

WEST SOMERSET DISTRICT COUNCIL

Special Meeting to be held on Wednesday 12 December 2012 at 2.30 pm

Council Chamber, Williton

AGENDA

1. Apologies for Absence

2. Minutes

Minutes of the Meeting of Council held on 21 November 2012 to be approved and signed as a correct record – **SEE ATTACHED.**

3. Declarations of Interest

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

4. Public Participation

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

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

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

5. Chairman's Announcements

6. Financial Regulations

To consider Report No. WSC 167/12, to be presented by Councillor K V Kravis, Lead Member for Resources and Central Support – **SEE ATTACHED,**

The purpose of the report is for Council to approve changes to Financial Regulations, attached as Appendix A to the report for 2012.

7. Timetable of Meetings 2013/2014

To consider the proposed timetable of meetings for the 2013/14 Municipal Year – **SEE ATTACHED.**

8. **Strategy for Securing the Long Term Viability of the Council**

To consider Report No. WSC 156/12, to be presented by Councillor T Taylor, Leader of Council – **SEE ATTACHED**,

The purpose of the report is to enable Members to consider the results from an independent assessment on the Council's future viability and to provide details of an interrelated meeting with Rt. Hon. Brandon Lewis, Parliamentary Under Secretary of State with responsibility for Local Government. It also proposes a strategy aimed at protecting the long-term financial viability of the Council.

COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS

WEST SOMERSET COUNCIL
Council Meeting 21.11.2012

WEST SOMERSET COUNCIL

Minutes of the Meeting held on 21 November 2012 at 4.30 pm

in the Council Chamber, Williton

Present:

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

Councillor H J W Davies
 Councillor P N Grierson
 Councillor B Heywood
 Councillor K V Kravis
 Councillor E May
 Councillor S J Pugsley
 Councillor D J Sanders
 Councillor M A Smith
 Councillor A H Trollope-Bellew

Councillor J Freeman
 Councillor A P Hadley
 Councillor A F Knight
 Councillor R P Lillis
 Councillor K M Mills
 Councillor K J Ross
 Councillor L W Smith
 Councillor T Taylor
 Councillor K H Turner

Officers in Attendance:

Chief Executive (A Dyer)
 Corporate Director (B Lang)
 Section 151 Officer (S Campbell)
 Group Manager Housing, Welfare and Economy (I Timms)
 Climate Change and Community Liaison Manager (A Lamplough)
 Meeting Administrator (K Kowalewska)

At the start of the meeting the Chairman requested a minute's silence in memory of Colin Russell, an ex-West Somerset Council Chief Officer. Deepest sympathies were also expressed to the family of a member of the Minehead Barbarians Rugby Club who had suddenly and unexpectedly passed away.

C68 Apologies for Absence

Apologies for absence were received from Councillors A M Chick, M J Chilcott, M O A Dewdney, S Y Goss, I R Melhuish, C Morgan, P H Murphy and D J Westcott.

C69 Minutes

(Minutes of the Meeting of Council held on 24 October 2012, circulated with the Agenda.)

RESOLVED that the Minutes of the Meeting of Council held on 24 October 2012 be confirmed as a correct record.

C70 Declarations of Interest

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

Name	Minute No.	Member of	Action Taken
Cllr P N Grierson	All	Minehead	Spoke and voted
Cllr K J Ross	All	Dulverton	Spoke and voted
Cllr L W Smith	All	Minehead	Spoke and voted
Cllr A H Trollope-Bellew	All	Somerset County	Spoke and voted
Cllr K H Turner	All	Brendon Hills	Spoke and voted

In addition, the following interests were declared:

Name	Minute No.	Description of interest	Personal or Prejudicial	Action Taken
Cllr H J W Davies	C73	Vice-President of Minehead Barbarians RFC	Personal	Spoke and voted
Cllr R P Lillis	C73	Vice-President of Minehead Barbarians RFC	Personal	Spoke and voted
Cllr K V Kravis	C76	Connection with a gambling establishment	Prejudicial	Left the chamber

Upon a signed request, the following Members were granted a dispensation relating to a disclosable pecuniary interest in Item 11 – Arrangements for Independent Remuneration Panel and Review of West Somerset Council Members' Allowance Scheme – due to all being in receipt of allowances:

Councillor H J W Davies
Councillor J Freeman
Councillor A P Hadley
Councillor A F Knight
Councillor R P Lillis
Councillor K M Mills
Councillor D D Ross
Councillor D J Sanders
Councillor M A Smith
Councillor A H Trollope-Bellew

Councillor G S Dowding
Councillor P N Grierson
Councillor B Heywood
Councillor K V Kravis
Councillor E May
Councillor S J Pugsley
Councillor K J Ross
Councillor L W Smith
Councillor T Taylor
Councillor K H Turner

C71 Public Participation

Agenda Item 10 – Request for Allocation of Planning Obligations Monies.

Colin Howells, Chelsea Howard (aged 11), Dionne Jones and Mike Willes spoke on behalf of the Minehead Barbarians Rugby Football Club and requested that Members support the application to provide additional changing rooms, catering facilities and improved access for disabled users at the Club as the current facilities were inadequate and could not accommodate for the increased demand. Members were informed that the

Club was registered as a Community Amateur Sports Club and was a non-profit, voluntary organisation.

C72 **Chairman's Announcements**

31 October 2012	Attended an event organised by the Carers Trust in Butlins, Minehead
12 November 2012	Attended the laying of the Foundation Stone of the new Bridgwater Hospital, Bridgwater

The Vice Chairman announced that he had attended the Minehead British Legion Remembrance Service on 11 November 2012, and on 13 November 2012 had attended the Somerset Armed Service Community Covenant Group in Taunton.

C73 **Request for Allocation of Planning Obligations Monies**

(Report No. WSC 153/12, circulated with the Agenda.)

The purpose of the report was to make a proposal for the allocation of capital monies secured through planning obligations to a scheme proposed by Minehead Barbarians Rugby Football Club.

The Lead Member for Resources and Central Support presented the report and thanked and commended the members of the Rugby Club who attended and spoke at the meeting and regarded them a credit to the Club. She drew Members' attention to paragraph 4.4 of the report which detailed the total cost of the scheme, and to the planning agreement which the sum of money was allocated from, and confirmed that the funding matched the planning obligations agreement. Members were advised that extensive consultation on the scheme had been undertaken by the Club and letters of support had been received which clearly demonstrated their dedication and commitment.

The Lead Member reported that Minehead Town Council had debated the application at their recent meeting and were supportive of the proposal.

The Lead Member proposed the recommendation in the report which was seconded by Councillor R P Lillis.

Members were fully supportive and felt that it was a great privilege to grant section 106 money to a vibrant club which had accomplished a great deal in the West Somerset area. During the debate it was noted that Minehead Barbarians Rugby Football Club owned their own ground and was the only amateur rugby club in West Somerset.

Members noted an error in the report in paragraph 6.1.1 and that it should read: 'virements in excess of £25,000 need to be authorised by full Council', and noted that there would be no impact on general reserves from undertaking this project.

RESOLVED that the allocation of £50,000 for the expansion of facilities at Minehead Rugby Football Club to be included in the current year's capital programme be agreed.

Note: With the agreement of the Chairman this item was brought forward on the Agenda.

C74 **Notice on Motion**

In accordance with Procedure Rule 11 the following amended motion was received from Councillor D D Ross:

"I wish for the Council to debate the following motion:

That this Council supports representations being made to the Minister of State for the Armed Forces to review the situation that is preventing British and Allied Sailors from being honoured by the Russian Government for their service in the Arctic convoys during the second world war and to request that these brave people be able to receive the recognition they deserve."

The Chairman reported that, following a report in the local newspaper regarding Mr Peter Baker, a former veteran of the Arctic Convoys in World War 2, he was incensed to read that Mr Baker was being refused permission to receive an award from the Russian government even though veterans from other countries had received awards. The Chairman felt it would be hypocritical of the Council to hold an Armed Forces Day and raise the flag if it failed to support West Somerset veterans' right to recognition.

The Chairman proposed the amended motion and it was seconded by the Vice-Chairman.

RESOLVED that the Council supports representations being made to the Minister of State for the Armed Forces to review the situation that is preventing British and Allied Sailors from being honoured by the Russian Government for their service in the Arctic convoys during the second world war and to request that these brave people be able to receive the recognition they deserve.

C75 **Localism Act 2011 – Repeal of Legislation – Dealing with Petitions**

(Report No. WSC 108/12, circulated with the Agenda.)

The purpose of the report was to provide Council with the opportunity to reconsider its position on dealing with petitions in the light of changes consequent upon the repeal of legislation relating to this issue.

The Lead Member for Executive Support and Democracy presented the report and reported that the current petition scheme which was formally adopted by Council in 2010 was repealed by the Localism Act in 2011 and

therefore the requirement for a statutory petition scheme and mandatory new petitions facility was no longer needed. The Council was now in a position to be able to review the process and be able to provide greater clarity and flexibility. Members of the Corporate PAG had recently reviewed the matter and the outcome of their discussions had been incorporated in the recommendation.

The Lead Member proposed the recommendations which were seconded by Councillor K Ross.

It was clarified that all petitions, including e-petitions, must include the name, address and signature of any person supporting the petition.

RESOLVED (1) that the Council repeals the Petitions Scheme adopted at its meeting held on 23 June 2010 (minute no. C31 refers).

RESOLVED (2) that in future all written and e-petitions will be considered on a case by case basis and, subject to not being a vexatious, abusive or otherwise inappropriate in nature, the Council will respond to a petition through one or more of the following ways:

- taking the action requested in the petition,
- considering the petition at a Council meeting,
- holding an enquiry into the matter,
- undertaking research into the matter,
- holding a public meeting,
- holding a consultation,
- holding a meeting with petitioners,
- referring the petition for consideration of the Council's Scrutiny Committee,
- calling a referendum,
- writing to the petition organiser setting out the Council's views about the request in the petition.
- In all instances an acknowledgement will be sent to the petition organiser within 10 working days of receipt advising of how the Council plans to deal with the petition and related timescales.

C76 Gambling Act 2005 – Review of Policy

(Report No WSC 142/12, circulated with the Agenda.)

The purpose of the report was to present the amended West Somerset Council's Statement of Gambling Policy following completion of the statutory three yearly review.

The Lead Member for Housing, Environmental Health and Licensing presented the report and proposed the recommendation of the report which was seconded by Councillor H J W Davies.

RESOLVED that the amended Gambling Act Policy to take effect from 3 January 2013 be adopted.

C77 **Arrangements for Independent Remuneration Panel and Review of West Somerset Council Members' Allowance Scheme**

(Report No. WSC 146/12, circulated with the Agenda.)

The purpose of the report was to enable the Council to agree an approach in regard to the review of the current Members' Allowances Scheme and to consider a proposal to create a Joint Independent Remuneration Panel for Somerset County Council and West Somerset Council.

The Leader of Council presented the report and proposed the recommendations in the report which were seconded by Councillor E May.

The Corporate Director confirmed that mileage payments were kept in line with approved HM Revenue and Customs mileage rate and the Members' Allowance Scheme would allow the payment to be automatically uplifted as required.

It was suggested that there may need to be a review of the Special Responsibility Allowances to incorporate payment to the Chairman of Audit and the Chairman of Local Development Panel. The Corporate Director advised that this could be taken into consideration when the Scheme was reviewed by the new Joint Panel in the future.

RESOLVED (1) that, in the light of the current challenging financial circumstances, the current Members' Allowances Scheme for West Somerset Council, as set out in Appendix A to the report, be frozen for a further 12 months and thereby apply until May 2014.

RESOLVED (2) that the establishment of a Joint Independent Remuneration Panel for Somerset County Council and West Somerset, as set out in Appendix B to the report, be approved.

Note: With the agreement of the Chairman this item was brought forward on the Agenda.

C78 **The Collection Fund – Estimate of Surplus and Deficiencies 2012/13**

(Report No. WSC 147/12, circulated with the Agenda.)

The purpose of the report was for Council to determine an estimate of the surplus and deficiency on the Collection Fund as at 31 March 2013.

The report was presented by the Lead Member for Resources and Central Support who proposed the recommendation, which was seconded by Councillor S Pugsley.

Concern was raised about the bad debt write off figure and the Lead Member and Chief Executive emphasised that the figure was only a provision in the accounts for the possibility that this amount may have to be

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

A question was raised about parish council precepts and it was suggested that the precept figures should be incorporated within the West Somerset Council figure of £2,805,000 in the Council Tax Revenue Account Summary.

RESOLVED that an estimated surplus of £115,000 on the Collection Fund at 31 March 2013 be declared.

