £6m plus per year and below the safety net for the foreseeable future as we planned to make prudent provisions for a large appeal and refund.
- 4.20 The tables below summarise the impact on the total business rates income forecasts and our shares of this funding under Business Rates Retention.

## Original and Revised “NNDR1” Business Rates Income Estimates

	Original NNDR1 £	Updated Hinkley Impact £	Revised NNDR1 £
Gross Rates Payable by ratepayers	24,674,153	-4,082,160	20,591,993
Mandatory and Discretionary Reliefs	-2,319,785	-113,880	-2,433,655
Bad Debt Provision, Renewables, Collection Costs	-203,132	0	-203,132
Appeals Provision	-10,710,400	9,305,400	-1,405,000
<b>Net Rating Income</b>	<b>11,440,836</b>	<b>5,109,360</b>	<b>16,550,196</b>
<b>WSC 40% Share</b>	<b>4,576,334</b>	<b>2,143,744</b>	<b>6,620,078</b>

- 4.21 As a result of the VOA and EDF reaching agreement the level of uncertainty and risk in respect of appeals is considered to be reduced but not removed. EDF still have the right of appeal, e.g. if there is a “material change in circumstances”, however as the RV is agreed the VOA may not look favourably on any appeal submitted. The budgeted provision for appeals risk is based broadly on a 10% risk for Hinkley B and 5% for the rest.
- 4.22 It is therefore proposed to set a Revised BRR Budget for 2017/18 as follows:

## Revised 2017/18 BRR Budget

	<b>2017/18 Original £</b>	<b>Changes £</b>	<b>2017/18 Revised £</b>
40% Standard Share of Business Rates Yield	4,576,334	2,043,744	6,620,078
Rates yield from renewable energy schemes	50,000	0	50,000
Tariff to Government	-6,058,369	0	-6,058,369
Levy Payment	0	0	0
Safety Net Income	2,162,420	-2,043,744	118,676
S31 Grant	384,030	30,700	414,730
<b>Net Retained Business Rates Funding</b>	<b>1,114,415</b>	<b>30,700</b>	<b>1,145,115</b>

- 4.23 The revised forecast is still below the Safety Net in 2017/18 due to the large Tariff amount in the year. This is a timing issue as our estimates indicate the Tariff is 'over-stated' by around £1.5m and this will be clawed back in 2018/19.
- 4.24 The main immediate funding impact is a relatively small increase in S31 grant, and it is recommended this extra £30,700 is transferred to General Reserves.
- 4.25 As well as changing the 2017/18 in year estimates the fact that the VOA have also increased the 2010 RV for Hinkley B means that we have collected significant additional business rates income at the end of 2016/17 financial year. We therefore revised our projected 2016/17 Collection Fund Surplus/Deficit forecast position at the end of March from a deficit of £223,546 to a surplus of £480,635 – a net increase in funding of £704,181.
- 4.26 Increasing our BRR Income budget as proposed results in a significant increase in budget risk in 2018/19 as there is a large difference between the budget and the safety net. The Council will need to fund any drop in BRR income down to the safety net from its own resources. This could be as much as £1.49m in a worst case scenario in 2018/19, therefore it is recommended to transfer the additional Collection Fund surplus of £704,181 into the Smoothing Reserve in 2017/18. This would increase the Smoothing Reserve balance to £1.009m. The MTFP therefore includes a proposal to set aside further funds in 2018/19 to ensure the budget risk is fully covered.
- 4.27 The table below provides a reconciliation of the changes to the BRR projections within the MTFP, the proposed transfers to reserves and the updated Budget Gap within the MTFP.

	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£
<b>2017/18 Original Budget Gap Estimates (Feb 2017)</b>	<b>0</b>	<b>785,003</b>	<b>881,444</b>	<b>1,068,280</b>	<b>1,195,887</b>
Increase in net BRR income and Tariff Estimates	-30,700	-1,516,001	-799,599	-814,261	-829,009
Transfer to General Reserves	30,700				
Collection Fund Surplus/Deficit	-704,181				
Transfer to Smoothing Reserve	704,181	861,600			
<b>Revised Budget Gap</b>	<b>0</b>	<b>130,602</b>	<b>81,845</b>	<b>254,019</b>	<b>366,878</b>

- 4.28 As well as the budget risk referred above there remains a high degree of uncertainty regarding the tariff adjustments to be applied in 2018/19 and 2019/20, hence the MTFP currently includes a large transfer to the Smoothing Reserve. This is a prudent approach to reduce the likelihood of large changes in the figures impacting on budget plans in the short term.

#### **100% Business Rates Retention**

- 4.29 In the Autumn Statement 2015 the Government confirmed its intention to allow local authorities (nationally) to keep 100% of business rates income by 2020. The system of tariffs and top ups is expected to remain in order to prevent significant redistribution of baseline funding between authorities. In addition it is anticipated that local authorities will take on additional responsibilities through this change (e.g. housing benefit and council tax support administration, homelessness prevention and so on). As well as additional responsibility, this direction in funding will see a further transfer of risk to local authorities. The options are still in development, with high level consultation undertaken in 2016 and further detailed technical consultation previously anticipated during 2017. We had anticipated 100% BRR being implemented in 2019/20, however the timing is no longer certain following the General Election in 2017 and recent Queen's Speech. The Local Government Finance Bill is not expected to continue through Parliament for the immediate future leading to likely delays in implementing any changes.
- 4.30 The MTFP is currently forecast on the assumption that the move to 100% will have a neutral effect on our Net Budget. In practice this will not be known with certainty until the system is fully implemented and the transferred responsibilities are confirmed.

#### **Strategy for New Homes Bonus**

- 4.31 New Homes Bonus (NHB) grant was introduced in 2011/12 with annual grant funding for district councils provided based on a sum equivalent to 80% of the national average annual council tax for every new home once occupied. This sum was payable for six years with an additional bonus of £280 (80% of £350) for every

affordable home occupied. The grant aims to incentivise the delivery of housing growth, and is not ring-fenced.

- 4.32 The funding method changed in 2017/18, with the number of years 'rewarded' reducing from six to four by 2018/19. In addition no grant is now received on the first 0.4% of growth in housing, measured as 'Band D equivalents'. This is as a result of funding being redirected to social care within the local government sector.
- 4.33 West Somerset Council's strategy is to allocate all of the NHB grant funding to support day to day service delivery as part of the annual budget. This approach is based on affordability as the Council needs this funding to avoid significant cuts to priority services.
- 4.34 The total grant received in 2017/18 is £545k. Within the MTFP the total grant is projected to reduce year on year, potentially falling as low as £100k by 2022.

#### **Strategy for Council Tax**

- 4.35 The setting of Council Tax is determined each year at Full Council. In 2016/17 and 2017/18 the Council has utilised the option given to shire districts of increasing Band D council tax by £5. Currently the Medium Term Financial Plan reflects an officers' financial planning assumption that Council Tax charges will increase by 1.99% each year from 2018/19. Information provided with the four year funding settlement indicates that, as a shire district, WSC will have the option to increase the Band D by £5 each year in 2018/19 and 2019/20 if Members are minded. This will be confirmed each year by the Secretary of State, usually alongside the Finance Settlement. Increasing Council Tax by £5 instead of 1.99% would increase funding by approximately £29k compared to current MTFP estimates.
- 4.36 The basic annual tax rate set by WSC for 2017/18 is £150.56. Total Council Tax income for WSC services in 2017/18 is £2.09m.
- 4.37 The Council has also decided to use additional precepting permissions to raise funds through Council Tax on behalf of the Somerset Rivers Authority since 2016/17. In 2017/18 the annual amount collected by WSC equates to a £1.76 Band D charge, and has raised £24k in additional Council Tax which is passported to the SRA. This helps to fund investment in the 20 Year Flood Action Plan that was developed following the severe flooding experienced in Somerset in early 2014. The intention is for the Government to establish primary legislation to allow the SRA to raise funds via a council tax precept in its own right.
- 4.38 The Cabinet will recommend future council tax rates in February each year.