C79 **Minutes and Notes for Information**

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

RESOLVED (1) that the draft notes of the Dunster Panel held on 15 October 2012, be noted.

RESOLVED (2) that the draft notes of the Exmoor Panel held on 6 November 2012, be noted.

The meeting closed at 5.34 pm.

RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

Risk Scoring Matrix

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

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

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

REPORT NUMBER WSC 167/12
 PRESENTED BY COUNCILLOR KATE KRAVIS, LEAD MEMBER FOR
 RESOURCES AND CENTRAL SUPPORT SERVICES
 DATE 12 DECEMBER 2012

REVIEW OF FINANCIAL REGULATIONS 2012

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is for Council to approve changes to Financial Regulations attached as Appendix A for 2012.

2. RECOMMENDATIONS

- 2.1 That Council approve the changes to the document appended to this report.

3. RISK ASSESSMENT

Risk Matrix

Description	Likelihood	Impact	Overall
The council fails to maintain an adequate system of internal control	Unlikely (2)	Major (4)	Medium (8)
<i>The council has in place suitable arrangements</i>	Low (1)	Negligible (2)	Low (2)

4. BACKGROUND INFORMATION

- 4.1. Financial Regulations are part of the Council's Constitution and therefore any changes to them have to be approved by Full Council.

The document was last updated in June 2011 and the document is reviewed on an annual basis to ensure it is relevant and consistent with activity at the council.

The Section 151 Officer has undertaken a review of the document with a view to recommending the updated Financial Regulations for approval by Cabinet and Full Council.

This year, the changes are of a housekeeping nature in order to update references to officer and committee titles.

5. FINANCIAL/RESOURCE IMPLICATIONS

None in respect of this report.

6. SECTION 151 OFFICER COMMENTS

These are contained within the body of the report.

7. EQUALITY & DIVERSITY IMPLICATIONS

None directly in this report.

8. CRIME AND DISORDER IMPLICATIONS

None directly in this report.

9. CONSULTATION IMPLICATIONS

None directly in this report.

10. ASSET MANAGEMENT IMPLICATIONS

None directly in this report.

11. ENVIRONMENTAL IMPACT IMPLICATIONS

None directly in this report.

12. LEGAL IMPLICATIONS

- 12.1.** Financial Regulations form a part of the council's constitution; any changes to them need to be approved by Full Council.

REPORT TO THE MEETING OF COUNCIL TO BE HELD ON 12 DECEMBER 2012.

CONTACT OFFICER:	STEVE PLENTY – PRINCIPAL ACCOUNTANT
TEL. NO.DIRECT LINE:	01984 635217
EMAIL:	SJPLENTY@WESTSOMERSET.GOV.UK

West Somerset District Council Financial Regulations

Issue details	
Title:	Financial Regulations
Issue and version number:	1.1
Officer	Graham Carne Steve Plenty
Authorisation Level:	Corporate Management Team/Scrutiny Committee/Cabinet/Full Council
Authorisation Date:	July 201 <u>1</u> 0
Review date:	July 2011 November 2012

Financial Procedure Rules FINANCIAL REGULATIONS Introduction

1. All Local authorities are established under legislation that confers rights, powers and duties upon them and their officers.
2. Financial Regulations are a direct result of those statutory duties and ensure compliance with statutory requirements, accounting and auditing standards and codes of practice, which are established by the professional accounting bodies.
3. These financial regulations will apply to all staff employed by the Council (including consultants) and Members.
4. Where the term ~~Group Corporate~~ Manager is used this should apply equally to The Chief Executive / Directors. Please refer to the latest key personnel list to identify staff such as the Section 151 Officer. The term ~~Group Corporate~~ Manager should be viewed as any post that reports directly to The Chief Executive / Directors even if the job title does not include the phrase ~~Group Corporate~~ Manager.
5. Any failure to comply with Financial Regulations or associated Codes of Practice could result in appropriate disciplinary action being taken.
6. These definitions are intended to provide all staff and consultants with a clear indication of the financial framework within which this Council works.

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GENERAL

F.R.1 GENERAL

1. The Section 151 Officer shall have overall responsibility for the management of the Council's finances, but will consult with the Chief Executive and Lead member for Resources and Central Support concerning financial policy and/or any matter which will affect the overall finances of the Council. Detailed reports will be submitted to the Corporate Management Team, the Cabinet and the Council, and, as appropriate, to Audit Committee or Scrutiny Committee under the Council's Constitution.

2. The Section 151 Officer exercises the statutory duties in relation to the financial administration and stewardship of the District Council. This statutory responsibility cannot be overridden.

The statutory duties arise from –

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounting and Audit Regulations 1996
- The Accounts and Audit Regulations 2003 and are underpinned by case law.

The Section 151 Officer is responsible for –

- The proper administration of the Council's financial affairs
- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and the key controls necessary to secure sound financial management
- Preparing the medium term financial plan which incorporates the annual revenue budget and the capital investment programme
- Advising the council on the requirements to be observed in the setting of the revenue budget and the fixing of the precept and Treasury management
- Acceptance of Grant Conditions. Pursuant to Section 151 of the Local Government Act 1972, the responsible financial officer will have the power to enter into binding financial agreements including, but not limited to, applying for grants or making claims and accepting conditional or non-conditional grants and committing the Council to repay grants in the event that the terms and conditions are not met.

The Section 151 Officer shall review these Regulations annually.

3. References in these Regulations to **GroupCorporate** Managers shall apply equally to all full members of the Council's Corporate Management Team.

4. All reports submitted to the Council, the Cabinet or Committees will be subject to comment on the financial aspects by the Section 151 Officer.

5. These Financial Regulations are created to facilitate and ensure proper control of the Council's finances, accounts, income, expenditure and assets. Adherence to and compliance with these Financial Regulations is a duty and responsibility of all staff employed by the Council.

6. The Financial Regulations ensure compliance with statutory requirements, accounting and auditing standards and codes of practice, which are established by the professional accounting bodies and shall apply to all staff employed by the Council, including consultants.

ACCOUNTING ARRANGEMENTS

F.R.2 ACCOUNTING ARRANGEMENTS

1. All accounts of the Council shall be compiled under the direction of the Section 151 Officer and all systems of accounting shall be subject to approval by the Section 151 Officer, statutory requirements and relevant codes of practice.

2. The Section 151 Officer shall arrange: -

(i) Whenever possible for the separation of duties so that staff dealing with the receipt of income shall not be involved with the creation of debits in respect of that income and/or decisions regarding the write off of such sums.

(ii) For all financial claims, subsidies and claims on external bodies, etc. to be prepared and submitted within prescribed periods and their receipt verified. All such claims shall be certified by the Section 151 Officer.

F.R.3 BUDGETARY PROCEDURES

1. The Council's Section 151 Officer will submit a three-year medium term financial plan annually, for comment by Scrutiny and approval by the Cabinet and Council.

2. The Section 151 Officer, in conjunction with appropriate [GroupCorporate](#) Managers and Directors, shall prepare annual estimates of income and expenditure for both capital and revenue for each service area. All estimates shall be presented to The Cabinet prior to approval by Council.

3. The Section 151 Officer shall report to The Cabinet if any estimate of expenditure at cost centre level will be significantly exceeded or estimate of income will be significantly unrealised, subject to approved virements. All [GroupCorporate](#) Managers are required to provide comments on [quarterlymonthly](#) reports on their budget areas, as requested by the Section 151 Officer, for submission to Corporate Management Team, Scrutiny Committee and Cabinet.

4. All requests for supplementary estimates shall be submitted to the Cabinet by the Section 151 Officer for recommendation to Council.

5. Subject to the provisions of F.R.5e below, [GroupCorporate](#) Managers may, with the approval of the [Deputy](#) Section 151 Officer, vire up to £10,000 within any budget head under their control. A number of virements under £10,000 cannot be aggregated to increase a budget by more than £10,000.

- 6. Requests for virement –in excess of £10,000 must be approved by The Cabinet
- any request to vire from income budgets to expenditure budgets must be approved by The Cabinet.
- in excess of £25,000 must be approved by Council (after Cabinet consideration).

7. No virement will be permitted from specific approved resource bids, approved carry forwards, salary budgets and associated budget lines, insurances, central support charges or capital charges.

8. If a revenue budget does not exist and a virement cannot be identified, a new budget may be created but only if supported by the Section 151 Officer.

9. The Section 151 Officer shall report to The Cabinet such financial *matters* as may be considered necessary, or as may be required.

10. All carry forwards of under-spends must be approved by Council. Carry forwards must be £5,000 or greater. Requests for carry forward of budgets should be identified whilst revising budget estimates in December each year. Requests after this date will not be considered unless exceptional circumstances can be demonstrated.

11. The Head of Paid Service, Monitoring Officer and [GroupCorporate](#) Managers, in consultation with the relevant portfolio holder, have delegated authority from Cabinet to

alter staffing within Services, where no redundancies are proposed, as long as this remains within existing salary budget provision.

12. When submitting structures for consideration all structures should be shown at the anticipated cost for the current year, the anticipated costs for the next full financial year and also at the maximum of grade to enable comparisons.

F.R.4 RECHARGE OF PROFESSIONAL SERVICES

1. The Section 151 Officer shall, within overall budgetary arrangements, make provision for the recharging of the costs of central services to the appropriate cost centres.

2. Each [GroupCorporate](#) Manager shall be responsible for maintaining adequate detailed records as required by the Section 151 Officer in order that actual expenditure may be regularly and accurately recharged to clients' cost centres within specified deadlines.

F.R.5 CAPITAL EXPENDITURE

1. The Council shall have full regard to The Prudential Code for Capital Finance in Local Authorities.

2. Prudential indicators will be produced at least six monthly and reported to Council via The Cabinet.

3. The Council shall, during each financial year, approve a programme of capital expenditure.

4. Whenever it is proposed to embark upon one of the schemes identified in the capital programme, the [GroupCorporate](#) Manager concerned shall complete a capital submission document and copies of the Business Case and Project Plan for consideration by the Corporate Management Team. This also applies to schemes that are not directly funded by West Somerset Council.

5. Every proposed capital scheme shall be evaluated and prioritised by the Corporate Management Team and submitted to the Cabinet to enable a prudent and sustainable capital programme to be approved. New Schemes may only be added to the programme with the approval of the Council.

6. If, during the progress of the scheme, it becomes apparent that the estimates originally submitted are likely to be materially varied (in excess of 10% or £10,000 which ever is the greater) either up or down, the [GroupCorporate](#) Manager shall report and explain the facts as soon as possible to The Cabinet.

7. The duties of a [GroupCorporate](#) Manager under this Regulation may be exercised by any architect, engineer or surveyor engaged by the Council as a consultant where circumstances require it.

F.R.6 MANAGEMENT OF CONTRACTS (See also Contract Standing Orders)

1. The Section 151 Officer will be responsible for maintaining a register of contractual payments. The register will demonstrate the current financial position for those contracts of a staged payment nature (generally involving construction). All contracts must be recorded in this Register, including those for goods and services, and use of consultants.

2. Contract Payment Certificates will be prepared by the [GroupCorporate](#) Manager nominated in the contract. All externally prepared certificates will be passed to the appropriate Client Manager for certification. Payment will be made through the Section 151 Officer on receipt of authorised certificates.

43. The Final Certificate for staged payments will not be issued until a Final Account (see contract conditions) has been verified by the [GroupCorporate](#) Manager and presented to the Section 151 Officer for payment.

54. Where Liquidated/Ascertained Damages are imposed on the contractor for failure to complete the contract within the stipulated time-scales (including authorised extension), the relevant Contract Administrator will inform the Section 151 Officer in writing of the sum to be deducted.

65. On receipt of the confirmed Final Account sum for contracts over £100,000, the GroupCorporate Manager will report the agreed outcome to The Cabinet.

76. Claims submitted relating to matters outside the terms of any existing contract shall be referred to –

(i) The relevant GroupCorporate Manager in charge of Legal Services for legal liabilities, and

(ii) The Section 151 Officer for financial matters.

Appropriate GroupCorporate Managers will be consulted before any settlement is reached.

Every contract over £50,000 should also include as a minimum the following requirements: -

87. An overseeing project team, consisting of appropriate and/or relevant Councillors and Officers, and possibly co-opted and appropriately qualified member(s) of the public, is established from the outset of a project to monitor and oversee the project and make reports to Council. This would include the appointment of any Employer's Agent and the terms of payment of the Employer's Agent and terms for any overrun of the project, together with the tender process and appointment of contractor(s).

98. That the specification prior to the tender process is clearly identified to ensure cost certainty to the contract.

409. That clear and documented delegations of authority are given to employed staff involved in the management of future projects.

4410. That staff who are to be involved in the management of projects are to have received the necessary project management training.

4211. That all staff involved in the delivery of key projects be adequately supported.

4312. That the Council ensures there is adequate monitoring and reporting of the management of projects to both Officers and Members.

4413. That the Council is represented at all Project Team meetings. No meetings of the Project Team will take place where there is no representative of the Council present.

4514. That for all future projects, of whatever size, the Council is able to provide fully supportive minutes and actions to support the decision making process.

4615. That the Council ensures that all relevant records, appropriately cross-referenced, are made available to ensure full compliance and demonstrate a clear audit trail using its own records.

4716. There is a clear 'sign off' by Officers to the relevant member body, fully minuted, so ensuring that Councillors are part of the process of delivering within their Delegation of Authority levels.

4817. That the thresholds of delegation referred to in Financial Regulation FR6 'Management of Contracts' are reviewed as part of the annual review of Financial Regulations.

ORDERING OF GOODS AND SERVICES

F.R.7 ORDERING OF GOODS AND SERVICES

1. Orders shall be issued for all goods and services to be supplied to the Council, except for utility services, small value purchases made from petty cash accounts and any other exceptions as may be approved by the Section 151 Officer. Please also refer to FR6 Management of Contracts and Contracts Standing Orders for orders of more than £10,000.

2. Orders shall be placed using the Council's purchase order system.
3. Orders shall not be issued for goods and services unless the cost is covered by an approved budget or other financial provision. A minimum of three written competitive quotations must be obtained for goods and services estimated to exceed a cost of £10,000, excluding VAT. For goods and services estimated to exceed a cost of £50,000 excluding VAT (but less than the EU thresholds) tenders should be invited in accordance with contract standing orders. For goods and services estimated to exceed EU thresholds reference should be made to contract standing orders. Occasionally there may be reasons for seeking exceptions to these rules. For exemptions for orders over £10,000 see Contract Standing Orders.
4. Details of quantities, prices and discounts must be recorded. All verbal orders must be confirmed in writing.
5. Orders are to be approved by a [GroupCorporate](#) Manager, or authorised signatory on their behalf. These signatures must be in full - not in the form of initials.
6. Orders for the provision of services, *which are subject to Contract Standing Orders*, shall not be issued until or unless the provider has been appropriately verified and accredited for insurance purposes.

F.R.8 FINANCIAL AGREEMENTS FOR SERVICES (see also Contracts Procedures Rules)

1. All written agreements with a committed value exceeding £10,000 but below £50,000 entered into with external organisations will be subject to conditions detailed under F.R.7 Ordering Goods & Services.
2. Arrangements for agreements constituting "contracts" in excess of £50,000 are dealt with in Contracts Procedure Rules.
3. The relevant [GroupCorporate](#) Manager in charge of Legal Services will invite the Section 151 Officer to confirm the acceptability of any financial provisions prior to his formal approval of the terms of the agreements. In the event that this is the same person, a second [GroupCorporate](#) Manager, the Monitoring Officer or Head of Paid Service will provide this role.

F.R.9 EMPLOYMENT OF CONSULTANTS

1. Any appointment of consultants must be in accordance FR7 and Contract Standing Orders section 10.5.
2. No consultant shall make any decision on whether to award a contract or who a contract shall be awarded to. The authorised officer shall ensure that the consultant's performance is monitored.

F.R.10 INFORMATION TECHNOLOGY

1. All hardware and external software purchases, and all items relating to voice/data communications must be made through the [GroupCorporate](#) Manager responsible for Information Technology, who shall report to the Corporate Management Team upon any requests that appear to be of a non-corporate nature.
2. When developing a new system, or making significant variations to an existing system the system manager should advise the following Officers -
 - (i) the Officer responsible for Data Protection, and
 - (ii) the [GroupCorporate](#) Manager responsible for Internal Audit prior to reliance on the new/updated system.

PAYMENTS FOR GOODS

F.R.11 PETTY CASH/PURCHASING CARD ACCOUNTS

1. The Section 151 Officer shall provide petty cash accounts or purchasing cards as considered necessary for the purpose of meeting small value expenses. Petty cash should only be used when no other payment method is possible.

Petty Cash –

(i) Income received shall not be paid into petty cash accounts, but must be accounted for and paid to the Council as provided for in F.R.19.

(ii) Payments to be limited to small value items under £25 and must ensure compliance with Best Value; each payment shall be supported by either an acceptable VAT receipt (as appropriate) or a receipted voucher. Failure to produce such a receipt may mean that reimbursement is not given.

(iii) A different employee should certify the petty cash request to the employee that is receiving the cash (iv) Employees responsible for petty cash accounts shall, when requested but at least annually, supply the Section 151 Officer with a certificate showing the state of the account.

(v) On leaving the employment of the Council, or otherwise ceasing to be responsible for a petty cash account, each employee shall be required to account to the Section 151 Officer for the current balance of the account. Transfers of cash in hand and relevant supporting documents to replacement employees shall be evidenced on every occasion.

F.R.12 PAYMENTS OF CREDITORS

1. The approved method of payment of creditors by the Council shall be by BACS, cheque or other instrument drawn on the Council's bank account by the Section 151 Officer or other nominated member of staff. The Council's preferred method of payment is BACS.

2. Certifying Officers are responsible for ensuring that –

(i) The expenditure has been properly incurred and is within the approved estimate provision,

(ii) The invoice complies with contract standing orders

(iii) The invoice is accurate,

(iv) Goods and Services have been received and

(v) The invoices has not previously been certified and paid and is properly payable by the Council.

3. Certifying Officers should not certify invoices for payments to relations or friends.

4. All certifications will be evidenced by personal signatures in full - initials will not be accepted.

5. Pro forma Invoices should state the appropriate Committee minute reference and date, or, if this is not available, then sufficient narrative.

6. Each [GroupCorporate](#) Manager will retain up to date specimen signatures of employees personally authorised by them to certify invoices. Copies of these lists must be passed to the Section 151 Officer.

7. Goods and services received should be signed (using a full signature) by a person other than the certifying officer. This person is signing to say that they are satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

8. [GroupCorporate](#) Managers shall, by early April each year (exact date to be notified by the Section 151 officer each year), notify the Section 151 Officer in writing, of all outstanding invoices relating to the previous financial year.

9. When it is a condition of trade that payment accompanies an order, it will be the responsibility of the certifying officer to ensure that goods and services are received.

10. [GroupCorporate](#) Managers are responsible for prompt submission of invoices (in the prescribed format) for payment to ensure compliance with BVPI8.

11. All invoices that have previously been in dispute should be marked as such in the special instructions box of the accompanying front sheet, including a brief description of the dispute.

12. All suppliers should be asked to quote on all invoices the name of the ordering section, the order number, the contract reference where applicable and the place where the work was done or the goods delivered.

BANKING ARRANGEMENTS

F.R.13 BANKING ARRANGEMENTS

1. Arrangements with the Council's bankers, including tendering for services shall be the responsibility of the Section 151 Officer, subject to procedures contained in F.R.6.

2. Cheques drawn on the Council's bank accounts shall bear the name of the Section 151 Officer and/or be signed manually by Officers nominated and included on the Council's mandate issued to the Council's bankers.

3. All cheques with a value of £10,000 or greater shall bear a manual second signature of an Officer approved by the Council.

4. All BACS release documents shall be authorised by an employee or member of staff nominated by the Section 151 Officer. All payments exceeding £10,000 shall be checked by this employee as part of this process.

5. Bank account reconciliation should be undertaken on a monthly basis.

SALARIES AND RELATED PAYMENTS

F.R.14 SALARIES AND RELATED PAYMENTS

1. The payment of all salaries, wages, compensation and other emoluments to employees, or former employees, and deductions therefrom shall be the responsibility of the relevant [GroupCorporate](#) Manager in charge of Finance.

2. The appropriate [GroupCorporate](#) Manager shall notify the relevant [GroupCorporate](#) Manager in charge of Finance as soon as possible, and in the form prescribed by him, of all matters affecting the payment of salaries, wages or emoluments and, in particular –
(i) appointments, resignations, dismissals, suspensions, secondments and transfers,
(ii) absences due to sickness and other reasons (excluding annual leave and flexitime),
(iii) information necessary to maintain records of service for superannuation, income tax, national insurance, etc.

3. The Chief Executive is required to maintain a record of the Council's approved establishment.

4. Appointment of all employees shall be made in accordance with the Regulations of the Council, approved establishments, grades and rates of pay. Grades shall be subject to the Council's Job Evaluation process.

Payments for overtime to salaried staff must be made in accordance with the guidance notes issued to all [GroupCorporate](#) Managers by the Chief Executive.

5. Overtime claims, in a form approved by the Section 151 Officer, shall be certified by, or on behalf of, a [GroupCorporate](#) Manager for all staff and submitted to the Section 151 Officer. The names of employees authorised to certify overtime claims, together with specimen signatures, shall be approved by the Section 151 Officer. Facsimile signatures are not permitted.

6. In applying conditions of service, [GroupCorporate](#) Managers shall consult with the Chief Executive.

F.R.15 TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES – Members and Officers

1. Payments to eligible Members (including co-opted Members of the Council or its Committees) for allowances will be made by the relevant [GroupCorporate](#) Manager in charge of Finance – Claims in respect of attendances, duly certified, should be submitted to the relevant [GroupCorporate](#) Manager in charge of Finance by the 10th day of the following month. The certifications shall mean that Members are entitled to the allowances and that no part of the sum claimed could have been, or will be, claimed from another source. Members are personally responsible for ensuring that their vehicle insurance cover includes journeys on behalf of the Council.
2. All claims for payment of employees' car allowances, subsistence or other related expenses shall be submitted, properly certified, to the relevant [GroupCorporate](#) Manager in charge of Finance for payment by the 10th day of the following month. All travelling, subsistence and other allowances, shall be paid through the Council's payroll system. 'Cash in hand' and other non-PAYE payments are not permitted under any circumstances.
3. Certification of expenses claims shall in all instances be made by the claimants' line manager, with the exception of the Head of Paid Service whose claim should be certified by the Section 151 Officer or Monitoring Officer. The names of employees authorised to certify the claims shall be sent to the relevant [GroupCorporate](#) Manager in charge of Finance by [GroupCorporate](#) Managers together with specimen signatures. The certifications shall mean that claimants possess a valid driving licence and their vehicle insurance includes cover for business use.
4. Employees are required to provide proof of valid driving licence and insurance cover annually to the Section 151 Officer. Failure to do this will invalidate travel claims.
5. Claims submitted more than six months after the expenses have been incurred shall be paid only under extenuating circumstances, as approved by the [GroupCorporate](#) Manager and counter-signed by the Monitoring Officer or Head of Paid Service.

F.R.16 PAYMENTS TO/FROM EMPLOYEES.

1. Relocation costs for new employees will be paid by the Section 151 Officer in accordance with the approved scheme.
2. Payment of professional subscriptions, home telephones and essential user allowances must be approved by the Section 151 Officer, in accordance with approved schemes.
3. If an external qualification course has been arranged and the employee decides to 'drop-out', the employee will be liable for any course fees incurred. It is the Line Manager's responsibility to inform the Personnel Officer if this situation arises.
4. Funding will normally be granted for the first attempt at an examination. Should the employee fail to be successful then additional costs must be met by the employee. When the employee is successful then the costs associated with that particular retaken examination will be reimbursed to the employee.
5. Study leave and/or financial assistance is granted on the condition that the employee agrees to remain within the Authority for a period of two years from the date on which the qualification is obtained or the date of study ceases. Employees leaving the Authority's service and failing to honour this obligation may be required to repay one twenty-fourth of the total grant for each remaining month of the two year period.
6. Employees attending approved courses are entitled to receive payment of -
 - the course fee
 - examination entry and/or exemption fee

- student membership of a professional body where membership is a condition of entry to that body's examination
 - the cost of excess fares, i.e. the cost of travel to the course or on an educational visit less the cost of the normal home to office journey. If public transport is not used and employees choose to travel by car they will be paid a mileage allowance based on the lowest Essential User Mileage Rate
 - Accommodation costs when attending block release courses. Prior application should be made for this allowance via the Personnel Officer (Employee Development)
 - subsistence, by way of the payment of 'Tea Allowance' where the course finishes at 7.00pm or later and 'Lunch Allowance' in respect of educational visits and placements or examinations taken away from the normal college
 - the cost of course books (against the production of receipts) up to a maximum value as stated in the training and development policy for each academic year of the course
 - reasonable expenses, approved in advance by the [GroupCorporate](#) Manager, for the production of a thesis or project
7. Staff attending approved short courses will be reimbursed the following expenditure subject to the production of receipts/proof of purchase -
- the course fee (where not paid directly by the Council)
 - the travelling expenses (public transport or mileage at the lowest Essential User Mileage Rate) incurred in travelling to and from the course
 - subsistence expenses actually incurred based on the Council's current rates
 - "out of pocket" expenses (as specified in 'car allowances and subsistence') per night for staff attending residential courses.