#### **Council Tax Support**

- 4.39 Since 2013 local authorities have operated local Council Tax Support schemes, replacing the previous Council Tax Benefit system determined and funded by central Government. The WSC local policy attributes this as "Council Tax Rebate".

- 4.40 WSC reviews the scheme each year, and currently the policy requires working age claimants to pay at least 20% of the council tax liability with relevant household income is assessed to determine the total amount of CTR discount given. Pension age claimants are protected and continue to be entitled to up to 100% discount in line with the previous CT Benefit system.
- 4.41 The current estimated costs of the scheme is £2,630k for 2017/18, with WSC liable for approximately 9.5% of this cost. The Council will consult on the 2018/19 CTR Scheme during the summer of 2017.

### **Strategy for Service Spending and Income**

- 4.42 Service spending “base budgets” are normally taken from the previous year, and then adjusted to remove one-off items and add unavoidable inflation costs on pay, contracts and utilities. Assistant Directors then assist the Cabinet to propose budget prioritisation options to increase investment in services or apply savings in order to maintain costs at an affordable level. Prioritisation of options seeks to avoid disruption and reduction in highest priority front line services and prioritise efficiency savings.
- 4.43 A key driver for service cost efficiency now is the delivery of the transformation programme, which will add greater efficiency to the way we deliver services.
- 4.44 The Council reviews its fees and charges each year. The strategy applied to fees and charges is to seek to fully recover costs of services. The Council will also consider introducing new charges for discretionary services in line with corporate priorities, where this will also enable valued services to be delivered. In certain service areas such as licensing there are specific regulations which are followed that mean we aim to ‘break even’ on recoverable costs over a rolling period of 2-3 years, and any accrued surpluses or deficits are used to adjust fees and charges in subsequent years.
- 4.45 Proposed fees and charges are usually presented to Council for approval in December or January to set the rates to apply in the subsequent financial year. Clearly, it is important that decisions do not only consider inflationary increases but also assess supply and demand for the service and the fees charged within the competitive market. It is also important that officers and councillors fully consider all options in order to maximise income.
- 4.46 The council is also exploring further opportunities to generate income through commercial investment and other income generation initiatives. This will follow the principle of social enterprise as agreed in the Corporate Strategy, so that income and profit generated will be reinvested in important local services.

### **Strategy for Reserves and Balances**

- 4.47 The Council maintains both General (unearmarked) Reserves and Earmarked Reserves.

- 4.48 General Reserves are retained to provide contingency funds to mitigate financial risks and accumulated revenue surpluses that may be used to support one-off spending.
- 4.49 Earmarked Reserves are revenue funds that have been set aside for specific purposes to be spent in future years.
- 4.50 A regular review of financial risks is undertaken by the S151 Officer to assess the minimum adequate level of reserves, and the budget strategy and approach to ongoing financial management seeks to ensure General Reserves are maintained at or above the assessed minimum. As at February 2017 the adequate minimum General Reserves balance is £600k.
- 4.51 The Council aims to balance the budget each year without the need to use reserves, and will prioritise allocating any significant surplus balance to fund one-off costs rather than support day to day running costs of the Council's services. Having some flexibility in the reserves balance is important in view of the transformation programme, as this will require up-front investment, as well as to mitigate unplanned/unforeseen costs arising during the year.
- 4.52 The General Fund Reserves balance as at 1 April 2017 is £868k. Recommendations within the 2016/17 Outturn Report include allocating £100k to the Business Rates Smoothing Reserve and £70k to the Sustainability Reserve. In addition this report includes a proposal to transfer £30k to General Reserves as part of the Revised Budget. These changes will reduce the net balance to £728k, only £128k above the recommended minimum.
- 4.53 Earmarked Reserves balances total £2.883m as at 1 April 2017.
- 4.54 The recommended Revised Budget would add a further £704k to the Business Rates Smoothing Reserve (increasing its balance to £1.008m) which will increase total earmarked reserves as at to 1 April 2017 to £3.587m.

### **Capital Strategy**

- 4.55 The current strategy for capital investment takes a low risk approach to general schemes. Funding is prioritised against available resources, and the Council has considered strategic use of affordable capital borrowing with a supporting business case.
- 4.56 As general capital resources are limited, a short term approach to annual capital bids from services is currently used, which are prioritised on the following criteria:
- 1) Business Continuity (corporate/organisational/health and safety)
  - 2) Statutory Service Investment (to get statutory minimum/contractual/continuity)
  - 3) Transformation
  - 4) Invest to Save

## 5) Other

- 4.57 The Council considers a range of capital schemes in line with permitted use of Hinkley planning obligations funding – schemes are brought forwarded to councillors for consideration under existing governance arrangements for ‘Hinkley funds’.
- 4.58 It is proposed to review the Capital Strategy during 2017 to support the new Corporate Strategy and the Council’s plans for transformation, as well as the Asset Management Strategy currently being finalised.
- 4.59 The Council has also applied a short term strategy in recent years of utilising capital receipts to repay debt. As well as selling assets to reduce capital borrowing, this has also included using capital receipts in lieu of an annual “Minimum Revenue Provision” charge to the annual revenue budget between 2015/16 and 2017/18. Members have agreed in principle to extend this arrangement a further year in 2018/19 however it is proposed to review this in light of the revised budget position.

**Treasury Strategy**

- 4.60 The Council annually reviews its Treasury Management Strategy, Annual Investment Strategy and approach to servicing capital debt (“Minimum Revenue Provision”). The detailed strategies are reported separately to the MTFS and MTFP, but are clearly inter-linked with our approach to financial planning and effective use of resources.
- 4.61 The strategies reflect the ongoing challenging and uncertain economic times. The current economic outlook has several key treasury management implications:
- Investment returns are likely to remain relatively low during 2017/18 and in the medium term
  - Borrowing interest rates are currently attractive but are likely to remain low for some time
  - The timing of any borrowing will need to be monitored carefully; there will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.
- 4.62 This Strategy looks to reduce exposure to risk and volatility at this time of significant economic uncertainty by
- Considering security, liquidity and yield, in that order
  - Considering alternative assessments of credit strength
  - Spreading investments over a range of approved counterparties
  - Only investing for longer periods to gain higher rates of return where there are acceptable levels of counterparty risk.

## 5 Medium Term Financial Plan Summary

5.1 The following table sets out a summary of the council's latest forecasts of costs and funding, based on the recommended Revised Budget for 2017/18 and based on the current West Somerset Council position. A notional share of the anticipated additional savings deliverable by creating a new Council cover Taunton Deane and West Somerset (totalling more than £0.5m per year to the new Council) is not included.

5.2 When Council approved the original 2017/18 Budget in February the Budget Gap was estimated as follows:

### Budget Gap Estimates as at February 2017

	2018/19	2019/20	2020/21	2021/22
	£	£	£	£
2017/18 Original Budget Gap Estimates	785,003	881,444	1,068,280	1,195,887

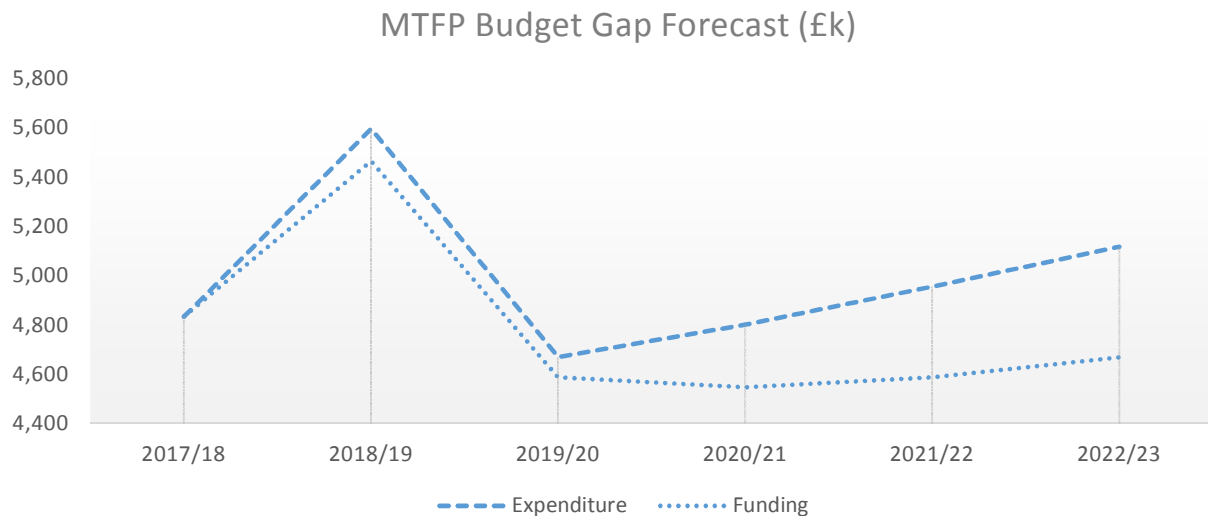
5.3 The estimated Budget Gap for 2017/18 is now £131,000 (rounded), rising to approximately £449,000 by 2022/23.

5.4 The future gap of £449,000 is equivalent to 9% of the projected budget requirement in 2022/23. Having delivered significant efficiency savings through JMASS and further transformation it will be a major challenge for the Council to address this scale of savings requirement and places significant risk against the affordability of local services.

### MTFP Summary updated June 2017

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Forecast Net Expenditure	4,563,761	4,735,111	4,671,195	4,801,980	4,956,228	5,118,111
SRA Contribution	24,394	0	0	0	0	0
Earmarked Reserves	215,718	861,600	0	0	0	0
General Reserves	30,700	0	0	0	0	0
<b>Net Expenditure</b>	<b>4,834,573</b>	<b>5,596,711</b>	<b>4,671,195</b>	<b>4,801,980</b>	<b>4,956,228</b>	<b>5,118,111</b>
Retained Business Rates	-1,145,115	-2,647,765	-1,939,940	-1,963,278	-1,986,790	-2,010,498
Business Rates prior year surplus/deficit	-480,635	0	0	0	0	0
Revenue Support Grant	-316,885	-170,193	-6,340	0	0	0
Rural Services Delivery Grant	-171,530	-131,946	-171,530	-171,530	-171,530	-171,530
New Homes Bonus	-545,411	-368,652	-268,052	-152,287	-111,325	-106,976
Council Tax–WSC	-2,086,823	-2,147,553	-2,203,488	-2,260,866	-2,319,705	-2,380,028
Council Tax–SRA	-24,394	0	0	0	0	0
Council Tax prior year surplus/deficit	-63,780	0	0	0	0	0
<b>Net Funding</b>	<b>-4,834,573</b>	<b>-5,466,109</b>	<b>-4,589,350</b>	<b>-4,547,961</b>	<b>-4,589,350</b>	<b>-4,669,032</b>
<b>Budget Gap</b>	0	130,602	81,845	254,019	366,878	449,079
Budget Gap Increase / Decrease	0	130,602	-48,757	172,174	112,859	82,201





### Key Expenditure and Income Assumptions

5.5 The MTFP is based on reasonable estimates of costs and income over the period of the plan. These include:

#### *Service Costs and Income Assumptions*

- Staff pay cost inflation is estimated at 2% annually – note Government has indicated its intention to limit civil service pay to 1% annually throughout the current Parliament.
- Inflation increases incorporated for main contractual arrangements: Somerset Waste Partnership, Street Cleaning, plus utilities and insurances.
- General price increases are projected to be absorbed within existing budgets.
- Employers pension contributions based on 15.4% of pay, based on the latest 2016 actuarial valuation.
- Pension Fund deficit recovery lump sum costs rising from £503k in 2017/18 to £583k in 2022/23, based on the latest 2016 actuarial valuation.
- Waste service costs estimated at £1,180k in 2017/18, and reducing by more than £60k per year by 2020/21 through the implementation of “recycle more” business case.
- Housing Benefit and Council Tax Support Admin Grant reduces by 10% per year in 2018/19 and 2019/20.
- Transformation savings delivered of £229k by 2018/19 rising to £441k per year by 2021/22.
- Minimum Revenue Provision (MRP) funded by capital receipts in 2017/18 (last year of 3-year funding plan), then reverts to £143,100 charge to Revenue Budget from 2018/19 onwards (note Council agreed in principle to extend use of capital receipts by further year in February 2017, however it is proposed to review in light of Revised Budget position).

## AGENDA ITEM 4(b)

- Revenue Contribution to Capital (RCCO) of £39,000 included in annual budget estimates from 2017/18 onwards – to be allocated through the Capital Programme funding plans (note Council agreed in principle to remove from the MTFP in February 2017, however it is proposed to review in light of Revised Budget position).

*Funding Assumptions*

- Business Rates Retention (BRR) will be set in line with rating income forecasts, projected to grow in line with inflation, with reasonable standard estimate for a 5% reduction for successful appeals.
- Neutral impact on funding / costs through the implementation of 100% BRR, projected to be implemented by 2019/20 (subject to confirmation by new Government post-2017 General Election).
- General Government Grant – Revenue Support Grant and Rural Services Delivery Grant – remains in line with the four year settlement agreed with Government in 2016.
- NHB Grant based on method announced by Government with the 2017/18 Finance Settlement with number of years rewarded reducing from 6 to 4 by 2018/19 plus no grant awarded for the first 0.4% of housing growth each year.
- Council tax is forecast based on an assumed 1.99% increase per year. Government has indicated all shire districts will have the option to increase Band D tax by £5 per year in 2018/19 and 2019/20 (subject to annual announcement by the Secretary of State).