INTERNAL CONTROL, AUDIT, FRAUD AND IRREGULARITIES

FR.17 INTERNAL CONTROL

AUDIT FRAUD AND IRREGULARITIES

1. Internal control is the system of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the council's assets and interests are safeguarded.
 2. The Council's asset register will be maintained and regularly agreed to the council's estate to ensure that property, plant and equipment are correctly accounted for.
- 23.** The Section 151 Officer is responsible for advising the [GroupCorporate](#) Managers on effective systems of internal control. These arrangements need to ensure that all statutory and corporate requirements and other relevant statements of best practice are met.

They should ensure that public funds are properly safeguarded and used economically and efficiently and in accordance with the statutory and other authorities that govern their use.

34. [GroupCorporate](#) Managers are responsible for establishing, in line with that guidance, sound arrangements for planning, appraising, authorising and controlling operations in order to achieve continuous improvement, economy, efficiency and effectiveness in the use of resources in the delivery of their service and the achievement of their financial performance targets.

F.R.18 INTERNAL AUDIT

1. The [Chief Executive](#)~~relevant Group Manager~~ in charge of Audit shall ensure that a continuous internal audit service is provided to carry out examinations of accounting, financial and other operations of the Council, in accordance with the CIPFA

Code of Practice.

2. The ~~Chief Executive~~ ~~relevant Group Manager~~ in charge of Audit shall arrange for the provision of annual and strategic audit plans and consult with Corporate Management Team on their contents. These plans shall be reviewed at least six-monthly.

3. The Council's Section 151 Officer, ~~relevant Group Manager~~ ~~Chief Executive~~ in charge of Audit

and/or Audit Manager, shall have authority to:

- (i) Enter, at all reasonable times, on any Council premises or land,
- (ii) Access all records, documents, and correspondence relating to any financial and other transactions of the Council,
- (iii) Obtain explanations as necessary concerning any matter under examination, and
- (iv) Require any employee of the Council to produce cash, stores or other Council property under their control or for which they are responsible.

4. Quarterly statements of activity shall be submitted to the Cabinet.

5. The Council's Section 151 Officer will sign off the annual audit plan and quarterly performance reports submitted by the Internal Audit Manager as provided by ~~the S~~outh West ~~A~~udit Partnership (~~SWAP~~).

F.R.19 FRAUD AND IRREGULARITIES

1. Where any employee has reason to believe an irregularity concerning Council property or transactions has occurred, they shall report the details in accordance with the Fraud Response Plan approved by the Council.

INCOME

F.R.20 INCOME

General

1. The collection of income due to the Council shall be under the supervision of the appropriate ~~Group~~ ~~Corporate~~ Managers, although the responsibility for its collection shall remain with the Section 151 Officer.

Setting of charges

2. Each ~~Group~~ ~~Corporate~~ Manager shall, at least annually, and in consultation with the Section 151 Officer, review all charges made by the Council falling within their area of responsibility. Approval for the reviewed charges should be obtained from the Finance Port folio Holder and Section 151 Officer, for key income lines however recommendations should be submitted to The Cabinet for approval. The Section 151 Officer shall be consulted upon any proposal to introduce new charges. All charges will be automatically increased in accordance with inflation uplift as agreed by the Section 151 Officer, with appropriate rounding, unless the ~~Group~~ ~~Corporate~~ Manager justifies an alternative.

Accounting systems for the issue of accounts for collection of income

3. Each ~~Group~~ ~~Corporate~~ Manager shall be responsible for ensuring accounts are issued in line with the Council's debt collection process promptly to recover income due, and that these debts are recorded in the Council's accounts. All accounts raised (for miscellaneous income) shall be through the Council's sundry debtor system and raised within 30 days of the 'tax point' or date that the service was provided.

4. Accounts shall not be raised for sums due below the de minimus level (currently £50).

5. No employee should raise invoices or make amendments on accounts for themselves, their family or close friends.

6. All sums collected shall be identified to the related account. Where there is uncertainty regarding which account is being settled, sums shall be credited to the oldest account in all cases.

7. Individual outstanding debts up to £5,000 may be written off by the Section 151 Officer. All sums, from all sources, exceeding £5,000 must be submitted to the Cabinet for approval, including those considered by any panels appointed by the Council or by the Cabinet.

Sums shall not be considered for write off until all reasonable avenues of collection have been explored and collection proved unsuccessful. Evidence of such actions must be retained.

8. All debts over £100 credit noted/cancelled must be submitted, by the relevant [GroupCorporate](#) Manager, on a monthly basis to the Section 151 Officer for approval –

(i) All unallocated income shall be dealt with on a daily basis by either allocation to the correct account or refund, whichever is applicable.

(j) Reconciliation of subsidiary systems with the General Ledger should take place monthly (by the last working day of the following month) and be reported to the Section 151 Officer (or his/her nominated deputy).

Stationery

9. Each [GroupCorporate](#) Manager shall be responsible for the storage, supply and issue of all controlled stationery appropriate to their Service.

Collection of money by cash, cheques, credit/debit cards or similar

10. All remittances shall be recorded upon receipt and passed by the receiving officer to the Cash Office promptly. No deduction shall be made from such income except that which the Section 151 Officer specifically authorises in writing. Monies retained must be held securely, and in accordance with insurance requirements.

11. Each individual cheque banked must be identified separately.

12. Personal cheques must not be exchanged for cash held on behalf of the Council.

APPENDIX 'A'

13. As per (5) no employee should receive cash or other money for their own account or that of their family or close friends.

14. All transfers of Council's cash or cheques from one Officer to another shall be evidenced by the signature of the receiving Officer, in a manner approved by the Section 151 Officer.

15. Acknowledgements for money received on behalf of the Council shall not be given by any Officer except on an official receipt form or recorded on a cash register till located in Council premises. This regulation does not apply to legal documents prepared by the relevant [GroupCorporate](#) Manager in charge of Legal Services.

16. The [GroupCorporate](#) Manager with responsibility for the Cash Office shall be responsible for ensuring that monies received through the Cash Offices are deposited with the Council's Bank daily. Where the monies are collected by a third party, the liability of the [GroupCorporate](#) Manager with responsibility for the Cash Office shall be restricted to ensuring that monies are passed to an authorised representative and this transaction is signed as evidenced.

INSURANCES

F.R.21 INSURANCES

1. The Section 151 Officer shall effect all insurance cover, including appropriate officers and Members indemnities, investigate and negotiate all claims, in consultation with other Officers, when necessary, and renegotiate revised terms with insurers at appropriate intervals.

2. GroupCorporate Managers shall give prompt notification, in writing, to the Section 151 Officer of all new risks, properties, vehicles or equipment which require to be insured and of any changes in circumstances which affect existing insurances. Similarly, the employee responsible for insurance administration shall immediately notify GroupCorporate Managers of any changes to practice required or advised by the Council's Insurers.
3. GroupCorporate Managers shall immediately notify the Section 151 Officer, in writing, of any loss, liability, damage or any other event likely to lead to a claim and inform the police if required to comply with insurance policy conditions.
4. All employees of the Council shall be included in a suitable fidelity guarantee policy.
5. The Section 151 Officer shall, at least every year, review all existing cover, in consultation with other GroupCorporate Managers as appropriate.
6. GroupCorporate Managers shall consult with both the Section 151 Officer and the Corporate Manager~~relevant Group Manager~~ in charge of Legal Services concerning the terms of indemnities, which the Council is requested to provide. In the event that this is the same person, the Corporate Director~~Chief Executive~~ will provide this role.
7. Corporate arrangements for the management of risk are under the direction of the GroupCorporate Manager responsible for risk and performance. These arrangements to include a strategy, in accordance with the adopted Insurance and Risk Management Policy Statement, to continuously assess the Council's exposure to risk.
8. Members or employees of the Council who intend to travel abroad on official business must inform the Insurance Officer to ensure that the necessary insurance cover can be arranged.

TREASURY MANAGEMENT

F.R.22 TREASURY MANAGEMENT

1. The Council has adopted the key recommendations of the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). ~~CIPFA's Treasury Management in the Public Services: Code of Practice 2001, as described in section 4 of that code.~~
2. Accordingly, this Authority will create and maintain, as the cornerstones for effective treasury management –
 - a treasury management strategy policy statement (TMSPS), stating the policies and objectives of its treasury management activities;
 - suitable treasury management practices (TMP), setting out the manner in which the organisation will manage and control those activities.
3. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.
4. The Council delegates responsibility for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's TMPS and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

APPENDIX 'A'

SECURITY

F.R.23 SECURITY

1. Each GroupCorporate Manager is responsible for maintaining proper security at all times or all premises, stocks, stores, furniture, equipment, cash records, etc. under their control.

2. The GroupCorporate Manager responsible for Information Technology is responsible for the security of voice and data communications.
3. Cash retentions, excluding recorded cheques, shall not exceed the insured maxima, except with the specific authority of the Section 151 Officer, in writing.
4. Keys to safes and similar receptacles must remain in the custody of the responsible employees at all times; the loss of any such keys must be reported to the Section 151 Officer immediately. GroupCorporate Managers shall ensure that all keys, identity cards and any equipment, etc. issued to individual employees are recovered when they leave the Council's employment or obtain an alternative post in the Council (as appropriate).
5. The GroupCorporate Manager responsible for Human Resources shall provide adequate facilities for the issue and reissue of identity cards

RECORDS MANAGEMENT

F.R.24 DATA PROTECTION

1. GroupCorporate Managers shall notify the employee responsible for the Council's Data Protection of all changes, which are likely to affect the existing notification.
2. The employee responsible for the Council's Data Protection shall have access to all relevant documentation and receive sufficient information to enable the notification to be kept up-to-date and to fully satisfy the Principles prescribed in the legislation.
3. Each GroupCorporate Manager shall nominate a service representative to the employee responsible for the Council's Data Protection.

F.R.25 MAINTENANCE OF RECORDS

1. The Council's policy for the retention and disposal of all records and documents shall be in accordance with legislative requirements in respect of matters pertaining generally to contracts, employment, taxes, land and property as defined in the Council's retention policy.

HOUSING BENEFITS

F.R.26 HOUSING BENEFITS

1. The GroupCorporate Manager responsible for Benefits shall be responsible for the administration and processing of all claims for Housing Benefit, in accordance with the appropriate regulations. Reports demonstrating performance associated with fraud enquiries to be submitted, on a regular basis, to The Cabinet.
2. The GroupCorporate Manager responsible for Benefits shall ensure that the Section 151 Officer is supplied with all information necessary to support the submission of subsidy claims and other financial statements that may be required.
3. The GroupCorporate Manager responsible for Benefits shall ensure that secure arrangements exist to properly control the issue, custody and return of all Council cheques in respect of rent allowance payments in line with standards set by the Section 151 Officer. Cheques shall be drawn on a separate account for this purpose, and will be reconciled on a monthly basis by the Section 151 Officer.

BEST VALUE

F.R.27 BEST VALUE

1. The Chief Executive shall have overall responsibility for ensuring that all Regulations pertaining to Best Value are fully complied with.
2. A continuous review of service delivery will be undertaken by GroupCorporate Managers to ensure compliance with the Best Value standards and principals.

F.R.28 WORKING IN PARTNERSHIP

1. The Council provides a distinctive leadership role for the community and is able to bring together the contributions of various participants/stakeholders by participating in various partnership/joint working arrangements; as a result, it is able to achieve the promotion or improvement of the economic, social or environmental well being of its area.

2. The Cabinet is responsible for approving the operational framework for the Council's participation in all strategic partnerships/joint working arrangements with other local public, private, voluntary and community sector organisations; this includes the arrangements for delegation to officers and the detailed arrangements for the provision of both financial and physical resources by the Council.

3. In some cases, Lead Members are responsible for approving the operational framework of partnerships, joint working arrangements with other local public, private, voluntary and community sector organisations, which affect their portfolio areas.

4. The Head of Legal Services, Section 151 Officer and **GroupCorporate** Managers are responsible for promoting and maintaining within all partnership/joint working arrangements the same high standards of conduct with regard to the legal, corporate governance and financial affairs which are detailed in these Financial Regulations and Financial Procedures and elsewhere, and which are applied throughout the Council.

The Section 151 Officer is responsible for:

(i) Advising **GroupCorporate** Managers on the need for, and, if appropriate, for appraising and approving the relevant **GroupCorporate** Managers' risk assessment of the proposal before any commitment is made for the Council to participate in a partnership or joint working arrangement or scheme; and

(ii) Specifying the accounting and auditing arrangements to be adopted and approving arrangements, if the Council is to be the lead authority.

GroupCorporate Managers are responsible for:

(i) Ensuring that before committing the Council's participation in a partnership or joint working arrangement or scheme, or before seeking the approval of the Cabinet to such participation, they consult with the Section 151 Officer on the need to prepare a risk assessment of the proposal, and if appropriate, obtaining his or her approval to it;

(ii) Ensuring that the approval of the Cabinet is obtained before any negotiations are concluded where the Council's participation is of a material nature;

(iii) Ensuring that all agreements and arrangements are properly documented, including details of the Council's financial and physical commitment to the arrangements which are to be in accordance with procedures specified by the Section 151 Officer;

(iv) Observing the Council's standard of conduct for staff whilst having due regard to the partnership or joint working arrangement's governance framework;

(v) Ensuring that the body or person maintaining the accounting and auditing arrangements do so to a standard acceptable by the Section 151 Officer in those cases where, under the approved arrangements, the Council is not to be the lead authority but the Council's participation is of a material nature; and

(vi) Providing appropriate information to the Section 151 officer to enable him or her to include relevant details in the Council's Statement of Accounts, and other financial statements and returns.

5. External Funding - The Section 151 Officer is responsible for providing specific guidance to **GroupCorporate** Managers to enable them to account properly for funding receivable from external sources.

6. Work for Third Parties - The Section 151 Officer is responsible for providing specific guidance to **GroupCorporate** Managers in respect of contractual arrangements for the provision of services to third parties or external bodies.

	MAY (2013)	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY (2014)	FEBRUARY	MARCH	APRIL	MAY (2014)
MON			1										
TUES			2 ENPA			1 ENPA						1 ENPA	
WED	1		3 Cabinet 4.30 pm			2 Cabinet 4.30 pm			1 Bank Holiday			2 Cabinet 4.30 pm	
THUR	2		4	1		3 Housing PAG 2.30 pm			2			3	1
FRI	3		5	2		4	1		3			4	2
SAT	4	1	6	3		5	2		4	1	1	5	3
SUN	5	2	7	4	1	6	3	1	5	2	2	6	4
MON	6 Bank Holiday	3	8	5	2	7	4	2	6	3	3 WWQ Area Panel 7.00 pm	7 Dunster Area Panel 7.00 pm	5 Bank Holiday
TUES	7 ENPA	4 ENPA Community PAG 2.30 pm	9 Environment PAG 2.30 pm	6 ENPA	3 ENPA Exmoor Area Panel 7.30 pm	8	5 ENPA Community PAG 2.30 pm Exmoor Area Panel 7.00 pm	3 ENPA Audit Committee 4.30 pm	7 ENPA	4 ENPA	4 ENPA Standards Advisory Committee 4.30 pm	8	6 ENPA
WED	8 Cabinet 4.30 pm	5 Cabinet 4.30 pm	10	7 Cabinet 4.30 pm	4 Cabinet 4.30 pm	9	6 Cabinet 4.30 pm	4 Cabinet 4.30 pm	8 Cabinet 4.30 pm	5 Cabinet 4.30 pm	5 Cabinet 4.30 pm	9 Econ Dev & Tourism PAG 2.30 pm	7 Cabinet 4.30 pm
THUR	9	6	11	8	5 Environment PAG 2.30 pm	10	7	5	9 Housing PAG 2.30 pm	6	6 Exmoor Area Panel 7.00 pm	10	8
FRI	10	7	12	9	6	11	8	6	10	7	7	11	9
SAT	11	8	13	10	7	12	9	7	11	8	8	12	10
SUN	12	9	14	11	8	13	10	8	12	9	9	13	11
MON	13 Informal Council 2.30 pm	10	15 Scrutiny Committee 3.30 pm	12	9	14 Dunster Area Panel 7.00 pm	11	9	13	10	10	14 Scrutiny Committee 3.30 pm	12 Informal Council 2.30 pm
TUES	14	11 WWQ Area Panel 7.00 pm	16 Audit Committee 4.30 pm	13 Corporate PAG 2.30 pm	10 Local Development Panel 2.30 pm	15 Corporate PAG 2.30 pm	12 Corporate PAG 2.30 pm	10 Standards Advisory Committee 4.30 pm WWQ Area Panel 7.00 pm	14 Corporate PAG 2.30 pm	11	11 Licensing Committee 4.30 pm	15 Corporate PAG 2.30 pm	13
WED	15 Annual Council 2.30 pm	12 Local Development Panel 2.30 pm	17 Corporate PAG 2.30 pm	14 Council 4.30 pm	11 Corporate PAG 2.30 pm Minehead Area Panel 6.00 pm	16 Econ Dev & Tourism PAG 2.30 pm	13 Environment PAG 2.30 pm	11 Corporate PAG 2.30 pm Minehead Area Panel 6.00 pm	15 Environment PAG 2.30 pm	12 Local Development Panel 2.30 pm	12 Environment PAG 2.30 pm Minehead Area Panel 6.00 pm	16	14 Annual Council 2.30 pm
THUR	16	13 Minehead Area Panel 6.00 pm	18	15	12	17	14	12 Planning Committee 4.30 pm	16	13	13	17	15
FRI	17	14	19	16	13	18	15	13	17	14	14	18 Bank Holiday	16
SAT	18	15	20	17	14	19	16	14	18	15	15	19	17
SUN	19	16	21	18	15	20	17	15	19	16	16	20	18
MON	20	17 Scrutiny Committee 3.30 pm	22	19 Scrutiny Committee 3.30 pm	16 Scrutiny Committee 3.30 pm	21 Scrutiny Committee 3.30 pm	18 Scrutiny Committee 3.30 pm	16 Scrutiny Committee 3.30 pm	20 Scrutiny Committee 3.30 pm	17 Scrutiny Committee 3.30 pm	17 Scrutiny Committee 3.30 pm	21 Bank Holiday	19
TUES	21 Housing PAG 2.30 pm	18 Standards Advisory Committee 4.30 pm	23 Licensing Committee 4.30 pm	20 Community PAG 2.30 pm	17 WWQ Area Panel 7.00 pm	22	19 ENPA	17	21	18 Corporate PAG 2.30 pm	18 Corporate PAG 2.30 pm	22	20 Housing PAG 2.30 pm
WED	22 Corporate PAG 2.30 pm	19 Corporate PAG 2.30 pm	24 Econ Dev & Tourism PAG 2.30 pm	21	18 Council 4.30 pm	23 Council (P) 4.30 pm	20 Council 4.30 pm	18	22 Council 4.30 pm	19 Council (Budget) 4.30 pm	19 Housing PAG 2.30 pm	23	21 Corporate PAG 2.30 pm
THUR	23	20 Exmoor Area Panel 7.00 pm	25 Planning Committee 4.30 pm	22	19	24	21	19	23 Exmoor Area Panel 7.00 pm	20	20	24 Planning Committee 4.30 pm	22 Planning Committee 4.30 pm
FRI	24	21	26	23	20	25	22	20	24	21	21	25	23
SAT	25	22	27	24	21	26	23	21	25	22	22	26	24
SUN	26	23	28	25	22	27	24	22	26	23	23	27	25
MON	27 Bank Holiday	24	29 Dunster Area Panel 7.00 pm	26 Bank Holiday	23 Audit Committee 4.30 pm	28	25	23	27 Dunster Area Panel 7.00 pm	24	24 Audit Committee 4.30 pm	28	26 Bank Holiday
TUES	28	25 Armed Forces Day	30 Housing PAG 2.30 pm	27	24 Standards Advisory Committee 4.30 pm	29	26 Licensing Committee 4.30 pm	24	28	25 Community PAG 2.30 pm	25	29	27
WED	29 Environment PAG 2.30 pm	26 Council 4.30 pm	31	28	25	30	27 Local Development Panel 2.30 pm	25 Bank Holiday	29 Econ Dev & Tourism PAG 2.30 pm	26 Council (P) 4.30 pm	26 Council 4.30 pm	30 Council (P) 4.30 pm	28 Environment PAG 2.30 pm
THUR	30 Planning Committee 4.30 pm	27 Planning Committee 4.30 pm	29 Planning Committee 4.30 pm	26 Planning Committee 4.30 pm	31 Planning Committee 4.30 pm	28 Planning Committee 4.30 pm	26 Bank Holiday	30 Planning Committee 4.30 pm	27 Planning Committee 4.30 pm	27 Planning Committee 4.30 pm	27 Planning Committee 4.30 pm	29	29
FRI	31	28	30	27	29	30	27	31	28	28	28	30	29
SAT		29		31	28		30		28		29		31
SUN		30			29				29		30		
MON					30				30		31		
TUES									31				

School Holidays are highlighted in yellow.

References to ENPA are Exmoor National Park Authority Planning Committees.

(P) = Provisional

PAG = Policy Advisory Group (not open to press or public)

Draft Timetable 12/12/2012

Report Number: WSC 156/12
Presented by: Cllr. T Taylor, Leader of Council
Author of the Report: Adrian Dyer, Chief Executive
Contact Details:
Tel. No. Direct Line 01984 635212
Email: adyer@westsomerset.gov.uk

Report to a Meeting of: Full Council
To be Held on: 12th December 2012
Date Entered on Executive Forward Plan Or Agreement for Urgency Granted: N/A

STRATEGY FOR SECURING THE LONG TERM VIABILITY OF THE COUNCIL

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to enable members to consider the results from an independent assessment on the Council's future viability and to provide details of an interrelated meeting with Rt. Hon. Brandon Lewis, Parliamentary Under Secretary of State with responsibility for Local Government. It also proposes a strategy aimed at protecting the long-term financial viability of the Council.

2. RECOMMENDATIONS

- 2.1. That the contents of the report produced by the LGA (**Appendix 'A'**) are noted and in particular the responses to their recommendations listed in paragraph 4.13 of this report are endorsed.
- 2.2. That, subject to due diligence being carried out, the principle of the Council becoming a Commissioning Authority as described in paragraphs 4.19 – 4.24 is approved.
- 2.3. That, in order to raise the level of diligence applied to the process and subject to the approval of the Leader of Council and the Lead Member for Finance & Resources the Chief Executive is granted delegated authority to work with the LGA to identify and procure the services of a person suitably experienced to assist the Council and provide independent advice.
- 2.4. That a supplementary estimate of £25,000 is approved to cover the employment costs associated with recommendation 2.3 above. Any additional amount would require a separate future approval by Council.
- 2.5. That work is commenced on the drafting of necessary protocols that would apply during the process of the Council establishing itself as a Commissioning Authority. That special regard is given to the protocol covering future staffing arrangements

- 2.6. That for the reasons outlined in paragraph 4.19 and at the suggestion of the Strategic Alliance¹ members approve the Council and Sedgemoor District Council working together to draft a business case for the commissioning of services.
- 2.7. That the protocols and associated business case referred to in recommendations 2.5 and 2.6 above are completed as soon as is possible for presentation to a future meeting of Council for consideration.

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

Risk Matrix

Description	Likelihood	Impact	Overall
Key Risk (Financial) – That the Council is unable to present a balanced budget for approval for 2013/14.	Possible (3)	Major (4)	Medium (12)
<i>Mitigation – that appropriate savings are identified and implemented.</i>	Unlikely (2)	Major (4)	Medium (8)
Key Risk (Reputational) – That the Department for Communities & Local Government (DCLG) identify WSC as a failing Authority and put intervention measurers in place	Likely (4)	Catastrophic (5)	Very High (20)
<i>Mitigation – the Council identify a strategy and associated action plan that addresses the financial issues of the Council</i>	Unlikely (2)	Catastrophic (5)	Medium (10)
Key Risk (Reputational) – A referendum on a Council tax increase is instigated and lost.	Likely (4)	Major (4)	High (16)
<i>Mitigation – This report identifies the advantages and disadvantages of a significant increase in Council Tax</i>	Possible (3)	Major (4)	Medium (12)
Key Risk (Financial / Reputational) – That the option of adopting a ‘virtual authority’ does not produce sufficient efficiencies to enable WSC to be sustainable	Possible (3)	Major (4)	Medium (12)
<i>Mitigation – The likelihood of this is unknown until the completion of the drafting of a business case. If the result does not secure the long-term financial viability of the Council then it can be demonstrated that the Council has done what it can.</i>	Possible (3)	Major (4)	Medium (12)

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

4. **BACKGROUND INFORMATION**

History

- 4.1. Before cataloguing the most recent history associated with the Council’s financial position which led up to the production of the report prepared by the Local Government Association (LGA) it is worth noting the context in which this occurred. Paragraph 1.2 in the report prepared by the LGA does this by stating – “West Somerset Council have taken a positive approach and been open and honest regarding their situation and have been courageous in

¹ Alliance of West Somerset Council, Sedgemoor DC, Taunton Deane BC, Somerset CC and Exmoor National Park Authority (see paragraph 4.20)

inviting an independent investigation. Their partner Councils have engaged helpfully in the process and it is hoped that this report enables progress to be made in the interests of the communities and Councils of Somerset.”