**Approach to Closing the Budget Gap**

- 5.6 It is important that the Council adopts a robust and sustainable strategy to ensure the underlying financial position is preserved and investment in priority services remains affordable. As the Council has jointly applied the Secretary of State to create a new Council covering Taunton Deane and West Somerset areas it is proposed to consider the budget approach in this context, focussing on the 2018/19 Budget on the assumption that longer term decisions will need to be made by the new council and any interim 'skeleton' governance arrangements.
- 5.7 The recommended overarching approach to closing the gap in the short term will be considered and reported to Members in the near future.
- 5.8 It is worth reminding Members of the current agreed approaches which, it is anticipated, will underpin the overall budget strategy for 2018/19:
- Transforming services – with ongoing savings of £1.49m already factored into the General Fund MTFP forecasts (plus and a further £0.74m savings within the Housing Revenue Account).
  - New Council – both Taunton Deane and West Somerset councils have also submitted a proposal replace the two with a new single council covering both areas, which would jointly provide further savings estimated at £0.55m. This is not reflected within the MTFP forecasts currently.

## AGENDA ITEM 4(b)

- Optimising opportunities from the Hinkley C investment.
- Accommodation – the council is investing in modernising and reconfiguring its office accommodation, both to provide fit for purpose space for staff, Members and visitors, and also to secure additional income through letting to other public and/or private sector tenants.
- Fees and charges – will be reviewed and updated to ensure full cost recovery wherever possible, and consider premium pricing for a premium service. Additional fees may be introduced for discretionary services.
- Income generation – within the Transformation Business Case the Council recognises that generating additional income through commercial activities / investments can provide essential funding needed for local service delivery.
- Treasury management – it is proposed to explore opportunities to increase interest earned on investments, whilst maintaining a prudent treasury strategy.
- Savings Options – The council will also consider options for further savings within services in line with Members' priorities, to be considered through the budget setting process.
- Base budget review – Undertake a robust review of the base budget estimates and assumptions, particularly focussing on areas where larger variances have been reported in 2016/17.

5.9 Proposals and realistic options for the 2018/19 Budget will be presented for Members for consideration as part of the budget process, with the budget due to be approved in February 2018.

## 6 Risks, Uncertainties and Sensitivity Analysis

6.1 A number of risks and uncertainties have been identified within this MTFP document. The financial projections include known information and a range of assumptions in order to prepare reasonable estimates.

6.2 The following table provides some examples of sensitivity and risk around key financial headings and assumptions (increased income / savings shown as negative figures).

### Sensitivity Analysis

	2018/19 Budget £k	Factor	Indicative Range	Impact £k
<b>Funding:</b>				
New Homes Bonus	-545	Housing growth is below 0.4% for the 2018/19 grant settlement.		+31
Council Tax Base	-2,148	Tax base estimation error	0.5% - 1.5%	+/- 10-32

	2018/19 Budget £k	Factor	Indicative Range	Impact £k
Council Tax Rate	-2,148	Members decision on increase differs to MTFP assumption	0% - 3.44%	-42 if 0%, +30 if 3.44%
Business Rates	-2,648	Volatility in estimates e.g. impact of growth/decline, appeals, refunds, reliefs, collection rates	+/- 10%	+/- 265
Business Rates	-2,648	Indicative total of reduction in BRR income before Safety Net is triggered		18/19 = £1.49m 19/20 = £775k
<b>Services:</b>				
Planning Fee Income	-161	Demand fluctuation	+/- 10%	+/- 16
Parking Income	-603	Usage / demand fluctuation	+/- 5%	+/- 30
Garden waste income	-115	Usage / demand fluctuation	+/- 5%	+/- 6
<b>Financing:</b>				
Interest Income	-41	Estimation error, e.g. interest rates change	+/- 10%	+/- 4

6.3 Other significant risks and uncertainties currently faced in our financial planning include:

- Current and future business rates appeals outcomes
- Finalising Business Rates Tariff adjustments for the 2017 business rates revaluation
- Future impact and risks under the move to 100% Business Rates Retention
- Further changes to New Homes Bonus funding regime
- Achieving necessary level of savings through transformation
- Delivery of other savings targets
- Asset management and compliance costs
- Timing and values of capital receipts
- Waste partnership contract renewal (2020)
- Future changes in Government policy

## 7 Links to Corporate Aims / Priorities

7.1 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 MTFS in February 2017.

## **8 Finance / Resource Implications**

8.1 The Council's financial position is set out above within the body of this report.

8.2 Councillors will continue to face some tough decisions around priorities in order for our services to be affordable. It is clear we cannot afford to deliver services in the same way and/or at the same level as now. Despite managing to address the significant changes to funding since 2010 and balance the budget each year up to 2017/18, and the revised BRR funding estimates, the future longer term financial position remains extremely challenging for the Authority. The long standing priority of achieving financial sustainability remains key, and this will be harder to achieve as funding continues to fall and pressure on service costs increases.

## **9 Legal Implications**

9.1 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.

## **10 Environmental Impact Implications**

10.1 None for the purposes of this report.

## **11 Safeguarding and/or Community Safety Implications**

11.1 None for the purposes of this report.

## **12 Equality and Diversity Implications**

12.1 None for the purposes of this report. The specific proposals that develop through the budgeting and service planning processes will require equalities impact assessments to be completed and, where relevant, action plans to understand impacts and mitigations for the protected characteristic groups.

## **13 Social Value Implications**

13.1 None for the purposes of this report.

## **14 Partnership Implications**

14.1 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.

**15 Health and Wellbeing Implications**

- 15.1 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.

**16 Asset Management Implications**

- 16.1 None directly for the purposes of this report. The financial implications associated with asset management will be reflected within the Council's corporate and financial planning arrangements.

**17 Consultation Implications**

- 17.1 None for the purposes of this report.

**18 Scrutiny Comments / Recommendation(s)**

- 18.1 During discussion, the following points were raised:-

- Clarification was requested on the figures stated in the report. The recommended minimum net balance of £128,000 and the budget gap of £130,000 were considered to be very similar. The Chairman believed that the Council had made consistent cuts and in some cases, services had ceased. All of the easy savings had been made and he queried what more could be done without services being affected.  
*There were still unknown factors that could lead to service cuts. The Council had older assets that could need work completed on them that was unknown. This was only one of the examples that was given. The Council required a contingency fund and so the minimum net balance was needed to mitigate any risks.*
- Members suggested that the Council Tax could be raised to create income to use to close the budget gap. However, customers would need the reassurance that further cuts to services would not be made.  
*The Council used to send out a survey with the Council Tax bills and a majority of those that responded fed back that they would not be against a Council Tax rise to fund services.*
- Both Councillors and staff were challenged by the Finance Team to suggest and make savings. There were still areas that could generate money and others that could be made more efficient to save money rather than cut costs.
- Members were reminded that any one off payments throughout the year came from the balance reserve. The MTFP deliberations have done what it could to protect services.

- 18.2 Following the discussion Scrutiny supported the recommendations.

**Democratic Path:**

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

**Reporting Frequency: Annually for initial MTFP – supplemented with reports through the budget process**

**Contact Officers**

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Report Number: WSC 81/17

## West Somerset Council

### Full Council – 2<sup>nd</sup> August 2017

#### HPC Planning Obligations Board – Allocation of CIM Funding

This matter is the responsibility of Cllr M Chilcott, Lead Member for Resources and Central Support.

Report Author: Lisa Redston, Community and Housing Lead – Energy Infrastructure

#### 1 Purpose of the Report

- 1.1 The purpose of this report is to present the recommendations of the Hinkley Point C Planning Obligations Board and West Somerset Council Cabinet, for the allocation of monies from the Community Impact Mitigation (CIM) Fund secured through the Section 106 legal agreement for the Site Preparation Works at Hinkley Point.
- 1.2 To propose a change to the organisation that will receive the grant for the Williton War Memorial Ground Pavilion project.