4.2. The issue of the Council's precarious financial standing is not something that has just come to the surface. It was first brought to the attention of members in **January 2008** following a Corporate Peer Review in Autumn 2007 and subsequent internal reorganisation.

4.3. The first independent assessment was, at the suggestion of Department of Communities and Local Government (DCLG), undertaken in **February 2010** by Bill Roots an ex Chief Executive and Director of Finance at Westminster City Council. The key conclusions from his report are:

“The scope to find further service efficiencies of the scale needed is highly questionable given the multi tasking which is so apparent within the Council.”

“The Council will find it difficult to balance its budget, which could be an increased challenge if public expenditure restrictions do increase.” [In December 2010 government actually announced significant cuts in funding as part of its ‘Spending Review’, see paragraph 4.4 below]

“Some help would arise if the Council is allowed to increase its local council tax above the anticipated national norm but this in itself will not strengthen its financial position significantly.” [Similar comments are made in the LGA report that echo this conclusion.]

“Further reductions in staffing (100 fte) are a real prospect which must bring the viability of the Council as a local government unit into question.” [From a figure of 100 fte's in February 2010 staffing levels have in fact been reduced to its current level of 82 fte's]

4.4. When it came to drafting a budget for 2011/12 it soon became clear that the budget gap could be of such a size to question the viability of the Council. In response it was decided to make sure DCLG were aware of the Council's situation when considering the forthcoming local government spending review. In preparation a meeting was held with the Finance Director from the LGA and the then Government Office South West (GOSW) in **October 2010**. Subsequently a meeting with a Director from DCLG took place in **November 2010** and was attended by representatives from the Council, LGA and GOSW. There followed a meeting with Rt. Hon. Andrew Stunell in **January 2011**, as part of the ‘Spending Review’ consultation process. The outcome of the Spending Review resulted in the Council being one of 36 local authorities to have its total ‘Revenue Spending Power’ as calculated by DCLG cut by the maximum 8.9%; this translated in to a 30.7% (£1.014m) cut in actual government funding between 2011 and 2013. In real terms this amounted a reduction of 34.7% or £1.215m

4.5. Also in **January 2011** the Council instigated an investigation into the possibility of sharing senior management with two of its neighbouring authorities in an attempt to cut costs. Unfortunately, for valid capacity reasons the concept was rejected but there was agreement to find better ways of working together.

4.6. During the early stages of drafting the budget for 2012/13 it was evident that the financial standing of the Council was becoming even more precarious. Consequently, in **December 2011** representatives from the Council and the local MP Rt. Hon. Ian Liddell-Grainger met with Rt. Hon. Bob Neill to up date government on the Council's current financial position and explore possible solutions. The advice given at the time was to seek local support for a council tax increase that was above the national threshold or seek a merger with a neighbouring council through the Boundary Commission. There was also a request from Bob Neill that he be kept up to date with any future developments. The fact that this meeting with Bob Neill had taken place was reported back to a meeting of Scrutiny Committee held on 16th January 2012.

A letter dated **27th June 2012** was subsequently sent to Bob Neill advising him of the estimated end of year (2011/12) financial position together with an indication of the current predicted budget gap in the draft Medium Term Financial Plan (MTFP) covering the period 2013 – 16. The letter also advised that there was a significant consensus amongst members supporting a significant increase in council tax and realisation that if this were not possible a merger review was possible. A reply in the form of a letter was received dated **10th August 2012** requesting a meeting to talk through the details of the plans and options that the Council were considering to manage its longer-term financial problems.

Engagement with the Local Government Association (LGA)

- 4.7. Subsequent to the meetings with the LGA, government and neighbouring partner councils a seminar for members on the subject of the Council's finances was held on **19th July 2012** where it was agreed that the LGA should be formally requested to provide an independent assessment of the Council's long-term financial position together with an opinion on its future viability as a unit of local government.
- 4.8. This was immediately followed up in the form of a briefing letter from the Leader of Council dated **23rd July 2012** being sent to Sir Merrick Cockell, Chairman of the LGA.
- 4.9. An initial meeting between the Chief Executive of the LGA and the Council's Chief Executive took place on **28th August 2012** where it was agreed that the LGA would prepare a briefing paper on how they could help by facilitating discussions between the Leaders and Chief Executives of West Somerset Council, Taunton Deane Borough Council, Sedgemoor District Council and Somerset County Council. In response to this meeting and the briefing letter from the Leader of Council referred to in the previous paragraph, a letter dated **6th September 2012** was received from Sir Merrick Cockell officially offering various forms of support and assistance from the LGA
- 4.10. Following initial collective and individual meetings with the Councils on **1st and 2nd October 2012** the LGA produced a draft report for consideration by West Somerset Council. As a result of further meetings between the Council and the LGA the report was refined into a final draft, which was received on **2nd November 2012** and subsequently, shared with members, staff, stakeholders and the press. A copy of the final report is included at **Appendix 'A'**.
- 4.11. Because the report has already been widely circulated and placed in the public domain it is not intended to reiterate the key comments in the body of this report but it is nevertheless felt to be useful to extract and reiterate the key conclusions and response to the recommendations contained in the report.
- 4.12. Key Conclusions in the Report

"It is considered that the future viability of the Council as a unit of local democracy, governance and service delivery remains in doubt." [As currently structured] (Para. 4.6i of the LGA report)

"Were the Council over the next two years to make the full range of savings suggested, we believe that it could continue to provide a viable organisation" (Para. 5.3 of the LGA report)

"We conclude that the Council is not viable as a unit of local democracy and governance over the longer term." (Para. 5.5 of the LGA report)

First and foremost these conclusions are not telling the Council anything that is surprising and did not already know i.e. that with significant but achievable savings it is financially viable in the short term (2 – 3 years) but that in the longer term it is not. However, crucially and for the first time, the Council has an independent assessment on its viability from a reliable source which concludes that as currently structured the Council is not a viable unit of

local government in the longer term. The reasoning behind this conclusion is stated in paragraph 5.6 of the LGA report.

4.13. Recommendations and Responses

The recommendations listed below have been drawn from paragraph 7.1 in the report produced by the LGA.

- Test and have clarified as soon as possible the reasonable range of assumptions regarding the future level of New Homes Bonus that the council might receive.
- This has been done and resulting amounts reflected in an updated MTFP
- Test and have clarified as soon as possible the impact of the Government's proposals regarding Business Rates, especially as they apply to Hinkley Point
- A meeting has been arranged with representatives from both Hinkley Point and the Valuation Office to assess the potential impacts that any drop in output from the plant would have on the Council's finances through the Business Rate Retention Scheme.
- Test and have clarified as soon as possible the Government's proposals regarding 'community benefit' payments and their funding and the prospect of them being paid directly to community bodies
- This is an ongoing conversation with central government, the latest of which took place on 28th November 2012 in London and involved the Leader of Council representing West Somerset at a meeting between the three principal local authorities and the Energy Minister Rt. Hon. John Hayes.
- Review staffing levels and structures (especially supervisory and middle management) to ensure that every opportunity for savings has been identified and made, against a clear set of fewer Council priorities.
- This will form part of the business case referred to in paragraph 4.24 below
- Consider introducing additional income raising opportunities e.g. pre application planning advice charges.
- Agreed and will be considered as part of the budget setting process
- Consider cessation of non-statutory services, where suitable alternative provision exists (e.g. Pest Control service)
- Agreed and where appropriate will be prioritised in the list of savings to be achieved that will form part of the budget setting process
- Press ahead with the options for the sale of the leisure centre site as a matter of urgency.
- Property Agents currently acting for the Council in the sale of land for housing purposes on Seaward Way have been instructed to form a proposal for acting for the Council in the sale of the former Aquasplash site. Cabinet will subsequently consider the proposal.
- Determine a contingency plan and any associated costs arising from continued borrowing,
- Agreed, the Section 151 Officer will be requested to identify the implications of the Council not being able to repay the loan when due in February 2014
- Continue to be open and demonstrate the savings being considered and made to partners,
- Agreed and will be considered as part of the budget setting process
- Explore and speedily determine the optimum shared service arrangements with others
- This will form part of the business case referred to in paragraph 4.24 below
- Take discussions further with the Boundary Commission to establish a review of local authority boundaries and governance arrangements around West Somerset, from the summer of 2013.

- *Because of the reasons explained in paragraph 4.18(a) below this is not considered to be the optimum solution to the Council's financial problems. It can also be said that the view of the LGA has, since the drafting of their report, seemingly changed.*

- Put in place a proactive and co-ordinated communications programme, to ensure high levels of awareness, understanding and engagement with local communities around the immediate and longer term issues,
 - *Agreed*
- Establish a 'Memorandum of Understanding' or similar that could be entered into by all Councils to codify and cement an ongoing commitment to working in partnership.
 - *This is an issue to be discussed by the 'Strategic Alliance' (see para. 4.20 below)*

Meeting with Rt. Hon. Brandon Lewis MP (Parliamentary Under Secretary of State with responsibility for Local Government)

4.14. Further to the letter from Bob Neill dated 10th August 2012 (see para. 4.6) a meeting with his successor Brandon Lewis took place in London on **13th November 2012**. Those present representing the Council included the Leader of Council, Chief Executive and Section 151 Officer. Also in attendance, apart from Civil Servants were Michael McLaughlin and Cllr. Neil Clarke representing the LGA. A summary of the salient comments made by the Minister are listed below

- He was quite clear that with a population of only 35,500 and associated funding levels West Somerset Council, as it is currently structured, was not sustainable. The point was made that he has dealings with Parish Councils with a larger population.
- Do not expect the finance settlement that will be announced in late December 2012 to solve the Councils financial problems.
- He strongly agreed with the comments in the report by the LGA, which made the argument that a significant increase in council tax (referendum) was not the answer.
- He held a firm belief that the Council should be retained as a democratically elected and accountable unit of local government representing the people of West Somerset and that therefore there was no need to engage with the Boundary Commission on the subject of a merger.
- He suggested that a possible way forward could be the creation of a "virtual authority" which would involve the sharing of management and services with neighbouring local authorities within Somerset and that it would probably involve working closely with one above others. [The Council have subsequently thought to seek clarity on this suggestion]

4.15. Future agreed actions included a proposed further meeting with Brandon Lewis, hopefully within the next few days and as a prelude to that meeting a meeting of the Council Leaders facilitated by Neil Clarke took place on **29th November 2012**..

Options for Going Forward

4.16. Before looking at the options available to it the Council should be clear what it is trying to achieve. The obvious objective is the long-term financial sustainability of the Council, which maintains the delivery of key services to the benefit of the communities of West Somerset. However, linked to this it is suggested should be the objective of retaining the 'sovereignty' of the Council as the local democratic accountable body in West Somerset. In addition, the lack of service capacity and resilience within the Council's current structure makes it very difficult to ensure business continuity and deliver proactive initiatives that benefit the people of West Somerset which is an important issue that any identified solution should look to address.

4.17. This lack of capacity will also impact on the Council's ability to move forward with the necessary urgency, a fact that was referred to in paragraphs 4.6v, 6.1 and 6.2 of the LGA report. In particular paragraph 6.1 listed a number of measurers that the LGA, at a cost, could supply which would supplement the work that the Council will be required to undertake. Although this offer is received in the manner that it was intended it is considered that what is initially required is assistance in providing the Council with the assurance that due diligence is being applied in the drafting of the necessary business case. With this in mind it is recommended that, with the help of the LGA, a suitably experienced person is identified and employed on a temporary basis.

4.18. The advantages and disadvantages of the options available are listed below and have been formed in relation to how they address the objectives referred to in paragraph 4.16 above. Members should note that these options are broadly those that were introduced at a seminar for members held on 19th November 2012.

(a) Merger with neighbouring Council(s) through a Boundary Commission Review

Although a boundary review and subsequent merger is the key recommended solution in the report produced by the LGA (and previously by Bob Neill) is a boundary review and subsequent merger it was made clear by Brandon Lewis that it is the very strong view of central government that local democracy and accountability should be maintained and therefore boundary reviews should be avoided.

Advantages – The issue of the Council being financially sustainable is somewhat irrelevant, as West Somerset Council would cease to exist. This option would certainly provide greater capacity, expertise and resilience for the continuing delivery of key services.