#### 2 Recommendations

- 2.1 That Full Council endorses the recommendation of the Hinkley C Planning Obligations Board and West Somerset Cabinet as follows:
  - 2.1.1 **To approve the release of £19,745 from the 1<sup>st</sup> Annual Payment to the Salvation Army (Bridgwater) for the Youth Space project, with the condition that the requirement to monitor outcomes for young people are included in the terms and conditions of the grant.**
  - 2.1.2 **To recommend to West Somerset Full Council that the application from Lower Lakes CIC for the Bridgwater Oasis project is not approved as it did not sufficiently meet the funding criteria.**
  - 2.1.3 **To recommend to West Somerset Full Council that £501,688 is released from the CIM fund ring-fenced for West Somerset to West Somerset Council for the Enterprising Minehead project.**
  - 2.1.4 **To amend the decision made by West Somerset Full Council on 17<sup>th</sup> June 2015 ‘to award funding of £250,000 from the CIM Fund to Williton Parish Council to deliver the Williton Pavilion Project subject to the agreement of a spending and payment schedule and the securing of match funding to meet the full costs of the project’ to ‘to award funding of £250,000 from the CIM Fund to Williton War Memorial Ground Charity No 211212 to deliver the Williton Pavilion Project subject to agreement of a spending and payment schedule and the securing of match funding to meet the full costs of the project.’**

### 3 Risk Assessment

Risk Description	Current Score	Existing and planned control measures	Target Score after control
Lack of quality approvable bids to the CIM Fund due to communities not having the means (skills/resources) to make quality bids and deliver projects resulting in a lack of effective impact mitigation projects	Medium (12)	Community development officers in post in WSC/TDBC and Sedgemoor District councils and Engage WS contracted to support communities in WS in making bids and project delivery. Risk remains feasible as capacity of community development officers is limited.	Medium (9)
Risk of future community impacts not being mitigated due to early demand for funding exceeding available budget resulting in an inability to respond to future or unknown impacts.	Medium (12)	Annual contribution payments (2015 and 2016) will ensure a budget is available to respond to future demand. Planning Obligations Board to continue to develop funding strategy that includes mechanisms for review and reprioritisation and trigger points for release of funding to reflect changes in circumstances and impacts.	Low (8)
Failure of the Planning Obligations Board to allocate CIM fund by August 2017 resulting in continued requirement for staff resource to manage application/decision making process, finances and to support community.	Medium (9)	Planning Obligations Board to continue to develop funding strategy to provide direction for release of funding.	Low (4)
Failure of the Planning Obligations Board to monitor the actual and potential impacts of the development due to the lack of a defined impact monitoring procedure resulting in the inability of the Planning Obligations Board to apply funding to achieve maximum mitigation of impacts.	Medium (16)	Planning Obligations Board to develop process and procedures for monitoring the impact and potential impact of the development and reflect this in the funding strategy.	Low (8)

- 3.1 The scoring of the risks identified in the above table has been based on the WSC and TDBC council's risk assessment scoring matrix. Only those risks that score medium or high are detailed in this report. The full risk assessment is available on request from the CIM Fund Manager.

### 4 Background

- 4.1 Applications to the CIM Fund are considered by the Planning Obligations Board against nine criteria outlined in the Section 106 legal agreement for the Site Preparation Works at Hinkley Point. A recommendation is subsequently made to West Somerset Council's Cabinet. Any proposals above £25,000 also require approval by West Somerset's Full Council.

Criteria	Evaluation Criterion
<b>Priority Impact Zones</b>	<p>Priority shall be given to those areas that are anticipated in the Environmental Statement to experience or which actually experience the greatest adverse impact from the project in accordance with the following hierarchy:</p> <ol style="list-style-type: none"> <li>1) Directly adjacent to the site</li> <li>2) Directly adjacent to the main transport routes to and from the site within West Somerset, Sedgemoor and Somerset</li> <li>3) Within West Somerset and/or Sedgemoor and directly affected by adverse impacts of the project</li> <li>4) In Somerset but beyond West Somerset and Sedgemoor and experiencing the next greatest degree of adverse impact, with projects which benefit West Somerset and Sedgemoor as well as its immediate area</li> <li>5) In Somerset and experiencing indirect adverse impacts or in relation to a measure which benefits West Somerset and/or Sedgemoor.</li> </ol>
<b>Quality of Life</b>	The principal purpose of the contribution shall be to enhance the quality of life of communities affected/potentially affected by the Project.
<b>Sustainability</b>	To what extent will the project contribute to achieving sustainable communities, contribute to regeneration objectives and raising environmental sustainability?
<b>Extent of benefit</b>	To what extent has the applicant demonstrated that the project will ensure a positive benefit and/or legacy to an adequate proportion of people within that community?
<b>Community Need</b>	To what extent has the applicant demonstrated a need for the project
<b>Community Support</b>	To what extent is there demonstrable local community and and/or business support for the project?
<b>Partner Support</b>	To what extent is there demonstrable local partner support for the project?
<b>Governance</b>	Demonstrate that good governance arrangements are in place, including financial and project management to ensure deliverability?
<b>Value for Money</b>	Can the applicant demonstrate value for money and that reasonable effort has been made to maximise the impact of any investment? Has match funding been secured where appropriate?

## 5 CIM Applications considered by the HPC Planning Obligations Board

- 5.1 The HPC Planning Obligations Board considered three applications to the CIM Fund on 8<sup>th</sup> June 2017. The Board considered the applications against each of the nine funding criteria.
- 5.2 Where an application is seeking funding to mitigate impacts or to benefit from opportunities in

relation to education, skills, training or employment the Planning Obligations Board seeks the view of the Hinkley Point C Education, Employment and Skills Operations Group (EESOG). EESOG includes representatives from the District and County Council, EDFE, Department of Work and Pensions, and a range of Education and Training providers. The views of EESOG in relation to applications are included in the application summary.

- 5.3 Where an application is seeking funding to mitigate impacts or to benefit from opportunities in relation to the promotion of tourism the Planning Obligations Board seeks the view of the Hinkley Point C Tourism Action Partnership (HTAP). The view of HTAP in relation to the application is included in the application summary where appropriate.
- 5.4 All applications have been subject to financial viability checks, any concerns in relation to the viability of an organisation or project are highlighted within the summary.
- 5.5 Full Council are asked to consider the following two applications for CIM Funding.

## 5.6

Project Name:	Youth Space - Youth Club
Expression of Interest Ref No:	193
Organisation Applying:	The Salvation Army
Summary of Project:	To support a new youth club for school years 7 - 11 in the Sydenham area of Bridgwater open 1 night per week. Funding will be used to purchase equipment for the club. Youth Space will provide a safe, fun, social, relaxing and interactive space for young people in a deprived area of Bridgwater to improve their physical and mental wellness. A range of activities will be provided helping to develop skills and confidence run by trained volunteer youth workers to improve aspirations of young people in the area.
Impacts mitigated as stated in application:	HPC will attract workers to the area, families and follow on businesses. Population growth will result in an increased demand for services in the area. The HPC development will bring employment opportunities. The poorest people in deprived areas may be unable to access these opportunities, leading to a widening wealth gap. This is likely to affect all including young people, leading to dissatisfaction and disenfranchisement. With the area hosting a worker campus and new residents moving into the area community tensions may be felt and new residents may feel unable to integrate into the local community. Travel disruption is likely to affect access to services and facilities for young people's ability to access services and facilities outside of their area.
Start Date: 28/4/17	Total Project Costs: £33025.22
Completion Date: 28/4/2023	<b>Amount applied for: £19742.22</b>
CIM Fund Manager Comments:	
The applicant has demonstrated a clear need for the project in relation to the impacts of HPC on the community in Sydenham, and a need for an increase in well run youth provision in the area.	
The applicant has demonstrated very strong governance arrangements for the project,	

<p>including affiliation with SCCs Youth provision scheme. Evidence provided in the application clearly demonstrates that the applicants are aware of and prepared to deliver best practise, especially in terms of volunteer training, safeguarding policies, monitoring of the projects success and health and safety.</p> <p>The application also scores well in the Quality of Life, Partnerships and Value for Money criteria.</p> <p>The project scored 'amber' in the extent of benefit criteria as the project will provide direct benefits for around 20 young people per session. However provision of this type of project can be transformational for some young people and the equipment will be used by other community groups, so benefiting a wider number of the community.</p> <p>The project also scored 'amber' in the community support criteria as there was no evidence of wider community consultation or consultation with young people, however organisations supporting the community have strongly supported the project, including SCC's youth services commissioning manager.</p> <p>This type of project by its nature is dependent on grant funding and will be sustainable as a result of further fundraising. The applicant has considered the sustainability of the project past year 3 and has secured committed and well trained volunteers and the ongoing use of its own resources to compliment grant funding.</p>	
<p>POB Comments:</p> <p>The Board recognised the need for well run youth provision in this particular area of Bridgwater to ensure young people are able to build resilience to changes in the community and to encourage positive aspirations.</p> <p>The Board also recognised that the project will complement other projects and youth provision in the area.</p> <p>The Board commented that this was the type of project that the CIM fund was designed to support and that they were impressed with the quality of the application and planned provision.</p>	
<p><b>POB recommendation:</b></p>	<p><b>To recommend the release of £19,745 from the 1<sup>st</sup> Annual Payment to the Salvation Army (Bridgwater) for the Youth Space project, with the condition that the requirement to monitor outcomes for young people are included in the terms and conditions of the grant.</b></p>

## 5.7

Project Name:	The Bridgwater Oasis
Expression of Interest Ref No:	192
Organisation Applying:	Lower Lakes CIO
Summary of Project:	The project aims to set up the Bridgwater Oasis in the Chilton Trinity area of Bridgwater. The project will provide an open recreational space with a leisure lake, café, toilet and changing facilities, covered outdoor seating area, covered children's play park, adult outdoor

	recreational equipment, cycle tracks and nature trails and an indoor space for educational activities. Funding is required for all capital purchases required to set up the project.
Impacts mitigated as stated in application:	There is a noticeable increase of stress and general unrest with the community in Bridgwater due to the increase in local population, traffic, construction and infrastructure improvements. Many local people do not recognise the benefits of HPC but are concerned with the impacts such as congestion and increased journey times, higher rental costs an increase in the number of people in the area and competition for parking locally. The project aims to mitigate this impact by providing an oasis for people in Bridgwater during the busy construction period and beyond. The provision at the site for educational purposes will help to improve educational attainment and provide inspiration for local children.
Start Date: 1/6/17	Total Project Costs: £1,442,500.00
Completion Date: 31/3/18	<b>Amount applied for: £410,900.00</b>
CIM Fund Manager Comments:	
<p>The building on site currently provides a meeting room, toilets and reception area - the building will be extended to include changing rooms, a cafe and retail space and improved toilet facilities. There is an existing barn on site used for storage, an additional barn will be built as part of the project in be used as an all-weather activity/educational space. Cycle and footpaths and trails will be established on the site and there will be provision for equipment hire (bikes, archery, paddleboards and kayaks, pond dipping equipment). Play equipment and shelters will also be provided.</p> <p>The organisation has consulted with the community and identified a need for an increase in leisure facilities in the area. The project aims to combat negative experiences and to reduce tension as a result of the impacts of HPC on the local area. The project will also promote community cohesion in an area with change to the local population and will provide a space for education providers to use to ensure young are more equipped to access opportunities created as a result of HPC.</p> <p>The project scores particularly well against the quality of life, extent of benefit and sustainability criteria.</p> <p>In relation to community support, the applicant has carried out consultation with the community, including young people and has involved several local organisations in the design and delivery of the project, however the project scores 'Amber' as the results of this consultation were not included in the application. This has been requested from the applicant. Also the Parish Council have offered support for the project, however they have requested a travel management plan for the project before they offer full support.</p> <p>The project has scored 'Amber' for partner, although it is clear that good practise is taking place and that the applicants are working closely with a large range of partners who have been involved in the design, delivery and resourcing of the project no letters of support to evidence this were included in the application.</p> <p>In terms of governance and deliverability the project scores 'Amber', the project has governance arrangements in place including a detailed business plan including monitoring and promoting the project, however a risk assessment for the project should be completed.</p> <p>The project also scores 'Amber' for the value for money. To date the applicant has not</p>	

<p>looked to secure match funding. The applicant has confirmed that there are interested parties looking to fund the project once established. The applicant now has a better understanding of match funding and will look to actively seek match funding from other funders.</p>	
<p><b>POB Comments:</b></p>	
<p>Although the Board looked favourably on elements of the project such as the engagement and involvement of young people in the establishment of the project and consultation with the wider community the Board had concerns that the Parish Council had not yet offered full support for the project and that although there were claims that key partners such as EDF, SCC and SDC were engaged this, was not recognised and had not been evidenced.</p> <p>Members of the Board from SDC expressed concerns in relation to the Governance criteria and in particular that the application had not evidenced that planning permission to develop the site had been established, the ownership of the land that the applicant is looking to purchase, the ongoing costs of running the organisation and staffing and whether this would be sustainable, the impacts of HPC worker accommodation adjacent to the site and that the land would continue to be private and not public land.</p> <p>The Board recognised that there are a range of other facilities in a relatively short distance from the project that are able to offer leisure facilities and relaxing space that could be accessed by those impacted by the associated HPC developments, and therefore that the investment requested did not necessarily offer value for money.</p> <p>The Board raised additional concerns over the ambitious nature of the business plan and the ability of a newly established community business to be able to achieve the levels of income predicted by the applicant to ensure its sustainability.</p> <p>Overall the Board agreed that there was limited partner support for the project and that the project was seek to large an investment in the context of the impacts it was seeking to address and therefore did not represent value of money.</p>	
<p><b>POB recommendation:</b></p>	<p><b>To recommend to West Somerset Full Council that the application from Lower Lakes CIC for the Bridgwater Oasis project is not approved as it did not sufficiently meet the funding criteria</b></p>

## 5.8

Project Name:	Enterprising Minehead
Expression of Interest Ref No:	185
Organisation Applying:	West Somerset Council
Summary of Project:	<p>The Enterprising Minehead project aims to</p> <p>*Transform Minehead's seafront through improving the public realm, developing, installing and promoting new attractions to improve the tourist offer, enable major events to be held and provide new business opportunities and concessions. Funding will be used for capital improvements to partly contribute towards revenue and maintenance costs and a lengths man for 3 years.</p>