Disadvantages – In relation to achieving the stated objectives, the key disadvantage of this option is that the Council would cease to exist as the local democratic accountable body for West Somerset. In addition, it would be necessary, prior to any review of boundaries, to demonstrate that there was a financial business case and that appropriate levels of local support existed in those districts involved. It is thought that the possibility of achieving both is somewhat remote. Information from the Boundary Commission is that a merger for implementation in May 2015 (date of next local elections) will be extremely challenging and unlikely to be achieved.

(b [i]) Working with another Council under the umbrella of shared management and services

This option is referred to in the LGA report as a temporary solution prior to a boundary review merger. However, following subsequent discussions it was put forward as one of the permanent preferred solutions considered at a seminar for members held on **19th November 2012**.

Advantages – In terms of the objectives, this option can potentially deliver all three. A business case would need to be drafted to demonstrate that the approach proposed was able to deliver the financial sustainability required. West Somerset would continue to exist as the democratically elected accountable body for the communities of West Somerset. Finally, the sharing of services and management would potentially create the capacity, expertise and resilience to achieve the third objective.

Disadvantages – At this stage the disadvantages are difficult to identify, as they would only become evident once the business case has been drafted and the details of the process for the sharing of services established.

(b [ii]) The Council becomes a Commissioning Authority

This option is one that has only recently evolved from meetings involving neighbouring councils and the LGA. It is somewhat similar to the Sharing Services and Management option but focuses purely on buying service delivery from an external provider either from within the public sector, the private sector or the voluntary sector. Further initial details on this now preferred option are included in paragraphs 4.19 – 4.24 below.

The *Advantages* and *Disadvantages* in respect of achieving the objectives referred to above are similar to the Shared Services Option.

(c) A significant increase in Council Tax (plus significant savings)

To deliver this option would require the undertaking of a referendum to establish whether there was a majority of West Somerset's electorate in support of any such increase. The report by the LGA makes two observations on the issue; firstly they conclude that there is an overriding sense that it was very unlikely that a positive vote could be achieved (LGA report para. 4.6iv). Secondly it was considered that given the Council's limited capacity, the cost of mounting a referendum and the distraction from fundamental budget issues it would cause meant that it was a less attractive option (LGA report para. 4.6v). From the meeting with Brandon Lewis it was also very clear that this echoed the thoughts of central government.

Advantages – In terms of financial sustainability an average increase of £1.00 per week (39%) would, using the LGA funding model, and assuming significant savings were achieved, mean that the budget was in surplus until 2016/17. However, from this point going forward the annual deficit could increase until a point in time when the revenue reserves that had been built up were exhausted. Also West Somerset would continue to exist as the democratically elected accountable body for the communities of West Somerset.

Disadvantages – Based on the LGA funding model, an increase in council tax of the scale envisaged might not secure the long-term financial sustainability of the Council. It also does not provide funding for the Council's capacity to be increased and therefore does not address the issue of resilience. There is also the risk associated with the likelihood of achieving a positive vote against the additional cost and capacity issues created from the need to reissue council tax bills if the referendum is lost.

Preferred Option – Commissioning Authority

- 4.19. The delivery of any of the identified options will require the involvement of and co-operation from neighbouring District Councils and the County Council. There was also a strong message from Brandon Lewis that there is an expectation within government that local authorities, including County Councils would be working closely together to create efficiencies.
- 4.20. With this in mind meetings have recently taken place between the Leaders, Chief Executives and representatives from the LGA to explore how best to work together to resolve West Somerset's financial problems. From these meetings it is clear that there is a very strong commitment from all Councils to assist West Somerset Council and to help foster and strengthen this culture of working closely together it was agreed to create a 'Strategic Alliance'.
- 4.21. There are numerous examples where two or more local authorities have successfully joined together to share services and / or management whilst retaining their individual democratic base and identity. However, the situation that the Council finds itself in has already been described as unique and unprecedented and as such it is felt that adopting a tried and tested

'shared services' approach will not in itself be the complete answer. There now exists an opportunity for the Council to create a new model of operation by becoming a 'Commissioning Authority' that focuses on the needs of its residents, whilst efficiently using the resources that the Council and its partners have.

- 4.22. This would involve the Council commissioning other service providers whom would predominantly, but not exclusively, be neighbouring councils to provide the services it wishes to deliver. The Council would itself only retain a small nucleus of staff to manage the commissioning arrangements once in place, monitor the performance of providers and service the democratic arrangements and decision making process.
- 4.23. One of the defining principles and strengths of this model is the separation between the decision-making and delivery of services. Commissioning at an organisational level as is being suggested is not about improving or extending current procurement practices, it is making a fundamental whole system change that separates and transforms both decision-making and service delivery functions.
- 4.24. In moving this model forward it is suggested that the initial step is to quickly agree the necessary protocols, including a staffing protocol, that can be used to influence the drafting of a business case. The meeting of the Strategic Alliance discussed the issue of a business case being essential to provide the necessary due diligence but also felt that because of the resource implications in each organisation it would be unrealistic to expect each neighbouring council to draft business cases simultaneously. With this in mind it was agreed that Sedgemoor DC, with the assistance of others, should initially be commissioned to work with the Council to draft a business case for the delivery of a range of services. The intention will be to present a draft business case and protocols used in its drafting to a future meeting of Council for consideration.

5. FINANCIAL/RESOURCE IMPLICATIONS

- 5.1. The direct financial implication in agreeing the recommendations contained in paragraph 2 of this report concerns the granting of a supplementary estimate of £25,000. If members wish to approve this recommendation then it is suggested that it should be funded from the revenue reserve balance. However, the drafting of a business case will naturally involve a significant number of staff from the Council, which could have a short-term impact on service delivery.

6. SECTION 151 OFFICER COMMENTS

- 6.1. The proposed business case is important to test the long-term viability of the council as a commissioning organisation. Working within the Strategic Alliance with each partner having their own expertise and experience, will allow a much wider range of ideas and hypotheses to be examined and costed.
- 6.2. There is no guarantee that this, or indeed any, option will lead to a balanced budget as some front line costs are fixed and more savings options are likely to be necessary.
- 6.3. The option of raising council tax significantly is not recommended as the likelihood of a yes vote is too small compared to the costs involved and the probability of having to set an alternative budget. Also this is not a long-term solution.
- 6.4. It is not possible to give any definitive financial comments until the business case has been completed.

7. EQUALITY & DIVERSITY IMPLICATIONS

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

8. CRIME AND DISORDER IMPLICATIONS

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

9. CONSULTATION IMPLICATIONS

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

10. ASSET MANAGEMENT IMPLICATIONS

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

11. ENVIRONMENTAL IMPACT IMPLICATIONS

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

12. LEGAL IMPLICATIONS

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

WEST SOMERSET COUNCIL

1. INTRODUCTION

1.1 This report has been prepared for West Somerset Council following its invitation (with the support of neighbouring and partner Councils) of the 23rd July 2012 to the Chairman of the LGA, Sir Merrick Cockell, for the LGA to lead an independent investigation into West Somerset's current financial circumstances, to make recommendations as to realistic ways forward and to assess what savings could be made by the Councils working more closely together in order to have various budget and MTFP scenarios ready before the end of 2012.

1.2 West Somerset Council have taken a positive approach and been open and honest regarding their situation and have been courageous in inviting an independent investigation. Their partner Councils have engaged helpfully in the process and it is hoped that this report enables progress to be made in the interests of the communities and Councils of Somerset.

1.3 We would like to thank the Councils for making the necessary arrangements to meet and engage with us, particularly given the pressure on diaries and short timescale and notice to which everyone worked.

2. METHOD

2.1 On receipt of the invitation to provide support to the Council and its partners, the LGA initiated a review of the Council's financial situation and budget by the LGA Finance team.

2.2 It identified Cllr Neil Clarke (an experienced Peer Challenge Peer and Chairman of the District Councils Network) and its Executive Director Michael Coughlin to act as the independent investigators. Initial discussions were held with West Somerset Council and a draft brief for the work prepared.

2.3 The brief was shared with the Councils concerned and an offer made to discuss it further. As there was agreement on the brief, arrangements were put in hand to meet with the Leaders and Chief Executives of each of the Councils, initially at a 'round table', introductory meeting and then, during the course of Tuesday 2nd October, in a series of meetings with individual Council Leaders and Chief Executives. (The Leader of Somerset County Council and Chief Executive of Sedgemoor were contacted by telephone on the 2nd).

2.4 The role of the LGA was confirmed not as 'experts' or 'regulators', but primarily to listen, reflect, broker where wanted and report back to the Councils, with options from which it was anticipated an emergent mutually agreeable way forward could be established.

3. CONTEXT AND CHALLENGE

3.1 West Somerset Council has a population of 35,075 in an area of 740 square kilometers (290 sq miles) and as a result has a high level of 'sparsity', with attendant costs and challenges. In addition, the population has the oldest average age in the United Kingdom, at 52. Nearly two thirds of the western land area of the district forms part of Exmoor National Park while the Quantock Hills are an Area of Outstanding Natural Beauty.

3.2 Critically, West Somerset Council incurs each year additional, unavoidable cost pressures (inflation, pay, contract and property costs) amounting to some £150,000, representing around 3% of costs, but is able to raise through a 2% Council Tax increase just £39,000 p.a. This structural problem generates an ongoing potential increase in the council's budget deficit of £111,000 each year on an annual net budget of £4.939m.

3.3 Partly as a consequence of these factors, West Somerset Council has historically faced significant financial pressures and the LGA and others have worked with the Council over a number of years to address them.

3.4 The Council now believes it is facing budget pressures that in the medium term render it non-viable. Their own work has forecast, assuming a 7.5% reduction per annum in Government funding for each of the next two years and the New Homes Bonus being incorporated into start-up funding allocations, a budget deficit of £1.28m by 2016.

3.5 The LGA's own modelling of West Somerset Council's budget, having regard to the assumptions and issues set out in 3.7 below, suggests the following:

(£'000s)	'12-'13	'13-'14	'14-'15	'15-'16	'16-'17	'17-'18	'18-'19	'19-'20
<i>Council tax</i>	1966	1671	1713	1756	1800	1845	1892	1939
<i>Redistributed / Retained business rates</i>	2242	1101	1157	1215	1276	1340	1406	1476
<i>New Homes Bonus</i>	239	428	622	630	637	553	413	231
<i>Revenue Support Grant and Other grants excl New Homes Bonus</i>	404	1848	1526	1237	1069	929	792	659
<i>Investment income</i>	0	0	0	0	0	0	0	0
<i>Change in reserves</i>	368	155	0	0	0	0	0	0
TOTAL FUNDING FOR SERVICES	5219	5203	5018	4838	4782	4667	4503	4305
PROJECTED NET EXPENDITURE	5219	5203	5266	5334	5439	5555	5688	5830
BUDGET GAP	0	0	148	496	657	888	1175	1525

(Notes: i) includes capital financing (debt servicing), ii) £879k in reserves at 31st March 2012, iii) running down reserves, so no investment income shown, iv) inflation and spending pressures projected to 2019-20, v) In '12-'13, Council Tax includes Council Tax Benefit grant, from 13-14 this is included in 'RSG and Other Grants', vii) From 13-14 'RSG and Other Grants' includes central share of business rates, local share of business rates is included in 'Redistributed/Retained business rates', viii) projections assume Council Tax increase of 2% per year).

3.6 The Council is well-advanced in its thinking about possible savings for the financial year 2013/14 and has provided an analysis of its work to demonstrate how various levels of savings could be made. These are the subject of comment below.

3.7 In setting out the context in which West Somerset's options and decisions sit, there are some critical factors and assumptions that will need to be tested and clarified further, which will have a material bearing on the financial situation of the Council. They are:

- The level of New Homes Bonus payments receivable by the Council in future years. Thus far, the council has received New Homes Bonus of £91K for 2011-12 and a further £147K for 2012-13, making a total of £239K in 2012-13. New Homes Bonus receipts beyond 2013-14 depend on growth in house building that is difficult to predict but, on the Council's own forecasts of house-building numbers, this alone could account for £1.3m over the next three years. However, national forecasts of population and household growth in the latter part of the decade suggest that West Somerset may be unlikely to continue to increase its income significantly through New Homes Bonus. The government has indicated that further New Homes Bonus funding will be top-sliced from the overall total funding made available to local government, which is likely to continue to reduce. Furthermore growth of dwelling stock in West Somerset has not been particularly high, reflecting the area's demographics. Over 2001 – 2011, dwelling stock increased from 16,820 to 18,310 homes, representing growth of 8.8%, below the all-Somerset growth of 11% for the same period (source: DCLG Table125: Dwelling Stock Estimates by Local Authority District 2001-2011).
- The Government's treatment and payment of the 50% Business Rate to be retained by Councils. This is especially significant due to the works to Hinckley Point nuclear power station and the unclear effect of the commissioning and de-commissioning of reactors. On the latest exemplification published by DCLG, West Somerset would have a Start-Up Funding Allocation of £2.631m for 2013-14, comprising £2.162m from the Formula Grant calculation, £49K council tax freeze compensation, £376K council tax support funding and £44K homelessness funding. The LGA estimates that West Somerset's Business Rates Baseline figure is £4.544m, and this means that West Somerset would be likely to have to pay a tariff on its share of business rates of £3.464m, face a levy rate of 76% on excessive business rates and receive initial Revenue Support Grant of £1.552m. The potential volatility of the council's business rates income means that it could be subject to wide swings in its funding, with the downside risk being potentially considerably more severe than the benefit from business rates growth, as has been pointed out in the LGA's response on the recent Business Rates technical consultation.
- The arrangements for the pooling of Business Rates that are being developed and negotiated between Somerset Councils.