	<p>*Establish Minehead as a centre of excellence for training in the hospitality and tourism industry through a Hospitality and Tourism Academy to support businesses to raise standards in hospitality and encourage take up of employment in the sector.</p> <p>*Develop a Business Improvement District in Minehead to provide long term sustainability for businesses and to fund improvements.</p> <p>*Develop a coherent approach to marketing Minehead and deliver marketing activity such as events, online, heritage trail, promotional materials, guided walks, harbour market including part funding for a part time project officer for 3 years.</p>
Impacts mitigated as stated in application:	<p>The HPC site will see 500 HGV movements daily over a 10 year period together with major roadworks taking place in Bridgwater and at the M5 junction's journey times into Minehead are likely to increase with congestion at key pinch points along the A39 and A358. This is likely to make traveling to Minehead significantly less attractive for visitors, especially day visitors, on which the local economy is heavily reliant. It is vital that the tourist offer in Minehead is strong enough to attract visitors despite potential negative perceptions. There is the potential for skills and labour shortages especially with the hospitality and tourism sectors reliance on EU workers, therefore a need to upskill local people. The project aims to ensure Minehead take the opportunities offered by the 5600 construction workers employed at peak and offers recreation and leisure facilities and services that attract workers to visit the area and utilise local businesses.</p>
Start Date: June 2017	Total Project Costs: £982,609
Completion Date: September 2020	Amount applied for: £501,688
CIM Fund Manager Comments:	
<p>The application consists of 4 separate (but integrated) projects that individually are likely to mitigate impacts of the HPC development on Minehead and the surrounding areas and offer significant additional benefits as a combined offer.</p> <p>The 4 different elements ensure that benefits, improvements to quality of life and opportunities are felt across a wide range of the people within the community.</p> <p>The regeneration of the seafront offers a physical legacy for Minehead that will last the life of the HPC development and ensure the town can benefit from increasing visitor numbers.</p> <p>The application shows that strong partnership working arrangements and support is in place and there has already been significant input into the project through the development of the feasibility studies and business plans, and work with stakeholders which adds value to the funding applied for.</p> <p>There is evidence of robust partnership governance arrangements in place to ensure the funding is used effectively and to minimise risks to the delivery or sustainability of the project.</p> <p>Some elements of the project, such as the events and BID will be self-financing, or will have nominal ongoing costs. If the BID is approved by the businesses in Minehead it would help to sustain other elements of the project, however this is not guaranteed. The application includes plans to generate income from each element of the project and where</p>	



necessary seek further funding.

Although there is a risk that the work on the BID not result in the BID being approved, there is the potential for the project to draw significant match funding into an area impacted by the HPC development

#### Hinkley Tourism Action Partnership:

Summarised (full letter provided to the Planning Obligations Board)

The shared coast is a significant asset and any improvements to the quality of the visitor experience will benefit the rest. There is an opportunity to attract new visitors such as HPC workers and their families.

Visitor research commissioned by HTAP between July 15 and August 16 indicated that there was room for improvement in the seaside resort experience (in Minehead) with only 86% rating the seaside experience as good. The bid to create a centre of excellence should improve this score. With more training and business support for the industry those working in the hospitality industry will be helped to excel in customer service which visitors have also demonstrated they desire. Transforming the seafront and the provision of events should go a considerable way toward enhancing the visitor experience. The Enterprising Minehead project will go a long way towards preparing the community for the challenges and opportunities offered by the HPC project.

#### POB Comments:

The Board first considered this application on 4<sup>th</sup> April 2017.

The Board acknowledged that there would be:

- Far and wide benefits for the community
- Legacy from upgrading the esplanade
- Significant support from partners and agencies including strong partnership working arrangements.
- Some elements will be self-financing, after some initial pump-priming
- Further funding would need to be sought to make the project sustainable
- Potential risk if the Business Improvement District is not supported by the business community, which will affect the future sustainability of the projects. However, information was provided regarding what action will be taken to seek alternative funding.
- That the Hinkley Tourism Action Partnership supported the project.
- Overall that the application offered a well thought out, coherent package, based on an integrated and multi-faceted approach

However the Board felt that addition information would be useful to enable them to make a fully informed recommendation on an investment of CIM funding of this size. The Board agreed to defer their recommendation in relation to this application pending additional information from the applicants as below:

- Explanation of how the project will link with the work of the West Somerset Area Opportunities Group and the funding available through this work.
- The expected outcomes of the 4 elements of the project and how these will be measured.

- More detailed explanation of the financial sustainability of the 4 elements of the project if the BID was not successful.
- Explanation of how tourism and economy and employment in Minehead affects the wider area of West Somerset.
- More detailed explanation of the impact of HPC on Minehead and the surrounding areas and how the project will mitigate these.
- Evidence that similar projects have been run elsewhere with successful outcomes for the community.
- Further detail on the development and likely success of the Business Improvement District.
- The views of the Hinkley Employment, Education and Skills Officers group in relation to the education aspects of the project.
- How the project links with the Hinkley Tourism Action Partnership.
- Details of the match funding secured to date.

The Board considered the additional information submitted by the applicants at their meeting on 8<sup>th</sup> June and concluded that they were satisfied with the additional information and that the project met the criteria of the CIM Fund.

**POB  
recommendation:**

**To recommend to WSC the approval of £501,688 from the CIM fund ring-fenced for West Somerset for the Enterprising Minehead project.**

## 6 Amendment to previous decision

- 6.1 On 1<sup>st</sup> March 2015 Williton Parish Council submitted an application to the CIM Fund for a grant of £250k towards the Williton War Memorial Ground Pavilion Project. West Somerset Council approved the grant on 17<sup>th</sup> June 2015.
- 6.2 Williton Parish Council has requested that the grant is now awarded to the Williton War Memorial Ground Charity No 211212 to align with other grants awarded for the project and to ensure accountancy for the project is robust. Delay in accounting procedures may result in other funders delaying the release of grants and may cause an overall issue with cash flow for the project.
- 6.3 Williton War Memorial Ground Charity will take on all responsibility for the terms and conditions of the grant and the delivery of the project as set out in the application form and supporting documents submitted by the Williton Parish Council on 1<sup>st</sup> March 2015.

## 7 Links to Corporate Aims / Priorities

- 7.1 The allocation of these funds will enable the Council to deliver against the Corporate Priorities of '*Our Communities* - Helping our communities remain sustainable and vibrant is vital in keeping West Somerset a great place in which to live and work' and '*Our Place and Infrastructure* - West Somerset is a beautiful place to visit and in which to live and work. We want to keep West Somerset a place to be proud of and one which is well maintained and welcoming to residents, visitors and businesses alike.

## 8 Finance / Resource Implications

- 8.1 On 6<sup>th</sup> May 2016, EDF made the payment for the second anniversary of phase two under the Site Preparation Work agreement. Under this, the CIM fund has received £1,937,220 inclusive of inflation uplift. Bringing the total CIM Fund received to £7,424,395.

- 8.2 Financial information regarding allocated funding from the Community Impact Mitigation Fund can be found in Appendix A.
- 8.3 Any impact on the councils resources are highlighted within the summary of each application.
- 8.4 All organisations applying for funding are subject to financial viability checks to reduce risk associated with the award of grant funding.

## **9 Legal Implications**

- 9.1 These funds have been paid by a developer (NNB Genco) due to the signing of a Section 106 legal agreement for planning permission to carry out the site preparation works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037). As part of this legal agreement West Somerset Council shall take into account the recommendations of the Planning Obligations Board when deciding how to apply those elements of the Community Impact Mitigation Contributions (Schedule 1 – General, Para. 5.3 of the S106).