- The funding of any 'community benefit' payments, possibly from locally retained Business Rates, which it appears are intended to be paid directly to communities and local organisations, rather than to Council(s).

3.8 It is strongly suggested that the Council seek to have these matters clarified as soon as possible and as far as possible in advance of making any final decisions regarding future budget and financial, operational or governance plans. The Council is due to meet with Local Government Minister, Brandon Lewis MP on 13th November 2012.

4. OPTIONS

4.1 The options that follow - matters that the Council are strongly encouraged to explore and consider as a means of addressing their situation and circumstances - have been drawn from the analysis undertaken by the LGA finance team and the conversations had with West Somerset and their partner Councils.

4.2 They are categorised as those that:

- West Somerset Council could pursue independently to address the shorter term budget challenge
- West Somerset, Taunton Deane, Sedgemoor and Somerset County Councils will need to work on collectively, in partnership to address the medium term financial challenge and
- West Somerset Council should consider as part of the longer term consideration of the on-going viability of the Council.

4.3 Whilst it is felt helpful to present them in this way, there is a degree of overlap and inter-dependency between these in many respects.

4.4 For West Somerset Council

4.4.i The Council has undertaken good work to identify alternative options for cost reductions of various levels, up to a maximum of £1.28m.

4.4.ii Whilst it is understood that the Council will wish to minimise the impact of savings on front-line services and staff jobs, an analysis of the options generated to date, suggests that some of those savings included in the higher level figures, could be accelerated.

4.4.iii A number of these savings relate to posts, vacant or otherwise, some of which appeared to be relatively limited in scope and of uncertain impact set against the immediate priorities of the Council. We heard little evidence of a wider review and/or benchmarking of staff structures and levels, (including critically supervisory and middle managers) which may lead to the opportunity to reduce spans of control and create more generic and flexible job roles, enabling reductions in services to be minimised while savings made.

4.4.iv At a greater level of detail and specificity, it was noted that the Council does not charge for pre-application planning advice, which was an option that other Councils had taken up.

4.4.v While the cessation of the Pest Control function was highlighted as a higher order cost reduction, it was felt that the Council could review the extent of alternative providers and that this could be brought forward, given that the service is non-statutory.

4.4.vi The Council has borrowing of £3.5m, due for repayment in February 2014, incurring interest costs of £58,000 p.a. It is understood that the former leisure centre site is due to be marketed and sold for development, which will, subject to the course of action chosen by the Council, make a contribution to or may entirely fund the debt repayment. The Council is strongly urged to ensure good and timely progress is made in determining a preferred way forward and consequently, an appropriate contingency plan in the event that the debt is not repaid in full through the sale proceeds.

4.4.vii It was clear from our discussions that it will be important for West Somerset Council to demonstrate that it has, to the maximum extent possible, acted to address its financial situation and challenges within its own organisation and decision making processes, if the support of other Councils is to continue to be offered. This could be better facilitated through a clearer set of fewer priorities for the Council, ensuring spending on top priorities only. It is not clear yet that this is the case.

4.5 For West Somerset in partnership with others

4.5.i We heard evidence from all the Councils of the work that was in place to share services and provide support to each other where cost savings could be made and services benefit. The Councils had agreed that this was to be developed on an 'organic' basis, allowing arrangements to opportunistically emerge over time, rather than a proactive, planned approach. To date a number of shared arrangements have been put in place to good effect, as reported by Councils.

4.5.ii Councils all over the UK have made good progress with implementing shared service arrangements to reduce costs and provide service resilience. In view of the severe budget pressures being faced by West Somerset Council, more must be done more quickly to pursue savings in this way. Specific opportunities that were raised included:

- Shared Building Control and Environmental Health services
- Sharing planning services with Sedgemoor and/or the Exmoor National Park Authority
- Professional (back-office) and Customer/call centre services with Somerset County Council/Taunton Deane (through South West One)
- Shared car park fees collection service with Sedgemoor
- Human Resources support from Somerset County Council

4.5.iii Reference was also made to a previous opportunity to outsource the Revenues and Benefits service that had not been pursued by West Somerset, which could be explored again, possibly a shorter term option to share with Taunton Deane, ahead of the introduction of Universal Credit.

4.5.iv It was felt essential that such opportunities be re-visited and an initial assessment made of the likely benefits and savings to be derived, to act as a guide for where time and attention should be focused on implementation, in accordance with a more proactive programme and allocation of the necessary, albeit limited Council resources to deliver the changes required. West Somerset Council appreciates that it will need to identify resources to support any resultant programme of activity.

4.5.v Discussion was had around the likely benefits and cost savings that might be achieved from sharing a Chief Executive and management teams, between West Somerset and one or more other Councils. Because of the low costs of senior management posts in West Somerset, and probably higher travel/fuel costs, there was felt to be less opportunity for meaningful short term savings, but that the approach would enable a single Chief Executive and management team to identify further opportunities and more importantly drive out further cost savings across two (or more authorities). Some concern was expressed by other Councils about the impact that this could have on the capacity of their Chief Executive to focus on their Council's interests.

4.5.vi West Somerset had identified a review of their waste collection service, which is currently undertaken as part of the Somerset Waste Partnership, as an opportunity for cost reductions. We noted some disagreement between Councils as to the current level of 'hidden subsidy' that West Somerset benefited from under the arrangement and were alerted to the possibility that an alternative service in West Somerset, outwith the partnership, could end up costing substantially more. This is an area that West Somerset Council agreed needed to be explored further, with due diligence, before being progressed as a definite saving option.

4.6 The longer term

4.6.i Having regard and subject to the above context, uncertainty around West Somerset Council's settlement from Government and decisions and subsequent implications in respect of the options set out above, it is considered that the future viability of the Council as a unit of local democracy, governance and service delivery remains in doubt.

4.6.ii Our discussions with the Councils in this respect centred around a review of the arrangements for local government in this part of the County and the desirability and value of a referendum, seeking residents views on the option to raise Council Tax by a level above the permissible 2.0%, currently estimated in the Councils plans as needing to be 39% to achieve a balanced budget for three years to the end of March 2016.

4.6.iii With regard to the former, it was felt that in parallel to the work to identify budget savings, the Council should continue in their discussions with the Boundary Commission, to establish a process and timescale for an urgent review of local authority boundaries and governance arrangements in the area, with a view to instigating such a review from the summer of 2013 and completing ahead of the local elections in 2015.

4.6.iv With regard to the possibility of a Council Tax referendum, while West Somerset Council remain of the view that this is something that Councillors may wish to pursue, the overriding sense emerging from our discussions was that it was very unlikely to generate a result in favour of the level of increase in Council Tax necessary to address the problem.

4.6.v Furthermore, and given this and the limited capacity of the Council's senior team, it was considered that the cost of mounting the referendum, even if undertaken in conjunction with County elections in May 2013, and 'distraction' from the fundamental budget issue and need to make savings, meant that it was a less attractive option.

4.6.vi In view of the sensitivity of both longer term options and the need to engage local communities, potentially across the wider area, in the deliberations about the Council's funding and future, the role of communications and public relations was highlighted. It will be important to have a proactive and co-ordinated communications programme, if the Boundary Commission and/or a referendum are to be based on well-informed views amongst the communities affected.

4.6.vii It was accepted by all parties that the options set out and measures to be taken will require the ongoing support of all. The preparation and mutual agreement to a 'Memorandum of Understanding' or similar that could be entered into by all Councils was felt worthy of development and adoption.

5. Viability

5.1 West Somerset Council has specifically invited the LGA to comment on the future viability of the Council.

5.2 In our view the situation that West Somerset Council finds itself in, is without precedent. Therefore there is no established measure or definition of the viability of a Council and no process nationally prescribed to deal with such a situation.

5.3 Were the Council over the next two years to make the full range of savings suggested, we believe that it could continue to provide a viable organisation serving the people of West Somerset.

5.4 However, for the longer term, we have considered the need for clarification from the Government around those matters identified at paragraph 3 above and had regard to the financial forecasts and extent of budget deficit in absolute and proportional terms.

5.5. We conclude that the Council is not viable as a unit of local democracy and governance over the longer term.

5.6 We suggest that the Council over the longer term would be unable to:

- provide essential or statutory services to a minimum acceptable level
- ensure an ongoing acceptable level of risk to life, health, well-being, property and/or assets
- recruit and retain sufficient capable staff to deliver basic services
- ensure the capacity needed to make the changes the Council is required to undertake to remain viable
- maintain residents' confidence in the ability of the Council

5.7 As a consequence, we recommend that serious consideration be given by the Council to accelerating its discussions with the Boundary Commission to instigate a review commencing in the summer of 2013.

6. LGA offer

6.1 West Somerset Council's subscription fee to the LGA £4,036 p.a. In view of the nature of the challenges faced by West Somerset Council, the LGA is able to offer to supplement the Council's work in the following ways:

- Support from an LGA officer to work through various possible implications of the Government's funding proposals for local government and Councils on West Somerset's budgets over the next three years
- A Peer Councillor visit to West Somerset Councillors, arranged through the LGA,
- A member of the LGA Productivity team to assist in initiation of savings proposals,
- One day of communications advice to support West Somerset Council in respect of building further the public's understanding of the Council's situation and alternative courses of action being considered
- Personal peer support to the Chief Executive
- Off-site guidance and support (by telephone, e-mail, etc) from Cllr Clarke and Executive Director.

6.2 Given the potential time and costs involved with this package of support, the precise nature and extent of it and cost to the Council (which will need to be allowed for in the Council's budget) will be discussed and clarified further following receipt of this report by West Somerset Council and their confirmation of their needs going forwards.

7. Recommended Options for consideration by West Somerset

7.1 The following are drawn from the body of the report above, for ease of reference.

- Test and have clarified as soon as possible the reasonable range of assumptions regarding the future level of New Homes Bonus that the council might receive
- Test and have clarified as soon as possible the impact of the Government's proposals regarding Business Rates, especially as they apply to Hinkley Point
- Test and have clarified as soon as possible the Government's proposals regarding 'community benefit' payments and their funding and the prospect of them being paid directly to community bodies
- Review staffing levels and structures (especially supervisory and middle management) to ensure that every opportunity for savings has identified and made, against a clear set of fewer Council priorities
- Consider introducing additional income raising opportunities e.g. pre application planning advice charges
- Consider cessation of non-statutory services, where suitable alternative provision exists (e.g. Pest Control service)
- Press ahead with the options for the sale of the leisure centre site as a matter of urgency,
- Determine a contingency plan and any associated costs arising from continued borrowing,
- Continue to be open and demonstrate the savings being considered and made to partners,
- Explore and speedily determine the optimum shared service arrangements with others to include:
 - Shared Building Control and Environmental Health services
 - Sharing planning services with Sedgemoor an/or the Exmoor National Park Authority
 - Professional (back-office) and Customer/call centre services with Somerset County Council/Taunton Deane (through South West One)
 - Shared car park fees collection service with Sedgemoor
 - Shared Revenues and Benefits service with Taunton Deane Council
 - HR support from Somerset County Council

- Take discussions further with the Boundary Commission to establish a review of local authority boundaries and governance arrangements around West Somerset, from the summer of 2013.
- Put in place a proactive and co-ordinated communications programme, to ensure high levels of awareness, understanding and engagement with local communities around the immediate and longer term issues,
- Establish a 'Memorandum of Understanding' or similar that could be entered into by all Councils to codify and cement an ongoing commitment to working in partnership on the above matters.

Cllr Neil Clarke
LGA Lead Member Peer
Independent Investigator

Michael Coughlin
LGA Executive Director
Independent Investigator

31st October 2012