## **10 Environmental Impact Implications**

- 10.1 Applicants are encouraged to consider the environmental implications of their project and to demonstrate how their projects will promote environmental sustainability, for example through the use of recycled materials, alternative energy sources, reduction in travel by motor vehicles, improvements to the local environment and regeneration.
- 10.2 There are environmental impacts associated with the wider proposed development of Hinkley Point C. These have been assessed within the Environmental Statement submitted by NNB Genco with the application to carry out Site Preparation Works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037) and additional mitigation measures have been secured.

## **11 Safeguarding and/or Community Safety Implications**

- 11.1 Applicants are encouraged to consider the promotion of community safety and community cohesion as part of their project.
- 11.2 Applications for projects that provide facilities or services to children, young people or vulnerable adults are required to include copies of the applicants safeguarding policy and procedures.
- 11.3 The requirement for organisations to adhere to Safeguarding legislation are included in the CIM Fund grant terms and conditions.

## **12 Equality and Diversity Implications**

- 12.1 Members must demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.

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

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

- 12.2 Organisations applying to the CIM Fund are required to describe how their project will promote equal opportunities and will be accessible to all people in the community regardless of background, ability or personal circumstances.
- 12.3 Projects that restrict membership or access to services without being able to 'objectively justify' their reasons for doing so will not be eligible to be considered for funding. Projects that wish to limit access must be able to show that the less favourable treatment contributes to a 'legitimate' aim and that it is 'proportionate.'
- 12.4 Organisations are required to provide a copy of their Equal Opportunity Policy with their application to demonstrate awareness of their responsibility to deliver accessible services that advance equality.
- 12.5 Wider community benefit and the ability of the project to promote cohesive communities are both taken into account when scoring applications and making recommendations.

### **13 Social Value Implications**

- 13.1 Applications to the CIM Fund must demonstrate that they provide economic, social and or environmental benefits for the local area. Applicants are also encouraged to provide opportunities for volunteering and community involvement wherever possible.

### **14 Partnership Implications**

- 14.1 The Planning Obligations Board has representative members from Sedgemoor District Council, Somerset County Council, EDF Energy and West Somerset Council.
- 14.2 Applicants are required to demonstrate arrangement to work in partnership with other local organisations and to seek cost effective solutions by sharing resources and expertise wherever possible.

### **15 Health and Wellbeing Implications**

- 15.1 The Community Impact Contribution and Stogursey Contribution have been paid to West Somerset Council for the purpose of mitigating the impacts of the Hinkley C development on local communities through projects that promote or improve the economic, social or environmental wellbeing of local communities.
- 15.2 The application and scoring process has been developed to prioritise funding of projects that aim to improve the health and wellbeing of people, families and communities affected by the development.
- 15.3 Applications are required to evidence and demonstrate that
- The communities is taking responsibility for their own health and wellbeing;
  - Projects provide benefits which empower communities to be thriving and resilient
  - Projects provide benefits which support people to live independently.

### **16 Asset Management Implications**

- 16.1 There are no asset management implications as a result of these recommendations.

## 17 Consultation Implications

- 17.1 Applications to the CIM Fund are considered Planning Obligations Board. The Board consists of representatives from EDF, Sedgemoor District Council, West Somerset District Council and Somerset County Council.
- 17.2 All applicants are required to demonstrate that they have consulted with their local and wider communities on project proposals with the aim of informing their need appraisal and to shape delivery of their project.

## 18 Cabinet Comments / Recommendation(s)

- 18.1 Cabinet endorsed the recommendations of the Hinkley Point C Planning Obligations Board at their meeting on 8<sup>th</sup> September 2016.

### Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Cabinet/Executive – Yes**
- **Full Council – Yes**

**Reporting Frequency: Every 2 months.**

### List of Appendices

Appendix A	<b>Hinkley Community Impact Mitigation Fund Approval Balances</b>
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### Contact Officers

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# Appendix A

## Appendix D: HPC Community Impact Mitigation Fund Approval Balances

	<b>TOTAL</b>	<b>West Somerset</b>	<b>Sedgemoor</b>	<b>Cannington</b>	<b>1st Annual</b>	<b>2nd Annual</b>	<b>Stogursey</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>payment</b>	<b>Payment</b>	<b>£</b>
					<b>£</b>	<b>£</b>	
CIM Fund Received(including Inflation Uplift)	6,700,000	2,000,000	1,000,000	500,000	1,600,000	1,600,000	500,000
Inflation Uplift	724,395	134,529	67,265	33,632	151,749	337,220	33,632
<b>TOTAL Received</b>	<b>7,424,395</b>	<b>2,134,529</b>	<b>1,067,265</b>	<b>533,632</b>	<b>1,751,749</b>	<b>1,937,220</b>	<b>533,632</b>
<u>Less previously approved allocation</u>							
Stogursey Parish Council - Burgage Road Play Area	(90,373)	(90,373)					Stogursey Earplug Scheme (2,087)
Wembdon Village Hall - New VH & Play Area	(250,000)		(250,000)				Victory Hall (200,000)
Somerset Youth & Community Sailing Association	(9,600)		(9,600)				
Tropiquaria - Relocation of primates	(40,000)	(40,000)					
Tropiquaria - Relocation of play area	(37,350)	(37,350)					
Porlock Shellfish Project	(800)	(800)					
Westfield Street Café	(110,000)		(110,000)				
Williton Bowling Club	(13,000)	(13,000)					
Kilve Cricket Club	(22,000)	(22,000)					
Onion Collective	(243,119)	(243,119)					
Williton Parish Council	(250,000)	(250,000)					
Stogursey Football Club	(750)	(750)					
North Petherton Playing Fields	(46,000)		(46,000)				
SDC - Sydenham Together	(60,000)		(60,000)				

					1st Annual payment	2nd Annual Payment	
	<b>TOTAL</b>	<b>West Somerset</b>	<b>Sedgemoor</b>	<b>Cannington</b>			<b>Stogursey</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bridgwater Education Trust	(18,295)		(18,295)				
Sydenham and Bower FHWG	(200,000)		(200,000)				
Cannington Village Hall	(186,186)			(186,186)			
Victoria Park Community Centre	(14,524)		(14,524)				
Watchet War Memorial Pavilion	(7,500)	(7,500)					
Otterhampton Parish Play Area	(37,820)				(37,820)		
Bridgwater Doctors Cricket Club	(1,000)			(1,000)			
Stogursey and District Victory Hall	(400,000)	(400,000)					
Greenways and Cycle Routes Ltd	(65,000)				(65,000)		
West Somerset Council - Employments Hub	(57,036)	(57,036)					
Bridgwater Town Centre Support Scheme	(116,070)		(116,070)				
Southern Bridgwater and North Petherton Mitigation Scheme	(344,850)		(242,776)		(102,074)		
Watchet Arts Group	(1,000)	(1,000)					
YMCA SC Beach Hotel	(12,500)	(12,500)					
<b>Current Uncommitted Balance</b>	<b>4,788,622</b>	<b>958,101</b>	<b>-</b>	<b>346,446</b>	<b>1,546,855</b>	<b>1,937,220</b>	<b>331,545</b>
<u>Less Requested approvals</u>							
Steam Coast Trail (Phase 2)	(287,950)	(287,950)					
Uncommitted Balance if all requests were approved	<b>4,500,672</b>	<b>670,151</b>	<b>-</b>	<b>346,446</b>	<b>1,546,855</b>	<b>1,937,220</b>	<b>331,545</b>